

of 11 November 2015

on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended

The National Council of the Slovak Republic has adopted the following Act:

Section I

PART ONE

BASIC PROVISIONS

Article 1

Subject Matter

- (1) This Act shall regulate
- a) the conditions for the performance of statutory audit;
 - b) the status and activities of statutory auditors, audit firms and assistants to statutory auditors;
 - c) the oversight of the performance of statutory audit (hereinafter referred to as “the oversight”);
 - d) the scope of powers of the Slovak Chamber of Auditors (hereinafter referred to as “the Chamber”);
 - e) the scope of powers of the Auditing Oversight Authority (hereinafter referred to as “the Authority”).

(2) This Act and a special regulation¹⁾ shall apply to statutory auditors, audit firms, public-interest entities and to the Authority.

Article 2

Definitions

(1) Statutory audit means an audit of individual financial statements or consolidated financial statements and an audit of individual annual report or consolidated annual report according to a special regulation²⁾ or based on a decision of the accounting entity³⁾ that is not required to audit individual financial statements or consolidated financial statements and to audit individual annual report or consolidated annual report.

¹⁾ Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJEU L 158, 27. 5. 2014).

²⁾ Article 19, Article 20(3) and Articles 22 through 22b of Act No. 431/2002 Coll. on Accounting, as amended.

³⁾ Article 1 of Act No. 431/2002 Coll., as amended.

(2) Statutory auditor means a natural person who is registered in the list of statutory auditors kept by the Authority and has an authorisation to carry out statutory audit (hereinafter referred to as “the licence”), except for the auditor referred to in Article 7.

(3) Audit firm means a legal entity that is registered in the list of audit firms kept by the Authority and that holds a licence, except for the audit firm referred to in Article 7.

(4) Assistant to a statutory auditor means a natural person who is registered in the list of assistants to statutory auditors kept by the Chamber.

(5) European auditor means a natural person who holds a licence and is registered in the list of statutory auditors in another Member State of the European Union or in another country that is a party to the Agreement on the European Economic Area (hereinafter referred to as “the Member State”).

(6) Audit firm from another Member State means a legal entity or any other entity that holds a licence and is registered in the list of audit firms in another Member State, regardless of its legal form.

(7) Third-country auditor means a natural person who holds a licence and is registered in the list of auditors in a state other than a Member State.

(8) Third-country audit firm means a legal entity or any other entity, regardless of its legal form, that holds a licence and is registered in the list of audit firms in a state other than a Member State.

(9) Statutory auditor of a consolidated group⁴⁾ means the statutory auditor or the audit firm that carries out the statutory audit of consolidated financial statements and the statutory audit of consistency of the consolidated annual report with the consolidated financial statements.⁵⁾

(10) Home Member State means a Member State in which the statutory auditor referred to in Article 2(2) is registered in the list of statutory auditors, or a Member State in which the audit firm referred to in Article 2(3) is registered in the list of audit firms.

(11) Host Member State means a Member State in which a statutory auditor registered in its home Member State applies for registration in accordance with Article 4, or a Member State in which an audit firm registered in its home Member State applies for registration in accordance with Article 5(2) if its key audit partner meets the conditions referred to in Article 4(1).

(12) Network means a cluster aimed at cooperation and to which a statutory auditor or an audit firm belongs, and

- a) which is clearly aimed at profit- or cost-sharing; or
- b) shares common ownership, control or management, common quality-control policies and procedures, a common business strategy, the use of a common brand-name or a significant part of professional resources.

⁴⁾ Article 6(4) of Act No. 431/2002 Coll., as amended.

⁵⁾ Article 22 of Act No. 431/2002 Coll., as amended.

(13) Affiliate of an audit firm means any company, regardless of its legal form, which is associated to an audit firm by means of common ownership, control or management.

(14) Key audit partner means

- a) the statutory auditor designated by an audit firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of the audit firm;
- b) in the case of a statutory audit of a consolidated group, the statutory auditor designated by an audit firm for a particular audit engagement at the level of the consolidated group as being primarily responsible for carrying out the statutory audit on behalf of the audit firm, and the statutory auditor designated by an audit firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit at the level of material subsidiaries; or
- c) the statutory auditor who signs the audit report.

(15) Entity subject to oversight means

- a) a statutory auditor and an audit firm;
- b) an audit firm registered according to Article 5(2), where the object of oversight is statutory audit according to Article 2(1);
- c) a third-country auditor and a third-country audit firm registered according to Article 7;
- d) the Chamber;
- e) a public-interest entity;
- f) a company since the accounting period which is preceded by at least two consecutive accounting periods in which it was meeting at least two of the following conditions:
 - 1. the total sum of its assets exceeded EUR 170,000,000; the sum of assets means the sum established from the balance sheet in the valuation not adjusted for items according to a special regulation;⁶⁾
 - 2. the net turnover according to a special regulation⁷⁾ exceeded EUR 170,000,000;
 - 3. the average recalculated number of employees in single accounting periods exceeded 2,000.

(16) Public-interest entity means

- a) an accounting entity that has issued securities admitted to trading on a regulated market of any Member State;
- b) a bank and a foreign bank branch;
- c) the Export-Import Bank of the Slovak Republic;

⁶⁾ Article 26(3) of Act No. 431/2002 Coll., as amended by Act No. 198/2007 Coll.

⁷⁾ Article 2(15) of Act No. 431/2002 Coll., as amended by Act No. 333/2014 Coll.

- d) an insurance company and a branch of a foreign insurance company;
- e) a reinsurance company and a branch of a foreign reinsurance company;
- f) a health insurance company;
- g) an asset management company and a branch of a foreign asset management company;
- h) a pension asset management company;
- i) a supplementary pension company;
- j) the Stock Exchange;
- k) Železnice Slovenskej republiky (*the Railways of the Slovak Republic*);
- l) an accounting entity that prepares consolidated financial statements of the central administration;⁸⁾
- m) a higher territorial unit;
- n) an accounting entity that is municipality, town, or town district according to special regulations⁹⁾ since the accounting period preceded by at least two consecutive accounting periods in which it was meeting the following conditions:
 1. the total sum of its assets exceeded EUR 100,000,000; the sum of assets means the sum established from the consolidated financial statements of the accounting entity of public administration;¹⁰⁾
 2. the number of inhabitants exceeded 50,000.

(17) Assurance and related audit services mean the provision of services in accordance with the international standards on quality control, statutory audit, review engagements, other assurance and related audit services issued by the International Federation of Accountants (IFAC) (hereinafter referred to as “the international auditing standards”). Assurance and related audit services may be provided by a statutory auditor and an audit firm. This Act shall apply accordingly to the provision of assurance and related audit services.

(18) Auditor's Code of Ethics means an internal regulation issued by the Chamber which is compliant with the Code of Ethics issued by the International Federation of Accountants (IFAC), unless otherwise provided for by this Act or a special regulation¹⁾.

⁸⁾ Article 22a(2) of Act No. 431/2002 Coll., as amended.

⁹⁾ Article 1 of Act of the National Council of the Slovak Republic No. 369/1990 Coll. on Municipal Establishment, as amended.

Article 1a of Act of the National Council of the Slovak Republic No. 377/1990 Coll. on the Capital City of the Slovak Republic – Bratislava, as amended.

Article 2 of Act of the National Council of the Slovak Republic No. 401/1990 Coll. on the City of Košice, as amended.

¹⁰⁾ Article 22a of Act No. 431/2002 Coll., as amended.

PART TWO

STATUTORY AUDITOR, AUDIT FIRM AND ASSISTANT TO STATUTORY AUDITOR

Article 3

Conditions for the Performance of Statutory Audit

(1) The condition for the performance of statutory audit is obtaining of a certificate of competence for the performance of statutory audit (hereinafter referred to as “the certificate”) which the Authority shall issue for an applicant provided that the applicant

- a) has full legal capacity;
- b) has a good reputation;
- c) has a second-level university degree;
- d) has at least five years of practical training in the area of accounting;
- e) has taken part in continuing education of assistants to statutory auditors;
- f) has submitted to the Authority officially certified copies of certificates and licences from other Member States and third countries held by the applicant, including the name of the issuing authority and their numbers;
- g) has passed the examination of professional competence as referred to in Article 15.

(2) During the practical training according to Article 3(1)(d), an assistant to a statutory auditor is required to undergo, on the basis of a written contract with a statutory auditor or an audit firm, at least three years’ practical training aimed at the area of statutory audit, assurance and related audit services in the extent of at least 2,100 hours, of that two thirds of such practical training shall be completed with a statutory auditor or an audit firm that is registered in the list of statutory auditors or in the list of audit firms (hereinafter referred to as “the relevant list”), with a European auditor, or an audit firm from another Member State.

(3) The period during which the scope of the practical training as referred to in Article 3(2) is evaluated may last for a maximum of six years including any interruption of the practice as referred to in Article 13(6).

(4) An assistant to a statutory auditor shall perform practical training under the supervision of a trainer of the assistant to a statutory auditor (hereinafter referred to as “the trainer”)

- a) who performs the activity of a statutory auditor as main activity throughout the year;
- b) who has at least five years of practical experience in the profession of a statutory auditor or a European auditor;
- c) who has a good reputation;
- d) on whom a disciplinary measure referred to in Article 49(1) and sanctions referred to in Article 64 or a disciplinary measure and sanctions in another Member State has not been imposed;
- e) who has complied with his or her obligations towards the Chamber or, in the case of a European auditor, towards the relevant self-administrative professional

organisation if the trainer is a member of that organisation in another Member State;

- f) who is registered in the list of trainers kept by the Chamber if the trainer is a member of the Chamber or in the list of trainers kept by the Authority if the trainer is a European auditor.

(5) The Authority shall also issue a certificate to a European auditor who meets the conditions referred to in Article 3(1)(a) and (b) if he or she

- a) has presented a valid certificate issued in another Member State;
- b) has presented a confirmation from the authority that issued the licence or the authority that oversees the compliance with the requirement of continuing education by which the European auditor proves his or her participation in continuing education in the immediately preceding period;
- c) has passed an aptitude test referred to in Article 16.

(6) On the basis of reciprocity, the Authority may issue a certificate to a third-country auditor who meets the conditions referred to in Article 3(1)(a) and (b) and allow the third-country auditor to carry out the statutory audit according to this Act if he or she

- a) has presented a valid licence issued in a third country and has furnished proof that the examination of professional competence which he or she passed in a third country complies with the requirements according to Article 15(2);
- b) has presented a confirmation from the authority that issued the licence or the authority that oversees the compliance with the requirement of continuing education by which the third-country auditor proves his or her participation in continuing education in the immediately preceding period;
- c) has passed an aptitude test according to Article 16.

(7) The conditions referred to in Article 3(1)(a) through (f), Article 3(5)(a) and (b), and Article 3(6)(a) and (b) shall be met prior to the enrolment for an examination of professional competence or an aptitude test. An assistant to a statutory auditor shall demonstrate the meeting of the condition referred to in Article 3(1)

- a) (a) by an identification card, a passport, or any other relevant document;
- b) (c) by a university diploma, or a certified copy thereof, or by a decision on the recognition of evidence of education;
- c) (d) by a confirmation from a trainer;
- d) (e) by a confirmation from the Chamber.

(8) A European auditor and a third-country auditor shall demonstrate the meeting of the condition referred to in Article 3(1)(a) by a passport or any other relevant document.

(9) For the purposes of this Act, a natural person has a good reputation if he or she

- a) has a clean criminal record;
- b) has no arrears of health insurance payments, social insurance contributions, and no arrears of compulsory contributions to old-age pension savings paid for himself or herself or for his or her employees, which shall be demonstrated by a declaration on oath;
- c) has no arrears of taxes, which shall be demonstrated by a declaration on oath;

- d) has not breached, in the past five years, the prohibition of illegal employment according to a special regulation¹¹⁾, which shall be demonstrated by a declaration on oath;
- e) has not breached, in the past five years, any obligations in connection with the performance of statutory audit.

(10) For the purposes of this Act, a person with a clean criminal record shall be a person who has not been legally sentenced for an intentional criminal act.

(11) A clean criminal record shall be documented by an extract from criminal records¹²⁾ which shall be not more than three months old. If the competent authorities of Member States and third countries do not issue such documents, an extract from criminal records shall be substituted by a confirmation issued by the competent oversight authority.

(12) Documents in foreign languages shall be submitted to the Authority in the form of an officially certified translation into the official language.¹³⁾

(13) A certificate is a public document.

(14) A natural person who meets the conditions for the issuance of a certificate shall swear an oath to the Chairman of the Board of the Authority with the following wording: “I swear on my honour and conscience that I will comply with the Constitution of the Slovak Republic, laws and other generally binding legal regulations and international auditing standards, that I will perform my statutory auditor duties responsibly and dutifully, that I will keep confidential all matters that come into my possession in connection with the performance of statutory audit, and that I will comply with the Auditor's Code of Ethics.”.

Article 4

Conditions for Registration in the List of Statutory Auditors

(1) The Authority shall register in the list of statutory auditors, within two months after the day of delivery of a written application the particulars of which are laid down in an internal regulation of the Authority, a person who

- a) has a certificate referred to in Article 3(1), (5) or (6);
- b) has sworn on oath;
- c) has not been deleted from the list of statutory auditors in the past or whose time limit referred to in Article 12(7) has expired;
- d) has paid the Authority a registration fee for the registration in the list of statutory auditors.

(2) The Authority shall not register in the list of statutory auditors a person who has been deleted from the list of statutory auditors for the reason referred to in Article 12(2)(e), (i) or (k).

¹¹⁾ Act No. 82/2005 Coll. on Illegal Work and Illegal Employment and on Amendments and Supplements to Certain Acts, as amended.

¹²⁾ Act No. 330/2007 Coll. on the Criminal Records and on Amendments and Supplements to Certain Acts, as amended.

¹³⁾ Act of the National Council of the Slovak Republic No. 270/1995 Coll. on the Official Language of the Slovak Republic, as amended.

Article 5

Conditions for Registration in the List of Audit Firms

(1) The Authority shall register in the list of audit firms, within two months after the day of delivery of a written application the particulars of which are laid down in an internal regulation of the Authority, a legal entity

- a) in which a majority of voting rights is held by statutory auditors, audit firms, European auditors, or audit firms from other Member State registered in the relevant list kept by the Authority or by the competent authority in another Member State;
- b) in which a majority of members of the statutory body of the audit firm are statutory auditors or European auditors; if the legal entity has two members of the statutory body, at least one of the members shall be a statutory auditor or a European auditor;
- c) in whose behalf the performance of statutory audit will be secured by statutory auditors;
- d) which has paid the Authority a registration fee for the registration in the list of audit firms;
- e) which has a good reputation.

(2) The Authority shall register in the list of audit firms, within two months after the day of delivery of a written application the particulars of which are laid down in an internal regulation of the Authority, an audit firm which is registered in the list kept by the competent authority in another Member State

- a) whose key audit partner is registered in the list of statutory auditors kept by the Authority;
- b) which has paid the Authority a registration fee for the registration in the list of audit firms;
- c) which has a good reputation.

(3) For the purposes of this Act, a legal entity or an audit firm has a good reputation if

- a) a member of the statutory body has a clean criminal record, which shall be demonstrated according to Article 3(11);
- b) has no arrears of health insurance payments, social insurance contributions, and no arrears of compulsory contributions to old-age pension savings paid for its employees, which shall be demonstrated by a declaration on oath;
- c) has no arrears of taxes, which shall be demonstrated by a declaration on oath;
- d) has not breached, in the past five years, the prohibition of illegal employment according to a special regulation¹¹⁾, which shall be demonstrated by a declaration on oath;

- e) has not breached, in the past five years, any obligations in connection with the performance of statutory audit or has not been imposed a sanction according to a special regulation.¹⁴⁾

(4) Along with the application for registration in the list of audit firms, a legal entity shall also submit articles of association or memorandum of association, the statutes if issued by the firm, and an extract from the Companies Register; the documents shall be submitted in original or an officially certified copy. An audit firm from another Member State shall demonstrate registration of the audit firm in home Member State by a certificate which shall be not more than three months old.

(5) Documents in foreign languages shall be submitted to the Authority in the form of an officially certified translation into the official language.¹³⁾

(6) The Authority shall not register in the list of audit firms an audit firm that has been deleted from the list of audit firms for the reason referred to in Article 12(2)(i) or (k), not even after the expiry of the time limit referred to in Article 12(8).

(7) The Authority shall not register in the list of audit firms an audit firm in which a member of the management body is a statutory auditor who has been a member of the management body of an audit firm deleted from the list of audit firms for the reason referred to in Article 12(2)(i) or (k).

(8) The Authority shall not register in the list of audit firms an audit firm in which a member of the management body is a natural person who has been deleted from the list of statutory auditors according to Article 12(2)(e), (i) or (k).

Article 6

Filing of Application Through a Single Contact Point

An application referred to in Article 4(1), Article 5(1) and Article 12(7) and (8) may also be filed through a single contact point.¹⁵⁾ Following the receipt of the application according to the first sentence, the Authority shall immediately issue the applicant with a confirmation of receipt of the application.¹⁶⁾

Article 7

Registration of Third-Country Auditors and Third-Country Audit Firms

(1) The Authority shall also register in the relevant list a third-country auditor or a third-country audit firm if

- a) they submit an audit report concerning the financial statements of an accounting entity incorporated outside the territory of Member States whose transferable securities are admitted to trading on the regulated market in the Slovak Republic, except when the accounting entity in question is an issuer exclusively of outstanding debt securities admitted to trading on the regulated market in the Slovak Republic

¹⁴⁾ For instance, Act of the National Council of the Slovak Republic No. 202/1995 Coll. the Foreign Exchange Act amending and supplementing Act of the National Council of the Slovak Republic No. 372/1990 Coll. on Offences, as amended, as amended.

¹⁵⁾ Article 66b(2)(b) of Act No. 455/1991 Coll. on Trade Licensing (Trade Licensing Act) as amended by Act No. 136/2010 Coll.

Article 11 of Act No. 136/2010 Coll. on Services in Internal Market and on Amendments and Supplements to Certain Acts.

¹⁶⁾ Article 4(1) of Act No. 136/2010 Coll.

1. prior to 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 50,000 or, in the case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 50,000; an audit report concerning the financial statements which is issued by a third-country auditor or a third-country audit firm not registered in the relevant list has no legal effect in the Slovak Republic;
 2. from 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 100,000 or, in the case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 100,000; an audit report concerning the financial statements which is issued by a third-country auditor or a third-country audit firm not registered in the relevant list has no legal effect in the Slovak Republic;
- b) the third-country auditor who carries out statutory audit on behalf of a third-country audit firm meets the conditions that are equivalent to the conditions referred to in Article 3(1) and (2) and Article 21;
 - c) the majority of members of the statutory body of the third-country audit firm meets the conditions that are equivalent to the conditions referred to in Article 3(1) and (2);
 - d) the statutory audit of the accounting entity referred to in letter (a) has been carried out according to the international auditing standards and in compliance with Article 21 and Article 23(8);
 - e) they have published on their web site, within four months after the end of the accounting period, a transparency report which contains information that is equivalent to the information included in the transparency report according to a special regulation¹⁾ for the immediately preceding accounting period.

(2) The Authority shall not register in the relevant list a third-country auditor or a third-country audit firm, unless they prove that they publish a transparency report according to Article 7(1)(e) on their web site on an annual basis.

(3) The information provided by a third-country auditor and a third-country audit firm according to Article 7(1) shall be signed by the auditor or the statutory representative of the audit firm. If the information is provided in electronic form, a qualified electronic signature or a qualified electronic seal shall be used.¹⁷⁾

(4) A third-country auditor and a third-country audit firm are required to notify the Authority of any change or cessation of the information according to Article 7(1) without undue delay, however, not later than within one month.

(5) A third-country auditor and a third-country audit firm registered according to Article 7(1) shall not be subject to statutory audit quality assurance review according to Article 35 if the system of statutory audit quality assurance reviews in that country has been recognised by the European Commission as being equivalent and the competent authority of another Member State or the third country has carried out statutory audit quality assurance review of the auditor or the audit firm in question in the previous three years.

(6) A third-country auditor and a third-country audit firm registered according to Article 7(1) shall not be subject to oversight according to Article 36 and to sanctions according to

¹⁷⁾ Articles 4 and 4a of Act No. 215/2002 Coll. on Electronic Signature and on Amendments and Supplements to Certain Acts, as amended by Act No. 305/2013 Coll.

Article 64 if they are included in the system of oversight and disciplinary liability in that third country and the system has been recognised by the European Commission as being equivalent.

Article 8

Licence

(1) The Authority shall issue a licence to a statutory auditor as at the date of his or her registration in the list of statutory auditors.

(2) The Authority shall issue a licence to an audit firm as at the date of its registration in the list of audit firms.

(3) The licences referred to in Article 8(1) and (2) are public documents.

(4) A statutory auditor shall be entitled to use the denomination “certified auditor” and the acronym “CA” to describe his or her profession as of the date of registration in the list of statutory auditors.

Article 9

Suspension of Licence

(1) The Authority shall suspend the licence of a statutory auditor and an audit firm

- a) at their own request, indicating the time period of licence suspension;
- b) if they were carrying out the statutory audit at variance with the issued licence or this Act;
- c) if they have failed to meet the obligation to conclude an indemnity insurance policy according to Article 28(4) until the date of its conclusion, or if they have failed to inform the Authority of the conclusion of the indemnity insurance policy until the date of meeting this obligation;
- d) until the date of payment of the penalty according to Article 64(1)(c) if the penalty has not been paid within the due date;
- e) if a sanction according to Article 64(1)(f) has been imposed on them, namely as at the date when the decision to impose the sanction became final;
- f) until the date of payment of the costs of proceedings according to Article 64(10) if the costs of proceedings have not been paid within the due date.

(2) The Authority shall record the suspension of a licence in the relevant list without undue delay, however, not later than within one month after the day when it learnt of any of the facts referred to in Article 9(1). The Authority shall inform the person concerned of the record without undue delay, however, not later than within one month after the day when the record was made.

(3) The suspension of a licence shall expire upon the lapse of the period of time for which the licence has been suspended or on the date indicated in the request for re-granting of the licence if it has been suspended for an indefinite period of time.

(4) Following the suspension of a licence, a statutory auditor or an audit firm is required to deposit the licence with the Authority without undue delay, however, not later than within one month. On the basis of a request, the Authority shall return the licence to a statutory auditor after he or she proves the meeting of the obligations referred to in Article 9(8) or (9).

On the basis of a request, the Authority shall return the licence to an audit firm if it proves that the reason for which the licence was suspended has ceased to exist.

(5) During the period of licence suspension

- a) the statutory auditor and the audit firm may not carry out statutory audit;
- b) the statutory auditor's or audit firm's membership in the Chamber shall not expire;
- c) the obligation of the statutory auditor and the audit firm to pay contributions to the Chamber and to the Authority shall not be affected;
- d) the obligation of the statutory auditor to take part in continuing education according to Article 31 shall not be affected;
- e) the obligation of the statutory auditor and the audit firm to maintain confidentiality according to Article 32 shall not be affected;
- f) the disciplinary liability of the statutory auditor and the audit firm according to Article 49 shall not be affected;
- g) the statutory auditor and the audit firm shall be subject to the sanctions referred to in Article 64.

(6) If the licence of a statutory auditor or an audit firm has been suspended in another Member State or in a third country, the Authority shall suspend his or her or its licence issued according to Article 9(8) without undue delay, namely within one month since the day when the Authority learnt of the suspension; that shall not apply if the licence is suspended at own request of the statutory auditor or the audit firm.

(7) The Authority shall inform the competent authority of another Member State or the third country in which the licence has been issued to the statutory auditor or the audit firm of the suspension of the licence according to Article 9(1) and of expiry of the suspension.

(8) If the licence has been suspended for a period longer than three years, the statutory auditor is required to undergo a re-examination to be carried out by the Authority on the basis of a written request of the statutory auditor. The re-examination shall be carried out in writing and consist of the technical parts according to Article 15(2). If a statutory auditor fails the re-examination, he or she may repeat the re-examination on the basis of a written request. Only the part in which the statutory auditor has failed shall be repeated during the re-examination. If the statutory auditor does not successfully pass the re-examination on the first following date, the statutory auditor shall repeat the re-examination in full extent.

(9) A statutory auditor whose licence has been suspended on the basis of his or her own request is not required to undergo the re-examination according to Article 9(8) if he or she proves that he or she has participated in continuing education according to Article 31 during the period of licence suspension.

(10) A statutory auditor shall pay the Authority a fee for re-examination and repetition of re-examination in the amount determined in the examination rules.

Article 10

List of Statutory Auditors

(1) The list of statutory auditors is a register accessible to the public which is kept by the Authority and which contains information about statutory auditors. The list may be consulted in the seat of the Authority or on the Authority's website.

(2) The list of statutory auditors shall contain the following information

- a) the name and seat of the Authority;
- b) the name and seat of the Chamber;
- c) the name, surname, and permanent address of the statutory auditor;
- d) the place of business if the statutory auditor carries out statutory audit on his or her own name and to his or her own account;
- e) the date of passing an examination of professional competence or an aptitude test and the issue date and number of the certificate;
- f) the date and result of the re-examination according to Article 9(8);
- g) the date of registration in the list of statutory auditors and the licence number;
- h) the list of all certificates and licences issued to the statutory auditor in another Member State or a third country, including their numbers and the name of the issuing authority;
- i) the identification number and the website address of the audit firm in which the statutory auditor is a shareholder (partner), statutory body, employee or with which the statutory audit is otherwise associated;
- j) the date and reasons for the licence suspension, the date and reasons for the licence cessation, and the date of return of the licence;
- k) a record on the imposition of a disciplinary measure according to Article 49 and a sanction according to Article 64(1)(b), (c), (e) through (g).

(3) The Authority shall register in the list of statutory auditors any change or cessation of the information according to Article 10(2) without undue delay, however, not later than within one month after the day when the Authority learnt about that fact.

(4) In the list of statutory auditors, the Authority shall specifically mark third-country auditors registered according to Article 7 who are not authorised to carry out statutory audit according to this Act.

(5) The information in the list of statutory auditors shall be kept in the official language.¹³⁾

Article 11

List of Audit Firms

(1) The list of audit firms is a register accessible to the public which is kept by the Authority and which contains information about audit firms. The list may be consulted in the seat of the Authority or on the Authority's website.

(2) The list of audit firms shall contain the following information

- a) the name and seat of the Authority;
- b) the name and seat of the Chamber;
- c) the business name, registered office, website address, identification number, and contact person of the audit firm;
- d) the legal form of the audit firm;
- e) the address of each office of the audit firm in the Member State;
- f) the date of registration in the list of audit firms and the licence number;

- g) the list of licences issued to the audit firm in another Member State and in a third country, including their numbers and the name of the issuing authority;
- h) information whether the audit firm is registered according to Article 5(2) and information about the audit firm's home Member State;
- i) the audit firm's membership in a network and the list of all entities belonging to the network and affiliates of audit firms and their registered office or reference to the place where the information is available to the public;
- j) the names, surnames, and permanent addresses of statutory auditors who are employees or shareholders (partners) of the audit firm, or who are otherwise associated with the audit firm, including the number of their certificate and licence;
- k) the names, surnames, permanent addresses, business name and registered office of all owners and shareholders of the audit firm;
- l) the names, surnames and permanent addresses of members of the statutory body, management body, or supervisory body of the audit firm;
- m) the date and reasons for the licence suspension, the date and reasons for the licence cessation, and the date of return of the licence;
- n) a record on the imposition of a disciplinary measure according to Article 49 and a sanction according to Article 64(1)(b), (c), (e) through (g).

(3) The Authority shall register in the list of audit firms any change or cessation of the information according to Article 11(2) without undue delay, however, not later than within one month after the day when the Authority learnt about that fact.

(4) In the list of audit firms, the Authority shall specifically mark third-country audit firms registered according to Article 7 which are not authorised to carry out statutory audit according to this Act.

(5) The information in the list of audit firms shall be kept in the official language.¹³⁾

Article 12

Expiration of a Licence and Deletion from the Relevant List

(1) A licence shall expire as at the date of deletion of a statutory auditor or an audit from the relevant list.

- (2) The Authority shall delete from the list of statutory auditors a statutory auditor
 - a) who has died, at the date of death;
 - b) who has been pronounced dead, as at the date when the court decision on the pronouncement of the death became final;
 - c) who was been deprived of legal capacity by a final decision of court or whose legal capacity has been restricted by a final decision of court, within 60 days following the day when the Authority became aware thereof;
 - d) on whom the punishment of prohibition to perform activities¹⁸⁾ which lies in the prohibition to carry out statutory audit has been imposed by a final decision of court, within 60 days following the day when the Authority became aware thereof;

¹⁸⁾ Article 61 of the Criminal Code, as amended.

- e) who has been sentenced for an intentional criminal offence by a final decision of court, within 60 days following the day when the Authority became aware thereof;
- f) whose bankruptcy has been declared, restructuring has been permitted, or a bankruptcy petition has been rejected due to lack of assets to cover the costs of bankruptcy, as at the date when the decision to declare bankruptcy, to permit restructuring or to reject bankruptcy petition became final;
- g) who is subject to liquidation, as at the date of entry into liquidation;
- h) who has ceased to meet the conditions referred to in Article 21(2) and (3), unless the statutory auditor ensures compliance of these conditions with Article 21(2) and (3) within three months;
- i) who has provably misused any information obtained in connection with the performance of statutory audit;
- j) on whom a sanction according to Article 64(1)(g) has been imposed, as at the date when the decision to impose the sanction became final;
- k) whose good reputation is seriously questioned and who fails to remove these concerns within three months or does not refrain from the actions which resulted in the breach of obligations in connection with the performance of statutory audit;
- l) who has failed to remove within the determined time limit any deficiencies for which his or her licence has been suspended according to Article 64(1)(f);
- m) who was carrying out the statutory audit during the period of licence suspension;
- n) whose licence has been cancelled in another Member State or a third country due to a disciplinary offence;
- o) who has filed with the Authority a written application for the deletion from the list of statutory auditors with officially certified signature, namely not later than upon expiry of the calendar month following the month when the application for deletion from the list of statutory auditors was delivered to the Authority, unless the application indicates a later date;
- p) whose licence has been suspended and who has failed the re-examination referred to in Article 9(8).

(3) The Authority shall delete from the list of audit firms an audit firm

- a) for the reasons referred to in Article 12(2)(f) through (o);
- b) which has been dissolved without liquidation according to Article 69 of the Commercial Code; that shall not apply in the case of change of the audit firm's legal form;
- c) which has ceased to meet the conditions referred to in Article 5(1) and (2), unless the audit firm ensures compliance of these conditions with Article 5(1) and (2) within three months.

(4) The Authority shall record in the relevant list the deletion from the relevant list without undue delay, however, not later than within one month after the day when the Authority became aware of the facts referred to in Article 12(2) and (3), unless they stipulate any other time limit.

(5) The Authority shall inform, in writing, the person concerned of the record according to Article 12(4) without undue delay, however, not later than within one month after the record

was made. The Authority shall also inform the competent authorities in other Member States and the competent authorities in third countries, in which a licence has been issued to the statutory auditor or the audit firm, of the deletion from the relevant list and the reasons for the deletion.

(6) Following the deletion from the relevant list, the statutory auditor or the audit firm is required to deliver the licence to the Authority without undue delay, however, not later than within one month after the date of notification. The statutory auditor is also required to deliver the certificate to the Authority.

(7) A statutory auditor, except for a statutory auditor referred to in Article 12(2)(e), (i) or (k), may be re-registered in the list of statutory auditors on the basis of a written application and following the meeting of the conditions referred to in Article 3(1), however, not sooner than three years after the day when the statutory auditor was deleted from the list of statutory auditors.

(8) An audit firm, except for an audit firm referred to in Article 12(2)(i) or (k), may be re-registered in the list of audit firms on the basis of a written application, following the meeting of the conditions referred to in Article 5(1), however, not sooner than three years after the day when the audit firm was deleted from the list of audit firms.

(9) A statutory auditor or an audit firm shall state in the application referred to in Article 12(2)(o) the date as at which he or she or it requires the deletion from the relevant list. As at the same date, the statutory auditor or the audit firm is required to send an original of licence and certificate to the Authority. A statutory auditor or an audit firm is required to meet all the obligations towards the Authority and the Chamber as at the date of deletion from the relevant list.

Article 13

List of Assistants to Statutory Auditors

(1) On the basis of a written application, the Chamber shall register in the list of assistants to statutory auditors any natural person, except for a natural person referred to in Article 14(1)(d) and (e) who

- a) has full legal capacity;
- b) has a good reputation according to Article 3(9) through (11);
- c) has a second-level university degree;
- d) is a natural person on whom a disciplinary measure according to Article 49(1)(c) has been imposed if at least three years have passed since the imposition of the disciplinary measure;
- e) has successfully passed the admission test which examines the professional level of theoretical knowledge of the applicant in front of a board appointed by the Chamber;
- f) has paid the Chamber a fee for an admission test and a registration fee for the registration in the list of assistants to statutory auditors.

(2) The Chamber shall determine the scope and contents of an admission test, the particulars regarding the filing of an application for taking an admission test, the way of evaluating an admission test, absence from an admission test, the amount of the fee for an admission test and a registration fee for the registration in the list of assistants to statutory auditors.

(3) The Chamber shall register in the list of assistants to statutory auditors without undue delay, however, not later than within one month after the meeting of the conditions referred to in Article 13(1).

(4) The Chamber shall issue an assistant to a statutory auditor with a confirmation of his or her registration in the list of assistants to statutory auditors.

(5) An assistant to a statutory auditor is entitled to perform all the activities he or she was authorised to do by the statutory auditor, except for the signing of audit report according to Article 27.

(6) An assistant to a statutory auditor may ask the Chamber in writing to suspend his or her practical training of assistant to a statutory auditor for up to three years.

(7) The list of assistants to statutory auditors shall contain the following information

- a) the name, surname, and permanent address of the assistant to a statutory auditor;
- b) the name, surname, and permanent address of the statutory auditor, or business name and registered office of the audit firm in which the assistant to a statutory auditor performs practical training of assistant to a statutory auditor;
- c) the date of taking the admission test;
- d) the name, surname, and permanent address of the trainer;
- e) a record on the permission to suspend practical training of assistant to a statutory auditor;
- f) a record on the imposition of a disciplinary measure according to Article 49.

(8) The Chamber shall register in the list of assistants to statutory auditors any change or cessation of any registered information without undue delay, however, not later than within one month after the Chamber became aware thereof. An assistant to a statutory auditor is required to notify the Chamber of any change or cessation of any registered information without undue delay, however, not later than within one month.

(9) The information provided in the list of assistants to statutory auditors is accessible to the public in the seat or on the website of the Chamber.

(10) An assistant to a statutory auditor, except for an assistant to a statutory auditor referred to in Article 14(1)(d) and (e), may be re-registered in the list of assistants to statutory auditors on the basis of a written application, following the meeting of the conditions referred to in Article 13(1), however, not sooner than three years after the day when the assistant to a statutory auditor was deleted from the list of assistants to statutory auditors.

Article 14

Deletion from the List of Assistants to Statutory Auditors

(1) The Chamber shall delete from the list of assistants to statutory auditors an assistant to a statutory auditor

- a) who has died, at the date of death;
- b) who has been pronounced dead, as at the date when the court decision on the pronouncement of the death became final;
- c) who was been deprived of legal capacity or whose legal capacity has been restricted, as at the date when the court decision on deprivation of legal capacity

became final or as at the date when the court decision on restriction of legal capacity became final;

- d) who has been sentenced for an intentional criminal offence by a final decision of court, as at the date when the court decision became final;
- e) who has provably misused any information related to the performance of statutory audit obtained during the practical training of assistant to a statutory auditor;
- f) on whom a disciplinary measure according to Article 49 has been imposed, as at the date when the decision to impose a disciplinary measure became final;
- g) who has not paid contributions or other monetary payments set by the Chamber for more than one year;
- h) whose good reputation is seriously questioned, who fails to remove these concerns and does not refrain from the actions which resulted in the breach of obligations in connection with the performance of statutory audit, not even after the time limit set by the Supervisory Board of the Chamber;
- i) who has asked the Chamber in writing for the deletion from the list of assistants to statutory auditors;
- j) who has been registered in the list of statutory auditors, as at the date of registration in the list of statutory auditors.

(2) The Chamber shall record in the list of statutory auditors the deletion from the list of statutory auditors without undue delay, however, not later than within one month after the Chamber became aware of the fact referred to in Article 14(1), unless it stipulates any other time limit.

(3) Following the deletion from the list of assistants to statutory auditors, the assistant to a statutory auditor is required to deliver to the Chamber a confirmation of registration in the list of assistants to statutory auditors without undue delay, however, not later than within one month.

(4) Not later than within one month following the deletion of an assistant to a statutory auditor from the list of assistants to statutory auditors, the Chamber is required to notify of the deletion the trainer and the statutory auditor who or the audit firm which employs the assistant to a statutory auditor or where the assistant to a statutory auditor undergoes practical training as an assistant to a statutory auditor.

Article 15

Examination of Professional Competence

(1) An examination of professional competence shall prove the competence to carry out statutory audit, verify the professional level of theoretical knowledge of the applicant and the ability to apply such knowledge in practice. An examination of professional competence shall be carried out on the basis of a written application of the applicant. An examination of professional competence shall be taken in the official language before the Examining Board of the Authority.

- (2) An examination of professional competence shall be aimed at
- a) economics, financial management, and financial analysis;
 - b) accounting, including management accounting;

- c) preparation of individual financial statements and consolidated financial statements;
- d) the International Financial Reporting Standards (hereinafter referred to as “the international accounting standards”) which are adopted according to a special regulation;¹⁹⁾
- e) civil law, commercial law, financial law, employment law, social security law, and other legal areas stipulated in the examination rules;
- f) management information systems, risk management and internal control management, data processing systems, mathematical and statistical methods used during the performance of statutory audit;
- g) audit policies, methods, and procedures, including international auditing standards, legal regulations relating to statutory audit, statutory auditors and audit firms;
- h) the Auditor's Code of Ethics.

(3) An examination of professional competence shall be written.

(4) An examination of professional competence consists of partial examinations in the areas referred to in Article 15(2) hereof.

(5) The Examining Board of the Authority shall prepare minutes of the examination of professional competence which shall state the following

- a) the names and surnames of the Chairman and members of the Examining Board of the Authority;
- b) the name and surname of the natural person subject to the examination;
- c) the place and date of the examination of professional competence;
- d) the examination questions;
- e) the decision of the Examining Board on the result of the examination of professional competence; if the applicant fails the examination of professional competence, the Examining Board shall state the reasons for failing the examination of professional competence.

(6) An applicant who has failed to pass an examination of professional competence may retake the examination of professional competence on the basis of a written application. The applicant shall only retake the failed part of the examination. If the applicant fails to pass the examination of professional competence on the first date or on the next two following dates set by the Authority, the applicant shall retake the examination of professional competence in full extent.

(7) An applicant shall pay the Authority a fee for an examination of professional competence and its repetition in the amount determined in the examination rules.

¹⁹⁾ Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (Special edition of OJEU, Chapter 13, Volume 29; OJEC L 243, 11. 9. 2002), as amended.

Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJEU L 320, 29. 11. 2008), as amended.

Article 16

Aptitude Test

(1) For the purposes of this Act, an aptitude test shall be aimed at the examination of professional knowledge of European auditors and third-country auditors needed to carry out statutory audit if they prove they are entitled to perform statutory audit in another Member State or a third country. An aptitude test shall be carried out on the basis of a written application of the applicant. An aptitude test shall be written and taken in the official language before the Examining Board of the Authority.

(2) The aptitude test shall cover the following

- a) accounting in the extent needed to carry out statutory audit in the Slovak Republic;
- b) civil law, commercial law, financial law, employment law, social security law and other legal areas in the extent needed to carry out statutory audit in the Slovak Republic.

(3) The Examining Board of the Authority shall prepare minutes of the aptitude test which shall state

- a) the names and surnames of the Chairman and members of the Examining Board of the Authority;
- b) the name and surname of the natural person subject to the aptitude test ;
- c) the place and date of the aptitude test;
- d) the aptitude test questions;
- e) the decision of the Examining Board on the result of the aptitude test; if the applicant fails the aptitude test, the Examining Board shall state the reasons for failing the aptitude test.

(4) An applicant who fails to pass an aptitude test may retake the aptitude test on the basis of a written application. The applicant shall only retake the failed part of the aptitude test. If the applicant fails to pass the aptitude test on the next date set by the Authority, the applicant shall retake the aptitude test in full extent.

(5) For an aptitude test and for retaking an aptitude test, a European auditor or a third-country auditor shall pay the Authority a fee in the amount determined in the examination rules.

Article 17

Examination Rules

(1) The particulars concerning the extent and contents of an examination of professional competence, aptitude test and re-examination, the filing of applications, the course and method of evaluating an examination of professional competence, aptitude test and re-examination, the issuing of certificate, and the amount of fees, the number of members of the Examining Board, and also the procedure in the case of absence from an examination of professional competence, aptitude test and re-examination shall be laid down in the examination rules.

(2) The examination rules shall be laid down by the Ministry of Finance of the Slovak Republic (hereinafter referred to as “the Ministry”) by means of a Measure. The Ministry shall promulgate the Measure by announcing its publication in the Collection of Laws of the Slovak Republic.

Article 18

Examining Board of the Authority

The Chairman and other members of the Authority's Examining Board shall be appointed and dismissed by the Board of the Authority. The Authority's Examining Board shall consist of statutory auditors and other experts in theory and practice nominated by the Chamber, the Authority, or the Ministry. The President of the Chamber shall always be the Vice-Chairman of the Authority's Examining Board. The Authority's Examining Board has a three-year term of office, except for the Vice-Chairman of the Authority's Examining Board whose term of office shall copy the period of holding his or her office. The number of members of the Authority's Examining Board shall be set in the examination rules.

PART THREE

PERFORMANCE OF THE STATUTORY AUDIT

Article 19

International Auditing Standards

(1) A statutory audit of accounting entities with their registered offices in the Slovak Republic shall be carried out in accordance with the international auditing standards, related statements and standards applicable to the performance of the statutory audit, unless they are at variance with this Act or a special regulation.¹⁾

(2) Additional statutory audit procedures or additional requirements to the international auditing standards shall be applied to carry out the statutory audit if it stems from a special regulation. The international auditing standards or their parts shall not be applied to carry out the statutory audit, taking into account the national conditions, only if it stems from a special regulation.

(3) The Authority is required to notify Member States and the European Commission of any carving out of part of international auditing standards, application of and reasons for differing national procedure at least six months prior to the effective date of the special regulation according to Article 19(2). If the reasons for the carving out of part of international auditing standards existed in the time of their adoption, the Authority is required to notify the differing national procedure to Member States and the European Commission not later than within three months following the adoption of the relevant international auditing standard.

(4) The Chamber, in cooperation with the Authority, shall issue an internal regulation laying down simplified requirements for the carrying out of statutory audit, except for the statutory audit of a public-interest entity or of a large accounting entity²⁰⁾, which can be reasonably applied by a statutory auditor or an audit firm, taking into consideration the scale and the complexity of the activities of the accounting entity subject to the statutory audit (hereinafter referred to as "the audited entity"), namely in the area of:

- a) internal organisation of a statutory auditor or an audit firm as referred to in Article 24;
- b) audit working papers;
- c) the application of international auditing standards.

²⁰⁾ Article 2(8) of Act No. 431/2002 Coll., as amended by Act No. 333/2014 Coll.

Article 20

Professional Scepticism

(1) Throughout the statutory audit, a statutory auditor and an audit firm are required to examine the facts subject to the statutory audit, being alert to conditions which may indicate possible misstatement due to error or fraud, and to critically assess the statutory audit evidence (hereinafter referred to as “the professional scepticism”).

(2) When carrying out the statutory audit, a statutory auditor and an audit firm shall recognise the possibility of a material misstatement due to facts or behaviour indicating irregularities, including fraud or error, notwithstanding the statutory auditor's or the audit firm's past experience of the honesty and integrity of the audited entity's management and of the persons charged with its governance. The statutory auditor or the audit firm shall maintain professional scepticism in particular when reviewing management estimates relating to valuation of assets and liabilities to fair values, the impairment of assets, provisions, and future cash flow relevant to the audited entity's ability to continue as a going concern.

Article 21

Independence

(1) When carrying out the statutory audit, a statutory auditor and an audit firm shall be objective and independent of the audited entity or of the client according to Article 23(7). Any natural person in a position to directly or indirectly influence the outcome of the statutory audit shall be independent of the audited entity and may not be involved in the decision-taking of the audited entity. Maintaining of independence shall be required during both the period covered by the financial statements to be audited and the period during which the statutory audit is carried out. When a statutory auditor carries out the statutory audit on behalf of an audit firm, the owners, shareholders (partners), shareholders, members of statutory, management and supervisory bodies of the audit firm or its affiliate may not intervene in the carrying-out of the statutory audit in any way which jeopardises the independence and objectivity of the statutory auditor.

(2) A statutory auditor and an audit firm may not carry out statutory audit of the audited entity if they are involved in the decision-taking processes of the audited entity and are not independent of the audited entity; an impediment to the statutory audit in the period under review and during the period when the statutory audit is carried out is, in particular,

- a) ownership, co-ownership or membership relationship with the audited entity or any other personal interest, except for the condition referred to in Article 21(4) or (12) hereof;
- b) employment-law relationship of the statutory auditor with the audited entity;
- c) membership in statutory, management or supervisory bodies of the audited entity;
- d) if the statutory auditor is a close person²¹⁾ to the persons who have with the audited entity the relationship referred to in letters a) through c);
- e) the holding of the office of a bankruptcy trustee, liquidator or receiver in the audited entity according to a special regulation;²²⁾

²¹⁾ Articles 116 and 117 of the Civil Code.

- f) if the audited entity has failed to pay for the statutory audit carried out for the previous period for more than one year;
- g) the relationship according to letters a) through f) between a network, a natural person who can influence the outcome of the statutory audit, and the audited entity, including the provision of non-audit services according to Article 23(4) from which a third party could conclude that the independence of the statutory auditor or the audit firm is compromised;
- h) other impediments that are contrary to the Auditor's Code of Ethics.

(3) In addition to the impediments referred to in Article 21(2), also keeping of books of accounts and preparation of financial statements of the audited entity constitute an impediment to the independence of the statutory auditor, audit firm and network.

(4) A statutory auditor, an audit firm, their key audit partners, their employees, and any other natural person who provides services to, or is controlled by such statutory auditor or audit firm and who is directly involved in the statutory audit activities, and persons closely associated with them according to a special regulation²³⁾ may not have a material and direct interest in the securities and business interests issued, guaranteed or otherwise supported by the audited entity, except for the interests owned indirectly through diversified collective investment schemes, including managed funds such as pension funds or life insurance.

(5) The persons referred to in Article 21(4) may not be involved in the statutory audit of the audited entity or otherwise influence the outcome of the statutory audit if

- a) they hold securities and business interests of the audited entity other than interests owned indirectly through diversified collective investment schemes, including managed funds such as pension funds or life insurance;
- b) they hold securities and business interests of an accounting entity related to the audited entity which are not interests owned indirectly through diversified collective investment schemes, including managed funds such as pension funds or life insurance, and the holding of which may cause, or may be generally perceived as causing, a conflict of interest;
- c) they have employment-law relationship, business relationship or any other relationship with the audited entity in the period referred to in Article 21(1) which may cause, or may be generally perceived as causing, a conflict of interest.

(6) The persons referred to in Article 21(4) shall not solicit, accept or give pecuniary and non-pecuniary gifts or favours from or to the audited entity or any entity related to the audited entity unless an objective, reasonable and informed third party would consider the value thereof as inconsequential.

(7) If, during the period covered by the financial statements, an audited entity merges or amalgamates with or is acquired by, or acquires another accounting entity, the statutory auditor and the audit firm shall not later than within three months

²²⁾ For instance, Act No. 483/2001 Coll. on Banks and on Amendments and Supplements to Certain Acts, as amended, Act No. 566/2001 Coll. on Securities and Investment Services and on Amendments and Supplements to Certain Acts (the Securities Act), as amended, Act No. 7/2005 Coll. on Bankruptcy and Restructuring and on Amendments and Supplements to Certain Acts, as amended, Act No. 39/2015 Coll. on Insurance and on Amendments and Supplements to Certain Acts.

²³⁾ Article 71f(3)(b) and Article 132d(1)(c), (d) and (e) of Act No. 566/2001 Coll., as amended.

- a) identify and evaluate any current or recent interests or relationships due to the provision of any non-audit services to or due to any other relationships with such another accounting entity which could compromise the statutory auditor's independence and ability to continue with the statutory audit after the effective date of the merger, amalgamation or acquisition;
- b) take the steps to terminate any current interests or relationships that could compromise their independence;
- c) adopt safeguards to minimise any threat to their independence arising from prior and current interests and relationships.

(8) A statutory auditor or a key audit partner may not take up a key management position, become a member of the audit committee or any other body performing equivalent functions, become a non-executive member of the administrative body or a member of the supervisory body of the audited entity before a period of one year, or in the case of statutory audit of a public-interest entity a period of two years, has elapsed since he or she ceased to act as a statutory auditor or key audit partner. The same limitation shall apply to the person who was approved as a statutory auditor if that person is an employee, a partner other than a key audit partner, a natural person who has provided services during the carrying-out of a statutory audit or has been under the control of the statutory auditor, namely before a period of one year has elapsed since they were directly involved in the execution of the statutory audit.

(9) A statutory auditor and audit firm are obliged to adopt safeguards to minimise any threat to their independence. A statutory auditor and an audit firm may not carry out the statutory audit if the materiality of the threat, compared with the applied measures, would compromise their independence.

(10) Prior to the entering into a contract based on which the statutory audit shall be carried out (hereinafter referred to as "the audit contract") or the renewal of the audit contract, a statutory auditor or an audit firm shall assess and document the following

- a) whether they meet the requirements referred to in Article 21(1) through (9);
- b) whether there is any threat to their independence and whether the safeguards adopted to minimise the threat are in place;
- c) whether he, she or it has the employees, time and resources needed in order to carry out the statutory audit in the required way;
- d) whether, in the case of an audit firm, the key audit partner is registered in the list of statutory auditors.

(11) A statutory auditor and an audit firm are required to document in the audit working papers any material facts which pose a threat to their independence and also the safeguards adopted to minimise the threat.

(12) Statutory audit of the financial statements of the Authority or the Chamber carried out by a statutory auditor or an audit firm does not constitute an impediment to the carrying-out of the statutory audit.

Article 22

Audit Working Papers

(1) A statutory auditor or an audit firm shall keep audit working papers of the course of the statutory audit in compliance with the international auditing standards. The audit working papers shall also include

- a) the audit contract;
- b) the plan and programme of the statutory audit;
- c) the audit report;
- d) the individual financial statements and the consolidated financial statements;
- e) the annual report or the consolidated annual report; and
- f) other documents documenting the course of the statutory audit.

(2) A statutory auditor or an audit firm shall keep documentation of the audited entity which shall state the following information about each audited entity:

- a) the name, address and place of business;
- b) the name of the key audit partner;
- c) the fees for the statutory audit and the fees for other services in single accounting periods.

(3) A statutory auditor or an audit firm shall prepare audit working papers for each statutory audit, providing at least the information referred to in Article 22(1) and Article 21(10) and the information according to a special regulation.²⁴⁾ Audit working papers shall be closed no later than 60 days after the day of signature of an audit report. A statutory auditor or an audit firm shall keep records of any complaints made in writing about the audits carried out and about the outcomes of review of these complaints during a period of ten years since the date of their receipt.

(4) Only natural persons entitled to perform oversight according to special regulations,²⁵⁾ oversight based on an authorisation from the Authority, a statutory audit quality assurance review based on an authorisation from the Authority or an authorisation from the Chamber, natural persons entitled to perform quality assurance review of engagement according to Article 24(1)(k) or a special regulation²⁶⁾ and to carry out monitoring of the quality control system of a statutory auditor or an audit firm in compliance with the international auditing standards, members of the Supervisory Board of the Chamber, members of the Disciplinary Commission of the Chamber, court if the proceedings relate to a statutory auditor or an audit firm, and prosecuting authorities if the criminal proceedings relate to a statutory auditor or an audit firm shall have the right to inspect audit working papers.

(5) A statutory auditor or an audit firm has the ownership of audit working papers, reports and information which are part of the audit working papers, unless otherwise agreed with the accounting entity in the audit contract. The ownership of audit working papers or the information which is part of the audit working papers may not be transferred to another person without consent of the accounting entity or its legal successor, except for Article 22(6).

(6) Audit working papers may only be transferred via the Authority to another Member State or a third country on the basis of a written request of the oversight authorities of that Member State or the third country, except for Article 26(7). Such audit working papers shall be transferred without undue delay and in compliance with the confidentiality obligation as referred to in Article 32.

(7) Audit working papers shall be retained for ten years since the day of preparation of the

²⁴⁾ Articles 6 through 8 of Regulation (EU) No 537/2014.

²⁵⁾ For instance, Act No. 483/2001 Coll., as amended, Act No. 747/2004 Coll. on Supervision of the Financial Market and on Amendments and Supplements to Certain Acts, as amended.

²⁶⁾ Article 8 of Regulation (EU) No 537/2014.

auditor report.

(8) A statutory auditor and an audit firm shall not be entitled to order any changes and corrections of the information reported by an accounting entity.

(9) A statutory auditor shall be entitled to request the audited entity to provide any papers and other documents, information and explanations, which are needed to duly carry out the statutory audit, in the form requested by the statutory auditor. With consent of the audited entity, also business partners and legal representatives of the audited entity shall have the obligation to provide the required information, documents and documentation of the audited entity to the statutory auditor, namely on the basis of a request of the statutory auditor. With consent of the audited entity, the statutory auditor shall be entitled to request a bank or a foreign bank branch to provide a report²⁷⁾ containing information about the audited entity kept by the bank or the foreign bank branch.

(10) A statutory auditor shall be entitled to be present at the stocktaking of assets and liabilities of the audited entity or to request stocktaking to be carried out in the area in which he or she has established any deficiencies.

Article 23

(1) A statutory auditor shall carry out the statutory audit on his or her own behalf and to his or her account or, as a shareholder (partner), statutory body, or an employee of an audit firm on behalf and to the account of that audit firm, or as an employee of a statutory auditor on behalf and to the account of that statutory auditor.

(2) A statutory auditor may be an employer of another statutory auditor provided that he or she does not have an employment contract or does not carry out any other activities for a reward, except for pedagogical, scientific, and publishing activities.

(3) When carrying out the statutory audit, in addition to the facts referred to in Article 2(1) a statutory auditor is also required to examine other facts stipulated by a special regulation.²⁸⁾ The scope of the statutory audit shall not include assurance on the future viability of the audited entity or on the efficiency or effectiveness of the past or future decisions of the management bodies of the audited entity.

(4) A statutory auditor and an audit firm may also provide non-audit services which shall mean, in particular, services in the area of bookkeeping, accounting system analyses, economic and financial consultancy, valuation of assets, preparation of recommendations and provision of consultations to review and assess a business plan, and other non-audit services which they provide in the scope of requirements of the audited entity or client according to Article 23(7), unless otherwise provided for by Articles 21 and 33.

(5) A statutory auditor and an audit firm shall carry out the statutory audit for a consideration on the basis of a written audit contract. An audit contract shall always be executed if the statutory auditor is appointed by lot according to a special regulation²⁹⁾ and the reward for the statutory audit may not unreasonably exceed the reward which the statutory auditor usually applies for statutory audit in comparable accounting entities. A statutory

²⁷⁾ Article 91(3) of Act No. 483/2001 Coll., as amended.

²⁸⁾ For instance, Article 9(5)(a) and (7) of Act No. 42/1992 Coll. on the Arrangement of Property Relationships and Settlement of Property Claims in Cooperatives, Article 40(1) and Article 42(2) of Act No. 483/2001 Coll., as amended, Article 76 of Act No. 566/2001 Coll., as amended, Article 16(3) of Act No. 583/2004 Coll. on Budget Rules of Territorial Self-Administration and on Amendments and Supplements to Certain Acts, as amended by Act No. 426/2013 Coll.

²⁹⁾ Act No. 85/2005 Coll. on Political Parties and Political Movements, as amended.

auditor and an audit firm shall also be entitled to reimbursement of reasonable expenses incurred in direct connection with the carrying-out of the statutory audit.

(6) As regards the appointment of a statutory auditor or an audit firm to carry out the statutory audit of the audited entity according to a special regulation,³⁰⁾ the provisions of any contract shall be void if they limit the choice of the relevant entity's general meeting of shareholders or members to certain categories or lists of statutory auditors or audit firms.

(7) A statutory auditor and an audit firm may execute an audit contract with a client other than the audited entity with the approval of the audited entity.

(8) The reward for the statutory audit may not be conditioned, influenced or determined in any way by

- a) the provisions of non-audit services; or
- b) by any other facts threatening the independence, objectivity or quality of the performance of the statutory audit.

Article 24

Internal Organisation of Statutory Auditors and Audit Firms

(1) Taking into consideration the scale and complexity of activities within the carrying-out of the statutory audit, a statutory auditor and an audit firm is required to establish

- a) appropriate policies and procedures to ensure that shareholders (partners), as well as the members of the administrative, management and supervisory bodies of the audit firm or of an affiliate, do not intervene in the carrying-out of a statutory audit in any way which jeopardises the independence and objectivity of the statutory auditor who carries out the statutory audit on behalf of the audit firm;
- b) administrative and accounting procedures, internal quality control mechanisms, effective procedures for risk assessment, and effective control and safeguard arrangements for information processing systems; those internal quality control mechanisms shall be designed to secure compliance with decisions and procedures at all levels of the audit firm or of the working structure of the statutory auditor;
- c) appropriate policies and procedures to ensure that the employees and any other natural persons who provide services for them or are under his, her or its control, and who are directly involved in the statutory audit activities, have appropriate knowledge and experience for the duties assigned;
- d) appropriate policies and procedures to ensure that carrying-out of important audit functions by another legal entity or natural person is not undertaken in such a way as to impair the quality of the statutory auditor's or the audit firm's internal quality control and the ability of the competent authorities to supervise the statutory auditor's or the audit firm's compliance with the obligations laid down in this Act or in a special regulation;¹⁾
- e) appropriate and effective organisational and administrative arrangements to prevent, identify, eliminate or manage and disclose any threats to their independence as referred to in Article 21;
- f) appropriate policies and procedures for carrying out statutory audit, coaching, supervising and reviewing employees' activities and organising the structure of the audit working papers as referred to in Article 22 hereof;

³⁰⁾ Article 19(2) of Act No. 431/2002 Coll., as amended.

- g) an internal quality control system to ensure the quality of the statutory audit; the internal quality control system shall at least cover the policies and procedures referred to in letter (f);
- h) the use of appropriate systems, resources and procedures to ensure continuity and regularity in the carrying out of the statutory audit activities;
- i) appropriate and effective organisational and administrative arrangements for dealing with and recording incidents which have, or may have, serious consequences for the integrity of his, her or its statutory audit activities;
- j) adequate remuneration policies and adequate profit-sharing policies, providing sufficient performance incentives to secure statutory audit quality; in particular, the amount of revenue that the statutory auditor or the audit firm derives from providing non-audit services to the audited entity shall not form part of the performance evaluation and remuneration of any person involved in, or able to influence the carrying out of the statutory audit;
- k) monitoring and evaluation of the adequacy and effectiveness of his, her or its systems, internal quality control mechanisms and arrangements established in accordance with this Act and a special regulation²⁶), and taking of appropriate measures to address any deficiencies; the execution of an engagement quality control review and monitoring of the internal quality control system can also be delegated to other experts as referred to in Article 36(5).

(2) A statutory auditor and an audit firm shall carry out an annual evaluation of the internal quality control system referred to in Article 24 (1)(g), keep records of the findings of that evaluation and any proposed measures to modify the internal quality control system. A person that is a statutory auditor shall be liable for the internal quality control system in an audit firm.

(3) A statutory auditor and an audit firm shall communicate to the employees the policies and procedures referred to in Article 24(1).

(4) Provision of information to another statutory auditor for the purposes of internal quality control and for the purpose of engagement quality control review shall not be considered a breach of the confidentiality obligation referred to in Article 32.

(5) Any delegation of execution of important audit functions to another legal entity or another natural person shall not release the statutory auditor and the audit firm from the responsibility towards the audited entity.

Article 25

Organisation of the Work of Statutory Auditors and Audit Firms

(1) When carrying out the statutory audit, a statutory auditor who employs statutory auditors and an audit firm shall designate at least one key audit partner. Securing audit quality, independence and competence shall be the main criteria for selecting the key audit partner. The key audit partner shall be actively involved in the carrying-out of the statutory audit and shall be primarily responsible for the carrying-out of the statutory audit. A statutory auditor who employs statutory auditors or an audit firm shall provide the key audit partner with sufficient resources and with personnel that have the required competence and capabilities to carry out his, her or its duties appropriately.

(2) When carrying out the statutory audit, the statutory auditor shall devote sufficient time to the carrying-out of the statutory audit and shall assign sufficient resources to enable him or her to carry out his or her duties appropriately.

(3) A statutory auditor and an audit firm are required to keep records of any breaches of the provisions of this Act or a special regulation¹), and of any consequence of any breach, including the measures taken to address such breach and to modify their internal quality control system. A statutory auditor and an audit firm shall prepare an annual report containing an overview of any such measures taken and the statutory auditor shall communicate the report to the statutory auditors and assistants to statutory auditors if they are employed by the statutory auditor and the audit firm shall communicate the report to all statutory auditors and assistants to statutory auditors of the audit firm.

(4) When a statutory auditor or an audit firm asks external experts for advice, he, she or it shall retain the written request made and the documents on the advice received for a period of ten years since the date of their receipt.

Article 26

Statutory Auditor of a Consolidated Group

(1) A statutory auditor of a consolidated group shall bear responsibility for the audit report of the consolidated group and, if prepared, for the additional report to the audit committee.

(2) A statutory auditor of a consolidated group shall assess the audit work and document the nature, timing and extent of the activities performed by a statutory auditor or an audit firm, a European auditor or an audit firm from another Member State, and by a third-country auditor or a third-country audit firm for the purpose of the statutory audit of the consolidated group.

(3) When carrying out the statutory audit of the consolidated group, the statutory auditor of a consolidated group shall review the activities performed by a statutory auditor or an audit firm, a European auditor or an audit firm from another Member State, and by a third-country auditor or a third-country audit firm. The statutory auditor of a consolidated group shall keep audit working papers concerning the review. The audit working papers shall be kept in such a way as to enable the Chamber and the Authority to review the work of the statutory auditor of a consolidated group. If the review of activity referred to in the first sentence cannot be carried out, the statutory auditor of a consolidated group shall take measures which include carrying out of additional statutory audit work, either directly or by another statutory auditor, in the relevant subsidiary. The statutory auditor of a consolidated group shall inform the Authority of the measures taken.

(4) For the purposes of carrying out the review referred to in Article 26(3), the statutory auditor of a consolidated group shall request the agreement of the statutory auditor or the audit firm, the European auditor or the audit firm from another Member State, and of the third-country auditor or the third-country audit firm to the transfer of the relevant audit working papers during the conduct of the statutory audit of the consolidated financial statements, as a condition of the reliance by the statutory auditor of a consolidated group on the work of that statutory auditor or audit firm, European auditor or audit firm from another Member State, and third-country auditor or third-country audit firm.

(5) Where the statutory auditor of a consolidated group is subject to a statutory audit quality assurance review or an investigation concerning the statutory audit of the consolidated group, the statutory auditor of a consolidated group shall, when requested, make available to the Authority or the Chamber the audit working papers prepared by the relevant statutory

auditor or audit firm, European auditor or audit firm from another Member State, and third-country auditor or third-country audit firm for the purposes of the statutory audit of the consolidated group, including any working papers relevant to the statutory audit of the consolidated group.

(6) The Authority may request, in accordance with Article 37, additional documentation on the audit work performed by any European auditor or audit firm from another Member State for the purpose of the statutory audit of the consolidated group from the relevant competent authorities. Where a parent accounting entity or subsidiary accounting entity of a consolidated group is subject to statutory audit by a third-country auditor or a third-country audit firm, the Authority may request additional documentation on the audit work performed by the third-country auditor or the third-country audit firm from the relevant competent authorities from third countries through the working arrangements referred to in Article 37.

(7) Where certain accounting entities of a consolidated group are subject to statutory audit by a third-country auditor or third-country audit firm from a third country that has no working arrangement with the Slovak Republic as referred to in Article 37, the statutory auditor of a consolidated group shall, when requested, be responsible for ensuring delivery of the additional documentation of the audit work performed by such third-country auditor or third-country audit firm. In order to ensure such delivery, the statutory auditor of a consolidated group shall retain a copy of the audit working papers, or alternatively agree with the third-country auditor or third-country audit firm that he, she or it is to be given permitted and unrestricted access to such documentation upon request, or take any other appropriate action. Where audit working papers cannot, for legal or any other impediments, be passed from the third-country auditor or the third-country audit firm to the statutory auditor of a consolidated group, the statutory auditor of a consolidated group has to retain evidence that he or she has undertaken the appropriate procedures in order to gain access to the audit working papers.

Article 27

Audit Report

- (1) The result of the statutory audit is an audit report prepared by the statutory auditor.
- (2) The audit report shall contain the following
 - a) an introduction in which the statutory auditor shall identify the financial statements which are subject of the statutory audit, indicating
 1. the name of the accounting entity;
 2. the date at which the financial statements have been prepared and the accounting period covered by the financial statements;
 3. the procedures applied in the preparation of the financial statements;
 - b) a description of the scope of the statutory audit performed, which shall identify the applied international auditing standards in accordance with which the statutory audit was performed;
 - c) an opinion of the statutory auditor whether the financial statements give a true and fair view of the financial situation and the economic result according to a special regulation³¹⁾ or international auditing standards; the opinion of the statutory auditor may be either unqualified, qualified or an adverse opinion; if the statutory

³¹⁾ Act No. 431/2002 Coll., as amended.

auditor is unable to express an opinion on the basis of the available information, the audit report shall contain a disclaimer of opinion;

- d) any other matters to which the statutory auditor draws attention by way of emphasis without qualifying the audit opinion;
- e) a statement on any material uncertainty relating to events or conditions that may cast significant doubt about the ability of the accounting entity to continue as a going concern;
- f) information about the home Member State of an audit firm if the statutory auditor carries out the statutory audit on behalf of an audit firm registered according to Article 5(2).

(3) The statutory auditor shall prepare the audit report in writing and state in the audit report his or her name, surname, licence number, the date of preparation of the audit report, and signature. The key statutory auditor who carried out the statutory audit shall sign the audit report on behalf of the audit firm, stating his or her name, surname, licence number, business name, registered office and licence number of the audit firm, the date of preparation of the audit report, and signature.

(4) Where more than one statutory auditor or audit firm have been simultaneously engaged in the statutory audit, the statutory auditors or the audit firms shall agree on the results of the statutory audit and submit a joint audit report and opinion. If opinions of statutory auditors disagree, each statutory auditor shall submit his or her opinion in a separate paragraph of the audit report and shall state the reasons for the opinion. The joint audit report shall contain the information referred to in Article 27(3) concerning all statutory auditors who were carrying out the statutory audit and signature of each statutory auditor or it shall contain information concerning each audit firm and statutory auditor according to Article 27(3) and signature of the key audit partner who carried out the statutory audit on behalf of the audit firm.

(5) In exceptional circumstances, the information concerning the statutory auditor as referred to in Article 27(3) need not be disclosed to the public if such disclosure could lead to a threat to the personal security of any person. The statutory auditor shall state the reasons for that and notify it to the Authority within one month after the preparation of the audit report.

(6) In the audit report or appendix to the audit report, the statutory auditor shall provide information and express his or her opinion on the information in the annual report according to a special regulation.³²⁾ Where the audited entity prepared the annual report after the issue date of the audit report, the statutory auditor shall prepare an appendix to the audit report. The appendix to the audit report may, in exceptional cases, be prepared by a statutory auditor other than the statutory auditor who carried out the statutory audit of the financial statements.

(7) An audit report and appendix to audit report are public documents.

(8) Article 27(2) through (7) shall apply accordingly to an audit report of consolidated financial statements. Where the individual financial statements of the parent accounting entity are attached to the consolidated financial statements, the auditor reports may be combined.

(9) Where the audit report is prepared in a foreign language, the statutory auditor or the audit firm shall also ensure preparation of the audit report in the Slovak language, except for the audit report as referred to in Article 27(7).

³²⁾ For instance, Article 20(3) and Article 22b of Act No. 431/2002 Coll., as amended, Article 30 of Act No. 85/2005 Coll., as amended.

Article 28

Professional Due Care and Liability for Damage

(1) A statutory auditor and an audit are required to carry out the statutory audit with professional due care and objectively.

(2) A statutory auditor and an audit firm are required to comply with a special regulation,¹⁾ with the provisions of this Act, international auditing standards, internal regulations issued by the Authority and by the Chamber, and with the Code of Ethics.

(3) A statutory auditor and an audit firm shall be liable for the damage³³⁾ caused during the carrying-out of the statutory audit of public-interest entities of up to the 20 times the fee for performance of the statutory audit, and in other accounting entities of up to the 10 times the fee for the performance of the statutory audit.

(4) A statutory auditor and an audit firm are required to conclude an indemnity insurance policy covering the damage which might be incurred in connection with the carrying-out of the statutory audit without undue delay, however, not later than within ten working days after the registration in the relevant list. A statutory auditor and an audit firm are required to inform the Authority in writing of the conclusion or termination of the indemnity insurance policy no later than within one month after the date of conclusion or termination of the policy. A statutory auditor and an audit firm may also conclude an indemnity insurance policy in another Member State or in a third country if the policy is same or comparable to the requirements referred to in Article 28(3) concerning the execution of the policy in the Slovak Republic.

(5) A statutory auditor is not required to conclude an indemnity insurance policy if he or she carries out the statutory audit on behalf of an audit firm and the audit firm's insurance covers such liability or if his or her licence has been suspended. An audit firm is not required to conclude an indemnity insurance policy if its licence has been suspended.

Article 29

(1) A statutory auditor and an audit firm are required to immediately inform the competent authority performing oversight at the accounting entity according to special regulations³⁴⁾ if

- a) the accounting entity has breached generally binding legal regulations which lay down the conditions governing pursuit of its activity;
- b) there exist any facts which have a materially negative impact on the economic management of the accounting entity;
- c) the going concern assumption is jeopardized;
- d) there exist any facts based on which the statutory auditor and the audit firm may refuse to express an opinion or may express an adverse opinion on the financial statements.

(2) A statutory auditor and an audit firm are required to report any information referred to in Article 29(1) to the entity that has close links with the accounting entity.³⁵⁾

³³⁾ For instance, Article 373 of the Commercial Code.

³⁴⁾ For instance, Act No. 483/2001 Coll., as amended, Act No. 566/2001 Coll., as amended.

³⁵⁾ For instance, Article 7(13) of Act No. 483/2001 Coll., as amended by Act No. 213/2014 Coll., Article 8(e) of Act No. 566/2001 Coll.

(3) When a statutory auditor and an audit firm detects any of the facts referred to in Article 29(1) during the carrying-out of the statutory audit of an accounting entity or any other facts assumed to constitute an economic crime, corruption, or a crime against property, they are required to immediately notify in writing the prosecuting authorities,³⁶⁾ the statutory body and the supervisory body of the accounting entity, the local council if the accounting entity is a municipality, and the council of the higher territorial unit if the accounting entity is a higher territorial unit, and the audit committee if established.

Article 30

(1) A statutory auditor and an audit firm are required to immediately, however, not later than within one month, notify the Authority of any changes in the meeting of the good reputation conditions according to Article 3(9) through (11) and Article 5(3) and of any changes or cessation of the information registered in the relevant list according to Article 10(2) and Article 11(2); such changes shall be signed by the statutory auditor or the statutory representative of the audit firm. The Authority shall notify the statutory auditor or the audit firm of the time limit and also the way of removing the reason for compromising the good reputation.

(2) A statutory auditor and an audit firm are required to immediately, however, not later than within one month after the day of dismissal or resignation, notify the Authority in writing of their dismissal or resignation during the performance of the statutory audit. They are also required to notify the National Bank of Slovakia of their dismissal or resignation if they carry out the statutory audit in an accounting entity which is supervised by the National Bank of Slovakia according to a special regulation.²⁵⁾ They are also required to provide the Authority an explanation of the reasons for their dismissal or resignation.

(3) A statutory auditor and an audit firm are required to notify the Authority, not later than within four months after the end of the accounting period, a list of audited entities for the previous accounting period, namely by the type of accounting entities. This obligation shall not apply to a statutory auditor who carries out the statutory audit as a shareholder (partner), statutory body or employee of an audit firm on its behalf and to its account.

(4) A statutory auditor and an audit firm are required to notify the Authority in writing, within 15 days, of the origin and termination of the employment relationship of a statutory auditor if he or she is their employee. A statutory auditor and an audit firm are required to notify the Authority in which host Member States is the statutory auditor or the audit firm registered.

(5) If the information referred to in Article 30(1), (3) and (4) is provided in electronic form, a qualified electronic signature or a qualified electronic seal shall be used.¹⁷⁾

(6) A statutory auditor and an audit firm are required to create such conditions for an assistant to a statutory auditor which will enable him or her to prepare himself or herself for the pursuit of the statutory auditor profession. An assistant to a statutory auditor shall be enabled, in particular, to take part in continuing education, preparation for the examination of professional competence, and also to take part in the examination of professional competence.

(7) A trainer is required to prepare for an assistant to a statutory auditor an evaluation of the scope of his or her involvement in the performance of the statutory audit and the particular activity performed by the assistant to a statutory auditor.

³⁶⁾ For instance, Article 5 of Act No. 297/2008 Coll. on the Prevention of Legalization of Proceeds of Criminal Activity and Terrorist Financing and on Amendments and Supplements to Certain Acts, as amended.

Article 31

Continuing Education

(1) A statutory auditor and an assistant to a statutory auditor are required to undergo continuing education in order to maintain sufficiently high level of their knowledge and professional skills. The Chamber is required to prepare the principles of continuing education of a statutory auditor and an assistant to a statutory auditor, including the criteria and the method of assessment. The principles of continuing education of a statutory auditor and an assistant to a statutory auditor shall be approved by the Authority. Continuing education shall be provided for by the Chamber or by statutory auditors, audit firms, European auditors, audit firms from other Member States, third-country auditors, or third-country audit firms. The lecturing, pedagogical and publishing activities related to the auditing activities are also considered continuing education.

(2) A statutory auditor and an assistant to a statutory auditor are required to undergo at least 120 hours of continuing education during a three-year cycle, of that at least 20 hours a year. A statutory auditor whose licence has been suspended and an assistant to a statutory auditor whose practical training has been interrupted are required to undergo continuing education in the same scope. Upon a request of a statutory auditor, the Authority may decide, based on serious health reasons or other serious reasons temporarily limiting the activity of the statutory auditor, on the reduction of the hours of education or on the interruption of education for the period of time required. Upon a request of an assistant to a statutory auditor, the Chamber may decide, based on serious health reasons or other serious reasons temporarily limiting the activity of the assistant to a statutory auditor, on the reduction of the hours of education or on the interruption of education for the period of time required.

(3) The control of continuing education shall be carried out

- a) by the Authority if the statutory auditor or the audit firm carries out the statutory audit in public-interest entities;
- b) by the Chamber if the statutory auditor or the audit firm carries out the statutory audit in accounting entities which are not public-interest entities; that shall be without prejudice to the right of the Authority to perform control of continuing education of statutory auditors and audit firms which carry out statutory audit in the accounting entities which are not public-interest entities.

(4) When a statutory auditor or an assistant to a statutory auditor does not undergo continuing education in a three-year cycle, the Commission for Continuing Education shall send a proposal for a disciplinary action to the Disciplinary Commission.

(5) When a statutory auditor fails to undergo continuing education in spite of the imposed disciplinary measure according to the second paragraph in Article 49(1)(b), the Disciplinary Commission shall in compliance with Article 50(12) send the Authority, upon proposal of the Commission for Continuing Education, a proposal to impose a sanction according to Article 64.

Article 32

Obligation to Maintain Confidentiality

(1) Unless otherwise provided for by Article 32(3) through (8), Article 24(4) or a special regulation¹⁾, a statutory auditor and an audit firm are required to maintain confidentiality of all information they have learned in connection with the carrying-out of the statutory audit; this obligation shall continue after the end of the performance of the statutory audit, during

suspension of licence, and also after the deletion from the relevant list. The obligation to maintain confidentiality of all information related to the performance of the statutory audit shall also apply to assistants to statutory auditors, to all shareholders (partners) of an audit firm, members of their statutory body, members of their supervisory body, and to their employees. The obligation to maintain confidentiality shall also continue after the termination of their office, employment or any other legal relationship with the statutory auditor or the audit firm.

(2) The obligation to maintain confidentiality of all information related to the exercise of office, employment-law relationship, or any other legal relationship shall also apply to members of the Authority's Board, members of the Authority's Supervisory Committee, members of the Authority's committees, members of the Authority's commissions, members of the Chamber's Supervisory Board, members of the Examining Board, employees of the Authority and the Chamber, non-practitioners, and other persons who have learned the information related to oversight, the activity of the Authority or the statutory audit quality assurance review. The obligation to maintain confidentiality shall also continue after the termination of their office, employment, or any other legal relationship with the statutory auditor, audit firm, the Chamber, or the Authority. The obligation to provide information according to special regulations³⁷⁾ shall not apply to the provision of information which is subject to confidentiality.

(3) The obligation to maintain confidentiality referred to in Article 32(1) may be lifted by the Authority or by the audited entity or by its legal successor. The obligation to maintain confidentiality referred to in Article 32(2) may be lifted by the Authority.

(4) The obligation to maintain confidentiality shall not apply to the obligation to provide information according to this Act, according to a special regulation¹⁾ or in order to prevent a crime from being committed.

(5) The provision of information to the Slovak Intelligence Service for the purpose of the fight against organised crime and terrorism³⁸⁾ shall not be considered a breach of the obligation to maintain confidentiality according to Article 32(1) and (2). The persons provided the information are required to maintain confidentiality of that fact, as well as of the gathering of information to investigate a suspicion of legalisation of proceeds of criminal activity or financing of terrorism. The Slovak Intelligence Service may relieve them from this obligation for the purpose of proceedings before a state authority at the request of that authority.

(6) Where a statutory auditor is replaced by another statutory auditor or an audit firm is replaced by another audit firm, the former statutory auditor or the former audit firm are required to grant the incoming statutory auditor or audit firm access to all relevant information and provide information according to this Act and a special regulation¹⁾ on the audited entity and the last statutory audit of the entity.

(7) A statutory auditor and an audit firm are required to provide information about the accounting entity if they have that obligation according to this Act or a special regulation.³⁹⁾ The provision of such information shall not be considered a breach of the obligation to

³⁷⁾ Act No. 211/2000 Coll. on Free Access to Information and on Amendments and Supplements to Certain Acts (Act on Freedom of Information), as amended.

³⁸⁾ Article 2(1)(d) and (2) of Act of the National Council of the Slovak Republic No. 46/1993 Coll. on the Slovak Intelligence Service, as amended.

³⁹⁾ For instance, Article 40 and Article 47(1) of Act No. 483/2001 Coll., as amended, Article 3(1) of Act No. 747/2004 Coll., as amended by Act No. 373/2014 Coll.

maintain confidentiality; the statutory auditor or the audit firm shall not incur any liability towards the accounting entity as a result of providing such information.

(8) It shall not be considered a breach of the obligation to maintain confidentiality according to Article 32(1) when a statutory auditor or an audit firm that carries out audit in an accounting entity that is part of a consolidated group, whose parent accounting entity is located in the territory of the Slovak Republic, in another Member State or in a third country, provides the relevant documentation on the audit works carried out to the statutory auditor of a consolidated group who is located in the territory of the Slovak Republic, in another Member State or in a third country, if the documentation is needed to carry out the statutory audit of the consolidated financial statements of the parent accounting entity. A statutory auditor or an audit firm that carries out audit in an accounting entity that has issued securities in another Member State or in a third country or that is part of consolidated group issuing consolidated financial statements in another Member States or in a third country, may transfer to the competent authority in another Member State or in relevant third country the working papers on the performance of the statutory audit or any other documents related to the audited entity under the conditions referred to in Article 37. The transfer of information to a statutory auditor of a consolidated group in another Member State or a third country shall comply with a special regulation.⁴⁰⁾

(9) The information obtained by the Authority from the competent oversight authorities of another Member State or a third country may only be used for the purpose of oversight.

Statutory Audit of Public-Interest Entity

Article 33

(1) A statutory auditor and an audit firm who carries out statutory audit in a public-interest entity or a company referred to in Article 2(15)(f) may also provide to the public-interest entity or the company referred to in Article 2(15)(f) non-audit services according to a special regulation.⁴¹⁾

(2) A statutory auditor and an audit firm who carries out statutory audit in a public-interest entity or a company referred to in Article 2(15)(f) may provide the service referred to in Article 33(1) if the provision of the service complies with the conditions according to a special regulation.⁴²⁾

(3) Unless otherwise stipulated by a special regulation⁴³⁾, a statutory auditor and an audit firm who carries out statutory audit in a public-interest entity shall conclude an audit contract with the public-interest entity for a period of at least two years and maximum of three years if the audit contract is concluded with the entity for the first time (hereinafter referred to as “the initial engagement”). The maximum duration of every next concluded audit contract with the public-interest entity (hereinafter referred to as “the renewed engagement”) may be no more than three years if the statutory auditor is approved by the general meeting of shareholders, general meeting of members or any other body of the audited entity which is approving and dismissing the statutory auditor. The initial engagement in combination with all the renewed

⁴⁰⁾ Act No. 122/2013 Coll. on the Protection of Personal Data and on Amendments and Supplements to Certain Acts, as amended by Act No. 84/2014 Coll.

⁴¹⁾ Article 5(1)(a)(i), (iv) through (vi) and letter (f) of Regulation (EU) No 537/2014.

⁴²⁾ Article 5(3)(a) through (c) of Regulation (EU) No 537/2014.

⁴³⁾ Act No. 25/2006 Coll. on Public Procurement and on Amendments and Supplements to Certain Acts, as amended.

Act No. 343/2015 Coll. on Public Procurement and on Amendments and Supplements to Certain Acts.

engagements therewith may not exceed a maximum duration of ten years. After ten years, the renewed engagement may be extended by a maximum of

- a) 10 years if the selection procedure of the statutory auditor is conducted in accordance with a special regulation;⁴⁴⁾
- b) 14 years if at least two statutory auditors are simultaneously appointed and they present an audit report according to Article 27(4).

(4) The statutory auditor or the key audit partner responsible for carrying out the statutory audit in a public-interest entity or in a company referred to Article in 2(15)(f) may carry out the statutory audit in one entity or in one company for a maximum of five consecutive years from the date of their appointment. They shall not carry out statutory audit in the entity or in the company before three years have elapsed from the last statutory audit.

(5) A statutory auditor and an audit firm are required to notify the Authority of the list of public-interest entities in which they carried out statutory audit, in the division according to a special regulation⁴⁵⁾, no later than within four months after the end of the accounting period.

(6) A statutory auditor and an audit firm who carries out statutory audit in a public-interest entity are required to present the Authority the information according to a special regulation.⁴⁶⁾

(7) A duly justified proposal to dismiss the statutory auditor or the audit firm that carries out statutory audit in a public-interest entity may be filed with a court by

- a) shareholders who represent at least 5% of voting rights or registered capital of the audited entity;
- b) the management body or the supervisory body of the audited entity; or
- c) the Authority.

(8) A statutory auditor and an audit firm who carries out statutory audit in a company referred to in Article 2(15)(f) may not provide the company with non-audit services according to a special regulation,⁴⁷⁾ unless otherwise stipulated by Article 33(1) and (2).

Article 34

Audit Committee

(1) An accounting entity that is a public-interest entity or a company referred to in Article 2(15)(f) are required to establish an audit committee unless otherwise provided for by Article 34(5). The audit committee shall have at least three members and may be established either as a stand-alone committee or a committee of the management body or a committee of the supervisory body.

(2) The audit committee shall be composed of other members than executive members of the management body, of members of the supervisory body or of members appointed by the general meeting of shareholders. For an accounting entity with no general meeting of shareholders, the members of the audit committee shall be appointed by an equivalent body or the method of appointment is laid down by a special regulation⁴⁸⁾ and the accounting entity

⁴⁴⁾ Article 16(2) through (5) of Regulation (EU) No 537/2014.

⁴⁵⁾ Article 14 of Regulation (EU) No 537/2014.

⁴⁶⁾ Article 12(1) of Regulation (EU) No 537/2014.

⁴⁷⁾ Article 5 of Regulation (EU) No 537/2014.

⁴⁸⁾ Act No. 80/1997 Coll. on Export-Import Bank of the Slovak Republic, as amended.

shall disclose the composition of the audit committee in an annual report. At least one member of the audit committee shall have practical experience in the area of accounting or statutory audit. Members of the audit committee as a whole shall have qualification relevant for the sector in which the accounting entity is operating.

(3) The chairman of the audit committee shall be appointed by members of the audit committee or by the supervisory board of the accounting entity. The chairman of the audit committee and an absolute majority of members of the audit committee shall be independent. An independent member is a natural person that has no property or personal links with the accounting entity or its subsidiary accounting entity, its shareholders (partners), members of statutory bodies and the statutory auditor of the accounting entity and is also not a close person with them and receives no income from the accounting entity or its subsidiary accounting entity, except for the reward for work in the supervisory board or audit committee. If all members of the audit committee are members of management body or supervisory body, they do not have to meet the condition that a majority of members of the audit committee shall be independent.

(4) The audit committee shall

- a) monitor the process of preparation of financial statements, compliance with special regulations,⁴⁹⁾ and shall submit recommendations and proposals to ensure integrity of the process;
- b) monitor the effectiveness of internal control, internal audit and risk management systems in the accounting entity if they influence the preparation of the financial statements;
- c) monitor the course and results of the statutory audit of the individual financial statements and the statutory audit of consolidated financial statements, taking into account any findings and conclusions of the Authority;
- d) review and monitor the independence of the statutory auditor or audit firm according to Articles 21, 24 and 25, and in particular, the appropriateness of the provision of non-audit services in compliance with a special regulation⁴⁷⁾ and the services provided by the statutory auditor or audit firm according to Article 33(1);
- e) be responsible for the procedure for the selection of a statutory auditor or an audit firm and recommend the appointment of the statutory auditor or audit firm to be approved for the carrying-out of the statutory audit of the accounting entity in compliance with a special regulation,⁴⁹⁾ and if it is a company referred to in Article 2(15)(f), the special regulation⁴⁹⁾ shall not apply to the procedure for the selection of a statutory auditor or an audit firm and the recommendation of the appointment of the statutory auditor or audit firm to be approved for the carrying-out of the statutory audit;
- f) determine the date when the statutory auditor or the audit firm shall present the honour declaration of independence;
- g) inform the management body or supervisory body of the accounting entity of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of the financial statements and what the role of the audit committee was in that process.

(5) An accounting entity that is a public-interest entity or a company referred to in Article 2(15)(f) does not need to establish the audit committee provided that

⁴⁹⁾ Article 16 of Regulation (EU) No 537/2014.

- a) it is a subsidiary accounting entity and its parent accounting entity has established an audit committee and the audit committee performs the activities referred to in Article 34(4) also for the subsidiary accounting entity;
- b) its registered office is in another Member State and it has established a body which is performing activities as an audit committee and which is established and performs its activities according to the legal regulations valid in that Member State; in such a case, the accounting entity shall disclose in its annual report the body which performs these activities and the structure of that body;
- c) it is an accounting entity referred to in Article 2(16)(n) in which the audit committee activities are provided for by an equivalent body designated by a city or municipality major;
- d) its supervisory board performs the audit committee activities.

PART FOUR

STATUTORY AUDIT QUALITY ASSURANCE REVIEW, OVERSIGHT AND INTERNATIONAL COOPERATION

Article 35

Statutory Audit Quality Assurance Review

(1) Statutory auditors and audit firms are subject to statutory audit quality assurance review which shall be carried out by

- a) the Authority through inspectors appointed by the Authority, at a statutory auditor and an audit firm that carry out statutory audit in public-interest entities or in companies referred to in Article 2(15)(f);
- b) the Chamber through inspectors appointed by the Chamber, at statutory auditors and audit firms that carry out statutory audit in the accounting entities which are not public-interest entities or companies referred to in Article 2(15)(f); that shall be without prejudice to the right of the Authority to carry out statutory audit quality assurance reviews at statutory auditors and in audit firms that carry out statutory audit in the accounting entities which are not public-interest entities.

(2) The statutory audit quality assurance review system is independent of the reviewed statutory auditors and audit firms and the funding for the statutory audit quality assurance review shall be free from any influence by statutory auditors and audit firms. The statutory audit quality assurance review system which is carried out by the Chamber is subject to oversight by the Authority.

(3) A natural person that meets the following criteria may be appointed as an inspector

- a) has full legal capacity;
- b) has a good reputation according to Article 3(9) through (11);
- c) has a second-level university degree;
- d) has practical experience in the area of statutory audit and preparation of financial statements;
- e) has completed training aimed at statutory audit quality assurance review organised by the Authority or the Chamber;

- f) has never been or at least three years have elapsed since he or she ceased to be a partner or employee or otherwise associated with the statutory auditor or audit firm where he or she carries out the statutory audit quality assurance review;
- g) has declared that there are no conflicts of interest between him or her and the statutory auditor or the audit firm where the statutory audit quality assurance review is to be carried out.

(4) The selection of entities to be subject to the statutory audit quality assurance review shall be made on the basis of an analysis of risks and shall be carried out at least

- a) every three years in the case of a statutory auditor and audit firm that carried out statutory audit of an accounting entity that is a public-interest entity or a company referred to in Article 2(15)(f);
- b) every six years in the case of other statutory auditors and audit firms.

(5) Statutory audit quality assurance review shall be appropriate and proportionate in view of the scale and complexity of the business of the reviewed statutory auditor or audit firm and the inspector shall assess the following, in particular, using the selected files of the audit working papers

- a) compliance with international auditing standards, the provisions of this Act and a special regulation,¹⁾ the Auditor's Code of Ethics, internal regulations of the Authority and the Chamber;
- b) requirements concerning the statutory auditor's independence;
- c) the quantity and quality of resources used, in particular, the quantity and quality of statutory audit personnel, the number of statutory audit hours;
- d) the adequacy of the amount of fees for the statutory audit;
- e) the internal quality control system of the audit firm.

(6) The outcome of a statutory audit quality assurance review is a report on the statutory audit quality assurance review which shall contain the main findings of the statutory audit quality assurance review. The obligation to provide information according to a special regulation³⁷⁾ shall not apply to the information about the statutory audit quality assurance review and the outcome of the statutory audit quality assurance review. The report on the statutory audit quality assurance review referred to in Article 35(1)

- a) letter a) shall be sent by the inspector to the Committee for Statutory Audit Quality Assurance which shall, following the evaluation of the report, determine recommendations and reasonable time limits to remove the deficiencies established;
- b) letter b) shall be sent by the inspector to the Supervisory Board of the Chamber which shall, following the evaluation of the report, determine recommendations and reasonable time limits to remove the deficiencies established.

(7) A statutory auditor and an audit firm are required to demonstrate to the Supervisory Board of the Chamber or to the Committee for Statutory Audit Quality Assurance that the recommendations to remove deficiencies have been met within the time limit determined. If the statutory auditor and the audit firm do not follow the recommendations according to Article 35(6), the Chairman of the Supervisory Board of the Chamber shall send a proposal for a disciplinary action by the Chamber and the Chairman of the Committee for Statutory Audit Quality Assurance shall send a proposal for proceedings by the Authority concerning imposition of a sanction.

(8) The Chamber shall submit to the Authority an overview of the overall results of statutory audit quality assurance reviews for the preceding calendar year by 31 March, at the latest, and publish it on its website, at the latest by 30 April of the current year. The Authority shall publish the overview of the overall results of statutory audit quality assurance reviews on its website without undue delay, at the latest by 31 May of the current year.

(9) The Authority shall notify the Chamber which statutory auditors and audit firms are subject to statutory audit quality assurance review according to Article 35(1)(a). The Authority and the Chamber shall regulate the principles of statutory audit quality assurance review in their internal regulations; the Chamber shall submit the internal regulations to the Authority for approval. According to special regulations³⁷), these internal regulations shall not be published or made available to the public.

Article 36

Oversight

(1) The oversight of statutory auditors, audit firms, companies referred to in Article 2(15)(f), and public-interest entities is aimed at the meeting of the obligations laid down by this Act and a special regulation¹) in connection with the statutory audit. The oversight concerns audit and non-audit services in the scope needed to carry out oversight. The oversight of the Chamber is aimed at the meeting of the obligations of the Chamber laid down by this Act.

(2) The Authority shall perform oversight through investigation, usually, through non-practitioners and experts (hereinafter referred to as “the person performing oversight”) with whom the Authority can conclude a contract for the meeting of particular tasks if necessary. Oversight shall be free from any undue influence by statutory auditors and audit firms.

(3) The system of oversight approved in other Member States is considered equivalent to the oversight in the Slovak Republic.

(4) For the purposes of this Act, a non-practitioner means any natural person who, during the period of at least three years before his or her appointment in the bodies of the Authority and during his or her involvement in the bodies of the Authority, has not carried out statutory audits, has not held voting rights in an audit firm, has not been a member of the statutory, management or supervisory body of an audit firm and has not been employed by, or otherwise closely associated with, an audit firm. A non-practitioner may be an employee of the Authority, a member of the Authority’s body, or a person who performs oversight on the basis of a contract with the Authority, has been authorised to perform oversight, and acts on behalf of the Authority. A non-practitioner shall have a second-level university degree and practical experience in the area of statutory audit.

(5) For the purposes of this Act, an expert means a natural person who has specific expertise in financial markets, accounting, statutory audit or other fields relevant for the performance of oversight. If the expert is a statutory auditor, he or she may not be employed by or be member of bodies of the Chamber, except for the general meeting. An expert who performs oversight shall be independent.

(6) When performing oversight, the person performing oversight shall detect and evaluate the information about the entities subject to oversight and their activities, both at the entity subject to oversight and in the location required by the purpose of oversight. Oversight shall be performed in the scope necessary in order to achieve the purpose of this Act.

(7) Prior to the commencement of the performance of oversight, the Authority shall deliver to the entity subject to oversight written notification on the commencement of

oversight. This notification shall include the location of the performance of oversight, the date of the commencement of oversight, the subject matter of the oversight, the period subject to oversight, the planned duration of the oversight, the name and surname of the person performing the oversight, the seal of the Authority, the signature of the authorised employee of the Authority, including his or her name, surname, and position.

(8) The Authority shall be entitled to commence oversight without the notification referred to in Article 36(7) if there is a threat that accounting documents or any other documents will be damaged, destroyed, or altered.

(9) A person performing oversight shall be excluded from oversight if there could be doubts about his or her impartiality with respect to his or her relationship to the subject matter of the oversight, the entity subject to oversight or its employees. The Authority is required to ensure the proper continuation and completion of the oversight.

(10) The person performing oversight, whose impartiality is in doubt, may only perform necessary acts regarding the matter until a decision on his or her impartiality is issued.

(11) The person performing oversight, the entity subject to oversight, and other persons participating in the oversight are required to notify the Managing Director of the Authority, without undue delay, of the facts referred to in Article 36(9). The Authority shall decide on this notification not later than within ten working days after its delivery date.

(12) The exclusion from oversight of a person performing oversight shall be decided by an authorised employee of the Authority, who may also decide on the exclusion upon his or her own proposal. The authorised employee shall inform the Committee for Statutory Audit Quality Assurance of the exclusion in writing.

(13) In relation to the person performing oversight, the entity subject to oversight shall be entitled to

- a) request submission of a service card and a written authorisation to perform oversight;
- b) submit evidence proving his or her statements during the course of the oversight;
- c) comment on the facts detected during the oversight and on the method of their detection;
- d) attend meetings with other persons participating in the proceedings, for instance, with certified experts and witnesses;
- e) take part in the discussion on the protocol on the oversight performed (hereinafter referred to as the "protocol").

(14) In relation to the person performing oversight, the entity subject to oversight shall have the following obligations:

- a) to enable the person performing oversight to perform the oversight;
- b) to ensure an appropriate location and conditions for the performance of oversight;
- c) to allow access to the lands, registered office, and operating premises of the entity subject to oversight and facilitate discussions with its employees;
- d) to provide information, documents, and other written materials in written or technical form or their officially certified translations if the documentation is in a foreign language, as well as explanations and standpoints on them;

- e) to lend out documents outside the registered office or operating premises of the entity subject to oversight or provide extracts from or copies of these documents.

(15) When the entity subject to oversight fails to provide documents and other written materials according to Article 36(14)(d), it shall be deemed that the entity subject to oversight has not executed them.

(16) The person performing oversight shall confirm the receipt of the documents according to Article 36(14)(e) by own signature upon receipt of the documents.

(17) The person performing oversight shall prepare a protocol on the findings resulting from the oversight, which shall contain the following information

- a) the name, surname, and permanent residence if the entity subject to oversight is a natural person and the business name, registered office, and identification number if the entity subject to oversight is a legal entity;
- b) the names, surnames, and positions of the persons involved in the oversight;
- c) the location of the oversight, the date of commencement and the duration of the oversight;
- d) the subject matter of the oversight and the period subject to the oversight;
- e) the proven findings;
- f) the time limit for expressing opinion on the protocol;
- g) the date of preparation of the protocol;
- h) the date of the discussion on the protocol;
- i) the name, surname, and handwritten signature of the person performing oversight;
- j) the handwritten signature of the entity subject to oversight or its authorised representative.

(18) The protocol shall be signed after it has been discussed. The person performing oversight shall record the refusal of an entity subject to oversight to sign the protocol and, if it is known, the reason for the refusal. The person performing oversight shall deliver one copy of the protocol to the entity subject to oversight. If the entity subject to oversight refuses to sign or take over the protocol, or if the entity or its authorised representative fails to participate in the discussion on the protocol, the date specified in the invitation to discuss the protocol shall be considered as the date on which the protocol was discussed and delivered.

(19) Oversight shall be deemed completed as of the day

- a) of the discussion of the protocol by the Committee for Statutory Audit Quality Assurance, unless a proposal to commence proceedings according to Article 64 has been filed;
- b) when a decision to impose a sanction becomes final if a proposal to initiate proceedings concerning imposition of a sanction has been filed.

(20) The Authority shall retain the protocol for a period of ten years after the year in which the oversight was completed. The obligation to provide information according to a special regulation³⁷⁾ shall not apply to the information on oversight and findings resulting from the oversight.

(21) State authorities, territorial self-administration authorities, and entities subject to oversight are required to notify to the Authority the information needed to perform oversight.

If they possess documents that may serve as evidence during oversight, they are required to submit or lend the documents to the Authority, unless this is at variance with a special regulation.⁵⁰⁾

Article 37

International Cooperation Concerning Oversight

(1) The Authority shall ensure cooperation with the competent oversight authorities from other Member States and third countries. The Authority is entitled to request that an investigation of the activities of a European auditor or an audit firm from another Member State be carried out by the competent oversight authority of another Member State or request that its own personnel be allowed to participate in the investigation of the activities of an auditor or an audit firm from another Member State. The investigation shall be subject to the oversight of the Member State on whose territory it is conducted.

(2) If consolidated financial statements are subject to oversight, additional requirements concerning registration in the relevant list, statutory audit quality assurance review, international auditing standards, ethics and independence of a statutory auditor or an audit firm carrying out the statutory audit of a subsidiary accounting entity established in another Member State may not be applied.

(3) In the case that securities of an accounting entity that has its registered office in another Member State are traded on a regulated market in the Slovak Republic, the Slovak Republic may not impose any additional requirements concerning registration in the relevant list, statutory audit quality assurance review, international auditing standards, ethics and independence of a statutory auditor or an audit firm carrying out the statutory audit of the accounting entity.

(4) The Authority shall, upon request, supply any information obtained in relation to oversight to the competent oversight authorities of other Member States. If the Authority is unable to comply with the request for providing information, it shall notify the requesting authority thereof and state the reasons without undue delay. This information may be used to the extent defined in this Act and within administrative or judicial proceedings related to the performance of the statutory audit.

(5) The provision of information or an investigation referred to in Article 37(1) may be refused for the following reasons

- a) supplying information or an investigation might adversely affect the sovereignty, security or public order of the Slovak Republic;
- b) judicial proceedings have already been initiated in respect of the same actions and against the same statutory auditors and audit firms before the competent authorities of the Slovak Republic;
- c) final judgment has already been passed in respect of the same actions and on the same statutory auditors or audit firms by the competent authorities of the Slovak Republic.

(6) If the Authority possesses provable information that activities contrary to this Act or the Auditor's Code of Ethics are being or have been carried out on the territory of another Member State, it shall notify the competent authority of the other Member State thereof. If the Authority obtains information referred to in the first sentence from the competent oversight

⁵⁰⁾ For instance, Act No. 215/2004 Coll. on the Protection of Classified Information and on Amendments and Supplements to Certain Acts, as amended.

authority from another Member State, it shall take measures towards the statutory auditor or audit firm according to this Act and inform the competent oversight authority of the other Member State thereof.

(7) The Authority may, upon request of the competent oversight authorities from third countries, supply audit working papers, reports on statutory audit quality reviews and protocols on the oversight relating to the statutory audit if

- a) the audited entity has issued securities in that third country or forms part of a consolidated group which prepares consolidated financial statements in that third country;
- b) the competent oversight authority of the third country meets the requirement of equivalence of the performance of oversight with respect to the competent oversight authorities of other Member States, and the meeting of the requirement of equivalence shall be considered adequate if decided so by the European Commission;
- c) a working arrangement exists between the Authority and the competent oversight authority of the third country, which also contains provisions on the mutual exchange of audit working papers;
- d) the protection of personal data and the use of the obtained information solely for the purpose of oversight have been ensured.

(8) The working arrangement referred to in Article 37(7)(c) shall contain

- a) a requirement regarding justification of the request;
- b) a provision that employees of the competent oversight authority of the third country are subject to the obligation to maintain confidentiality;
- c) a provision that the competent oversight authority of the third country may use audit working papers only for the purpose of oversight, statutory audit quality assurance reviews, and investigations;
- d) a provision that the protection of the commercial interests of the accounting entity, including its industrial and intellectual property, is not undermined;
- e) the possibility of refusing to provide audit working papers where their provision would adversely affect the sovereignty, security, or public order of other Member States or where proceedings have already been initiated with respect to the same actions and against the same persons before the competent authorities of the Slovak Republic or where the competent authorities of the Slovak Republic have already passed final judgement in respect of the same actions and on the same persons.

Article 38

Reporting of Breaches

(1) For the purpose of reporting breaches according to this Act

- a) person who reports the breach means a natural person who in good faith gives notification to the Authority or an audit firm;
- b) notification means the provisions of facts which the person who reports the breach became aware in relation to the execution of its employment, profession, position or office and which concern breaches of this Act and a special regulation;¹⁾

- c) complaint means a non-anonymous notification and anonymous notification made by a person who reports the breach; a notification which does not contain the name, surname and address of residence of a person is considered anonymous;
- d) good faith means actions of the person who reports the breach, who is convinced, considering the circumstances known to him or her or knowledge which he or she has at that time, of veracity of the supplied facts.

(2) The Authority is required to accept and examine every complaint. The Managing Director of the Authority shall designate an organisational unit or natural person (hereinafter referred to as “the responsible person”) who is direct subordinate of the Managing Director to be responsible for the accepting and recording of complaints. Identification of the responsible person and the ways of filing complaints shall be disclosed on the website of the Authority.

(3) When examining a non-anonymous complaint, the Authority is required to maintain confidentiality of the identity of the person who filed the complaint. The responsible person shall refer the complaint to the Committee for Statutory Audit Quality Assurance which shall assess whether to perform oversight according to Article 36. When the complaint is non-anonymous, the Authority shall notify, in writing, the person who filed the complaint on the outcome of the complaint examination within 60 days after the examination was completed, while the Authority is required to maintain confidentiality according to Article 32.

(4) The Authority shall keep records of complaints according to Article 38(2) for a minimum period of five years in the following scope

- a) the date of delivery of the complaint;
- b) the name, surname and permanent or temporary address of the person who filed the complaint; in the case of an anonymous complaint, a note that it is an anonymous complaint shall be stated;
- c) the subject matter of the complaint;
- d) the outcome of the examination of the complaint;
- e) the date when the examination of the complaint was completed.

(5) The Authority shall issue an internal regulation laying down the particulars for

- a) filing complaints;
- b) examining complaints and authorisations of the responsible person;
- c) the procedure for examining complaints;
- d) maintaining confidentiality of the identity of the person who filed the complaint;
- e) the recording of complaints;
- f) the processing of personal data provided in a complaint.

(6) An audit firm shall implement adequate internal procedures to allow its employees to report potential and actual breaches of this Act or a special regulation.¹⁾ The provisions of Article 38(1) through (5) shall apply to an audit firm accordingly.

(7) Special regulation⁵¹⁾ shall not apply to the procedure according to Article 38(1) through (6).

⁵¹⁾ Act No. 9/2010 Coll. on Complaints, as amended by Act No. 289/2012 Coll.

PART FIVE

CHAMBER

Article 39

(1) The Chamber is an independent self-regulatory professional organisation that associates statutory auditors and audit firms registered in the list of members of the Chamber.

(2) The Chamber is a legal entity with its registered office in Bratislava.

(3) The Chamber may establish territorial sections to perform its tasks. Details of establishing territorial sections are governed by an internal regulation of the Chamber.

Article 40

Tasks of the Chamber

The Chamber shall, in particular

- a) represent, protect, and assert legitimate interests of its members and assistants to statutory auditors;
- b) provide methodological guidance to members of the Chamber and assistants to statutory auditors in the field of statutory audit, accounting, ethics and international accounting standards;
- c) ensure the proper execution of statutory audit and a high professional level of statutory auditors and assistants to statutory auditors;
- d) deal with proposals, suggestions, and complaints made by members of the Chamber and assistants to statutory auditors with regard to their rights and obligations ensuing from this Act; it shall inform the Authority of the examination of proposals, suggestions and complaints once a year;
- e) issue a confirmation of membership in the Chamber and its termination and a confirmation of the payment of a membership fee;
- f) following an approval by the Assembly, issue the statute of the Chamber and the internal regulations of the Chamber, and control compliance with them;
- g) choose by lot a statutory auditor to carry out statutory audit of an accounting entity according to a special regulation²⁹⁾, except for a statutory auditor who is an employee of a statutory auditor or an audit firm; if an impediment to the performance of statutory audit according to Article 21 applies to the chosen statutory auditor, the drawing of lot shall be repeated;
- h) carry out a statutory audit quality assurance review in accordance with Article 35;
- i) ensure and control continuing education of statutory auditors and assistants to statutory auditors according to Article 31;
- j) conduct disciplinary actions and impose disciplinary measures according to Articles 49 and 50;
- k) express opinion on draft legislation relating to activity of statutory auditors;

- l) cooperate and exchange information with other authorities if provided so by a special regulation;⁵²⁾
- m) cooperate with the Authority during the performance of oversight;
- n) keep a list of members of the Chamber; the Chamber shall determine the particulars of the list in its internal regulation;
- o) keep a list of assistants to statutory auditors and a list of trainers and shall disclose them on its website; the Chamber shall determine the particulars of the list of trainers in its internal regulation;
- p) issue the Auditor's Code of Ethics;
- q) perform other tasks if stipulated so by an internal regulation of the Chamber.

Article 41

Membership in the Chamber

(1) Membership in the Chamber shall arise upon registration in the list of members of the Chamber.

(2) Membership in the Chamber is mandatory for all statutory auditors and audit firms whose home Member State is the Slovak Republic. Registration in the list of assistants to statutory auditors of the Chamber does not give rise to membership of an assistant to a statutory auditor in the Chamber.

(3) Membership in the Chamber shall cease to exist upon deletion of a statutory auditor or an audit firm from the list of members of the Chamber. The Chamber shall issue a confirmation of the cessation of membership.

Article 42

Rights and Obligations of Statutory Auditors, Audit Firms, and Assistants to Statutory Auditors in relation to the Chamber

(1) A statutory auditor and an audit firm are entitled to elect candidates to the bodies of the Chamber. A statutory auditor has the right to be elected to the bodies of the Chamber.

(2) The Chamber shall regulate in its internal regulations the obligations of a statutory auditor and an audit firm.

(3) An assistant to a statutory auditor is required to

- a) familiarise himself or herself or comply with the internal regulations of the Chamber;
- b) notify any changes in the information concerning his or her person in connection with the preparation for the statutory auditor profession;
- c) fulfil the resolutions adopted by bodies of the Chamber, and notify the Chamber of any changes in the meeting of the good reputation conditions referred to in Article 3(9) through (11).

(4) A statutory auditor, an audit firm and an assistant to a statutory auditor are required to pay membership fees to the Chamber and make any other monetary payments stipulated by internal regulations of the Chamber. Membership fees of a statutory auditor and an audit firm

⁵²⁾ For instance, Article 6(13) of Act No. 483/2001 Coll., as amended, Article 3(1) and (2) of Act No. 747/2004 Coll., as amended by Act No. 373/2014 Coll.

shall be reduced by the annual contribution paid according to Article 68(3)(e) and the annual registration fee referred to in Article 68(7).

Article 43

Bodies of the Chamber and their Competences

(1) The bodies of the Chamber are

- a) the Assembly;
- b) the Presidium;
- c) the Supervisory Board; and
- d) the Disciplinary Commission.

(2) The term of office of members of the bodies of the Chamber referred to in Article 43(1)(b) through (d) is four years, unless otherwise provided for by Article 43(7). The term of office shall start on the day of approval by the Assembly. One natural person may be re-elected as a member of a body of the Chamber, however, for not more than two consecutive terms of office. If the office in bodies of the Chamber terminates before the expiry of the term of office for the reasons referred to in Article 43(7)(b) through (f), a new member of the body of the Chamber shall be elected for the remainder of the term of office of the member of the body of the Chamber who was replaced by the new member.

(3) A candidate for the appointment as a member of a body of the Chamber is required to prove, prior to the taking up his or her office, the meeting of the good reputation conditions referred to in Article 3(9) through (11). Members of the bodies of the Chamber are required to annually notify any changes in the meeting of the good reputation conditions referred to in Article 3(9) through (11).

(4) The offices in the bodies of the Chamber are honorary. For the execution of these offices, statutory auditors are entitled to a compensation of travel expenses, compensation of actual expenses and compensation for their time. Particulars of the compensations shall be regulated by the statute of the Chamber.

(5) Particulars of the election of members to the bodies of the Chamber shall be regulated by the Chamber in the rules of election procedure.

(6) Particulars of the organisation of the Chamber, its bodies and their scope of powers, the number of members of the Presidium, the Supervisory Board, and the individual commissions shall be regulated by the statute of the Chamber.

(7) The office of the President of the Chamber and a member of the bodies of the Chamber shall terminate

- a) as of the date of expiry of the term of office;
- b) upon resignation, namely as of the date of delivery of written request to the Chamber;
- c) based on a decision of the Disciplinary Commission of the Chamber in the case of loss of good reputation according to Article 3(9) through (11);
- d) upon expulsion from the Chamber;
- e) upon dismissal;
- f) if they die or are pronounced dead.

(8) The Chamber shall issue internal regulations of the Chamber in accordance with this Act. The internal regulations of the Chamber shall also contain particulars about the establishment of the Commission for Continuing Education, Commission for Statutory Audit Quality Assurance and other commissions the Chamber may establish in order to secure its activities.

(9) Membership in the individual elected bodies of the Chamber is mutually incompatible.

Article 44

Assembly

(1) The Assembly is the supreme body of the Chamber. The Assembly consists of statutory auditors and audit firms registered in the list of members of the Chamber, including statutory auditors and audit firms whose licence has been suspended according to Article 9.

(2) The Assembly shall be convened by the Presidium, usually once a year. If at least one-third of members of the Chamber request so in writing, the Presidium is required to convene the Assembly not later than within two months after the day of delivery of the written request to the Chamber.

(3) The Assembly shall

- a) elect and dismiss the President of the Chamber;
- b) elect and dismiss members of the bodies of the Chamber;
- c) approve the statute of the Chamber and amendments thereto;
- d) approve internal regulations of the Chamber and amendments thereto, in particular, the rules of the election procedure, rules of procedure, the principles of financial management and the Auditor's Code of Ethics, except for the internal regulations subject to approval by the Authority;
- e) approve the amount of the registration fee and membership fees; consent of four-fifths majority of present members is required for the approval of membership fees;
- f) approve the budget of cost and revenues and the financial statements of the Chamber.

Article 45

Presidium

(1) The Presidium consists of the President of the Chamber and members of the Presidium. The Presidium is the executive body of the Chamber during the period between two meetings of the Assembly and is bound by the resolutions adopted by the Assembly. The Presidium shall fulfil the resolutions adopted by the Assembly and is accountable to the Assembly for its activities.

(2) The number of Presidium members responsible for each territorial section shall correspond to the ratio of members of the Chamber in the territorial section to the total number of members of the Chamber, where each territorial section shall be represented by at least one member.

(3) The President of the Chamber is the statutory body of the Chamber, shall represent the Chamber externally, act on its behalf in all matters, and manage the employees of the Chamber.

- (4) The Presidium shall
- a) convene the Assembly and prepare documents for its meeting;
 - b) be responsible for publication, documentation, and study activities within the statutory auditor profession;
 - c) ensure methodological guidelines for statutory auditors and assistants to statutory auditors in accordance with Article 40(b);
 - d) establish the Commission for Continuing Education and the Commission for Statutory Audit Quality Assurance, as well as other executive commissions to ensure the activities imposed on the Chamber by this Act;
 - e) submit to the Authority, for approval, the principles of statutory audit quality assurance review;
 - f) approve the amount of fees for admission tests and payments for the services provided by the Chamber;
 - g) ensure international activities of the Chamber with respect to its membership in international institutions;
 - h) ensure participation of members of the Chamber in activities requiring participation of statutory auditors;
 - i) submit documents specified in Article 44(3)(c) through (f) to the Assembly for approval;
 - j) decide on dismissals pursuant to Article 50(9);
 - k) submit to the Authority, for approval, the principles of continuing education of a statutory auditor and an assistant to a statutory auditor, including the criteria and the methods of evaluating the continuing education;
 - l) appoint inspectors of the Chamber;
 - m) determine the scope of data processed in the records kept by the Chamber.
- (5) The Presidium shall be convened by the President of the Chamber as necessary.

Article 46

Supervisory Board

- (1) The Supervisory Board is the control body of the Chamber.
- (2) The Supervisory Board shall
 - a) control the activities of the bodies of the Chamber;
 - b) control the financial management of the Chamber;
 - c) examine and prepare for the President of the Chamber proposals for the processing complaints;
 - d) control the fulfilment of recommendations for the removal of deficiencies within the specified time limit in accordance with Article 35(7);
 - e) send proposals for a disciplinary action according to Article 35(7);
 - f) send proposals for a disciplinary action if a statutory auditor, audit firm or assistant to a statutory auditor fail to pay membership fees or make other monetary payments or if a statutory auditor, audit firm or assistant to a statutory auditor breaches the internal regulations of the Chamber;

- g) deal with complaints concerning doubts about good reputation of an assistant to a statutory auditor, set the time limit and method of removal of the doubts concerning good reputation, control the compliance with the time limit and method of removal of the doubts concerning good reputation; if it detects any failure to comply with the time limit and the determined method of removal of the doubts concerning good reputation, it shall send a proposal for disciplinary action by the Chamber;
- h) convene an extraordinary Assembly.

Article 47

Commission for Continuing Education

The Commission for Continuing Education shall

- a) prepare the principles of continuing education of a statutory auditor and an assistant to a statutory auditor, including the criteria and the method to be used for the evaluation of continuing education and a plan of continuing education of statutory auditors and assistants to statutory auditors;
- b) ensure continuing education of statutory auditors and assistants to statutory auditors, and trainings of inspectors according to Article 35(3);
- c) control the meeting of the continuing education conditions according to Article 31;
- d) send proposals for a disciplinary action according to Article 31(4);
- e) send proposals to the Disciplinary Commission according to Article 31(5);
- f) decide on a request of an assistant to a statutory auditor concerning the reduction of hours of continuing education or interruption of continuing education according to Article 31(2).

Article 48

Commission for Statutory Audit Quality Assurance

- (1) The Commission for Statutory Audit Quality Assurance shall prepare
 - a) the principles of statutory audit quality assurance review according to Article 35(1)(b);
 - b) the principles for the selection of inspectors;
 - c) a plan of statutory audit quality assurance review for a calendar year.
- (2) The Commission for Statutory Audit Quality Assurance shall, through inspectors, secure the statutory audit quality assurance review according to Article 35.

Article 49

Disciplinary Measures

- (1) For any breach of the obligations laid down by this Act, international auditing standards, Auditor's Code of Ethics, or by internal regulations of the Chamber (hereinafter referred to as “the breach of discipline”), the Disciplinary Commission shall impose on a statutory auditor, audit firm or assistant to a statutory auditor (hereinafter referred to as “the person subject to disciplinary action”) the following disciplinary measures:
 - a) a written warning for the failure to meet the obligations provided for in

1. Article 29, Article 30(6) and (7), Article 31(1) and (2), and Article 35(7) in the case of a statutory auditor and an audit firm;
 2. Article 13(8), Article 31, Article 42(3) and (4) in the case of an assistant to a statutory auditor; the written warning shall be published in the list of assistants to statutory auditors;
 3. Article 43(3) in the case of a member of a body of the Chamber;
- b) a penalty of up to EUR 3,000 in the case of a statutory auditor and of up to EUR 15,000 in the case of an audit firm for the failure to meet the obligations provided for in
1. Articles 19 and 21, Article 22(1) through (8), Articles 24 and 25, Article 26(2), (3) and (7), Article 27, Article 28(1) and (2), Article 32, Article 38(6) and Article 42(4);
 2. Article 29, Article 30(6) and (7), Article 31(1) and (2), Article 35(7), and Article 42(2) if imposition of the sanction referred to in letter a) does not lead to remedy and the irregular situation continues;
- c) deletion of an assistant to a statutory auditor from the list of assistants to statutory auditors for the breach of the obligations provided for in
1. Article 14(1)(d) through (h), and Article 32;
 2. Article 13(8), Article 31, Article 42(3) and (4) if imposition of the sanction referred to in letter a) does not lead to remedy and the irregular situation continues.

(2) The penalty referred to in Article 49(1)(b) shall be payable within 30 days after the decision to impose the penalty became final.

(3) The penalties referred to in Article 49(1)(b) constitute an income of the Chamber.

Article 50

Disciplinary Commission and Disciplinary Action

(1) When imposing a disciplinary measure, the Disciplinary Commission shall take into account the gravity, the duration of the unlawful actions, the extent of consequences of the unlawful actions, and the potential repeated breach of obligations or the breach of several obligations.

(2) Details of disciplinary actions shall be regulated in a disciplinary code which shall be sent by the Chamber to the Authority for approval.

(3) The Disciplinary Commission shall decide on the imposition of a disciplinary measure within a disciplinary action which shall commence upon a proposal of

- a) the Chairman of the Supervisory Board according to Article 46(2)(e) through (g);
- b) the Chairman of the Commission for Continuing Education according to Article 47(d).

(4) A proposal to initiate a disciplinary action may be filed within six months after the day when the breach of discipline was detected, however, not later than within three years after the date when the breach of discipline took place.

(5) The Disciplinary Commission shall issue a decision within three months after the date of delivery of the proposal and, in extremely complicated cases, not later than within 12 months after the date of delivery of the proposal.

(6) A participant in a disciplinary action has the right to speak on all the facts which are the subject matter of the disciplinary action, as well as the right to defend himself or herself and to suggest evidence which should be presented within the disciplinary action.

(7) A written copy of a decision on breach of discipline shall contain a ruling, justification and appeal instructions. The ruling of the decision which found the person subject to disciplinary action responsible for the breach of discipline shall also contain a ruling of the obligation to pay the Chamber a fixed amount of costs of the disciplinary action in the amount of 20% of the minimum subsistence determined by a special regulation⁵³⁾ within 15 days after the date when the decision became final. The written copy of the decision shall be delivered to the person subject to disciplinary action into his or her own hands. The person subject to disciplinary action shall bear the costs suffered by him or her as a participant in the disciplinary action.

(8) A decision of the Disciplinary Commission imposing a disciplinary measure on a person subject to disciplinary action may be appealed by the person subject to disciplinary action, Chairman of the Supervisory Board or Chairman of the Commission for Continuing Education within 15 days after the day of delivery of the decision. The appeal shall be filed with the Disciplinary Commission and has suspensive effect.

(9) The Presidium shall decide on appeals. The Presidium shall fully review the decision and confirm, change, cancel the contested decision or cancel the contested decision and return the case to the Disciplinary Commission for a new procedure and decision. The Presidium shall issue its decision within three months after the day of delivery of the proposal and, in extremely complicated cases, not later than within 12 months after the date of delivery of the proposal. The legal opinion of the Presidium shall be binding for the Disciplinary Commission.

(10) A decision on appeal made by the Presidium may not be appealed.

(11) The legality of a final decision of the Disciplinary Commission issued in accordance with this Act can be reviewed by court according to a special regulation.⁵⁴⁾

(12) When a statutory auditor or an audit firm is found to have breached such obligation for the breach of which a disciplinary measure according to Article 49(1)(b) has already been imposed, the Disciplinary Commission shall give a proposal to the Committee for Statutory Audit Quality Assurance for further procedure.

(13) The disciplinary measure referred to in Article 49(1)(a) first paragraph and letter (b) may not be imposed if a sanction has already been imposed by the Authority on the statutory auditor and the audit firm for the same breach of obligation.

(14) The Chamber shall, upon request of an assistant to a statutory auditor, expunge a disciplinary measure published in the list of assistants to statutory auditors after the lapse of one year after it was imposed if it is a disciplinary measure imposed according to Article 49(1)(a) second paragraph, provided that the assistant to a statutory auditor proves that during that period of time he or she had good reputation and did not commit any new breach of discipline.

⁵³⁾ Article 2(a) of Act No. 601/2003 Coll. on the Minimum Subsistence and on Amendments and Supplements to Certain Acts, as amended.

⁵⁴⁾ Articles 244 through 250k of the Code of Civil Procedure, as amended.

Article 51

Financial Management of the Chamber

(1) The Chamber shall manage own assets. Incomes of the Chamber are registration fees, membership fees, fees for admission tests, monetary payments determined by internal regulations of the Chamber, incomes for services provided by the Chamber, donations, penalties and other incomes.

(2) The Chamber shall cover the expenses on securing its activities and the development of statutory audit from its incomes.

(3) The Chamber shall keep books of accounts according to a special regulation.³¹⁾ The financial statements and annual report of the Chamber shall be audited by at least two statutory auditors who are not members of the Presidium, Supervisory Board or Disciplinary Commission. These statutory auditors shall be approved by the Authority upon a proposal of the Chamber. The Chamber shall file the financial statements, annual report and audit report in a non-public part of the register of financial statements.⁵⁵⁾ The costs of the statutory audit shall be borne by the Chamber.

PART SIX

THE AUTHORITY

Article 52

The Authority is a legal entity entrusted, in the area of public administration, with the performance of oversight and fulfilment of other tasks according to this Act. The Authority is not incorporated with the Companies Register and is seated in Bratislava.

Article 53

The Scope of Powers of the Authority

- (1) The Authority shall
- a) secure examinations of professional competence;
 - b) secure aptitude tests;
 - c) secure re-examination;
 - d) issue certificates;
 - e) issue, suspend and withdraw licences;
 - f) register statutory auditors and audit firms in the relevant list and keep the relevant list;
 - g) register third-country auditors and third-country audit firms in the relevant list;
 - h) transfer audit working papers and information to another Member State or third country according to Article 22(6);
 - i) be the competent authority⁵⁶⁾ for the issuance of decisions on the recognition of evidence of education or of decisions on the recognition of professional qualification according to this Act.

⁵⁵⁾ Article 23 of Act No. 431/2002 Coll., as amended.

⁵⁶⁾ Article 3(l) of Act No. 422/2015 Coll. on the Recognition of Evidence of Education and on the Recognition of Professional Qualifications and on Amendments and Supplements to Certain Acts.

- (2) The Authority shall perform oversight of
- a) compliance with international auditing standards;
 - b) compliance with the Auditor's Code of Ethics;
 - c) compliance with the provisions of this Act;
 - d) the system of statutory audit quality assurance reviews;
 - e) continuing education;
 - f) a disciplinary action conducted by the Chamber.
- (3) The Authority shall also:
- a) participate in the creation, updating and adoption of international accounting standards through the competent authorities of the European Union;
 - b) provide for the interpretation of international accounting standards and their accessibility by users in the Slovak Republic in the official language;
 - c) participate in the creation, updating and adoption of international auditing standards and the Auditor's Code of Ethics through the competent authorities of the European Union, and shall provide for their accessibility by users in the Slovak Republic in the official language;
 - d) cooperate with the Ministry in the preparation of drafts of generally binding legal regulations in the field of accounting and statutory audit;
 - e) carry out statutory audit quality assurance reviews of a statutory auditor or an audit firm;
 - f) inform the competent authority in the home Member State of the registration of its audit firm and of the termination of licence of its statutory auditor or audit firm;
 - g) transmit to the competent authorities responsible for supervising public-interest entities, to central banks, to the European System of Central Banks and to the European Central Bank, in their capacity as monetary authorities, and to the European System Risk Board, confidential information intended for the performance of their tasks;
 - h) immediately notify the Committee of European Auditing Oversight Bodies of the imposition of sanctions according to Article 64(1)(e) and annually provide summary information on the decisions of the Authority and the sanctions imposed;
 - i) coordinate the activity, cooperation and exchange of information with the competent oversight authorities in other Member States and third countries in the scope and under the conditions provided for in this Act and in compliance with legal regulations and international agreements by which the Slovak Republic is bound;
 - j) cooperate and exchange information with other authorities if provided so by a special regulation;⁵⁷⁾
 - k) perform other activities according to this Act or a special regulation.⁵⁸⁾

(4) The Authority shall perform oversight objectively and independently of state authorities, territorial self-administration authorities, other public authorities, and other legal

⁵⁷⁾ For instance, Act No. 747/2004 Coll., as amended.

⁵⁸⁾ For instance, Articles 4 through 8, Articles 10 through 14, Articles 17, 18 and 41 of Regulation (EU) No 537/2014.

entities or natural persons. State authorities, territorial self-administration authorities, other public authorities, or other persons may not influence the Authority within the performance of oversight.

Article 54

(1) The Authority shall submit the government of the Slovak Republic (hereinafter referred to as “the Government”) annually, by 30 June, an activity report of the Authority for the previous calendar year.

(2) The Authority is required to file its financial statements, annual report referred to in Article 67(6) and audit report in the public part of the register of financial statements⁵⁵⁾ not later than within six months after the end of the relevant calendar year.

Organisation and Management of the Authority

Article 55

Bodies of the Authority

(1) The Authority has the following bodies

- a) the Board;
- b) the Managing Director;
- c) the Supervisory Committee;
- d) the Committee for Statutory Audit Quality Assurance;
- e) the Committee for Investigation and Sanctions.

(2) Only a natural person with a second-level university degree and at least five years of practical experience in the field of accounting or statutory audit, of that at least two years of practical experience at a management, scientific or pedagogical position and who has full legal capacity and meets the good reputation condition referred to in Article 3(9) through (11) may be appointed in the position of a member of the Board, except for the Managing Director, and a member of committees of the Authority. The candidate nominated for a member of the Authority’s body is required to prove the meeting of the good reputation conditions referred to in Article 3(9) through (11) prior to the taking up of his or her office. Member of the Authority’s bodies are required to notify any changes in the meeting of the good reputation conditions referred to in Article 3(9) through (11).

(3) The Ministry shall nominate two candidates for members of the Board, except for the Managing Director, and the National Bank of Slovakia shall nominate another two candidates.

(4) Members of Authority’s bodies are obliged to act impartially and refrain from any actions by which they would prefer their personal interests or interests of an institution which nominated them in their office over the public interest. The execution of office in the Authority’s bodies is execution of public office⁵⁹⁾ for which a leave from work shall be granted for as long as needed.

(5) Members of the Authority’s bodies, except for the Managing Director, are entitled to a compensation of travel expenses, compensation of actual expenses and compensation for their time in connection with the execution of their office in the Authority’s bodies. Particulars of the payments of actual expenses and payments of compensations for lost time

⁵⁹⁾ Labour Code, as amended.

shall be regulated by the statute of the Authority.

(6) Members of the Authority's management bodies shall be non-practitioners. They may invite to their meetings other natural persons who shall have no voting right.

(7) The Authority may, in order to meet its tasks, establish commissions without decision-making powers, for instance, Commission for International Accounting Standards and Commission for International Auditing Standards and Ethics. Particulars of their activities shall be regulated by the Authority in its internal regulation.

Article 56

The Board

- (1) The Board is the supreme management body of the Authority.
- (2) The Board shall, in particular
 - a) approve the strategy of the Authority's activities for a period of five years;
 - b) approve the annual plan of the Authority's activities;
 - c) discuss the budget of the Authority and the utilisation of the budget, and submit it to the Supervisory Committee;
 - d) adopt measures on basis of findings of the Supervisory Committee according to Article 60(5) and (6);
 - e) appoint and dismiss members of the Authority's commissions and committees, except for the Supervisory Committee;
 - f) nominate the Managing Director according to Article 59(2);
 - g) approve the principles of activities of the Authority's commissions and committees, and their activity reports, except for the Supervisory Committee;
 - h) approve the Authority's activity report referred to in Article 54(1) and submit it to the Government;
 - i) approve the statutory auditor to carry out audit of the Authority's financial statements and review the consistency of the Authority's annual report with the Authority's financial statements;
 - j) approve the Authority's annual report and financial statements, and submit it to the Government following a review of the consistency of the Authority's annual report with the Authority's financial statements by a statutory auditor;
 - k) approve the statute of the Authority, organisation rules of the Authority, and other internal regulations of the Authority;
 - l) approve rules of procedure of the Board, single committees and commissions;
 - m) appoint and dismiss the Chairman and members of the Examining Board of the Authority;
 - n) decide on appeals against decisions of the Authority;

- o) on the basis of recommendation of the Committee for Statutory Audit Quality Assurance, may permit a statutory auditor or an audit firm to be exempted from a requirement according to a special regulation;⁶⁰⁾
- p) approve working arrangements , coordination and provision of information and data between the Authority and the competent oversight authorities in Member States and third countries;
- q) coordinate and manage the relationships of the Authority at national and international levels;
- r) approve the principles of continuing education of a statutory auditor and an assistant to a statutory auditor, including the criteria and the method of evaluating continuing education presented by the Chamber.

Article 57

Composition of the Board

(1) The Board has five members. Members of the Board are

- a) the Chairman of the Board;
- b) the Vice-Chairman of the Board;
- c) the Managing Director;
- d) other members of the Board.

(2) Members of the Board shall be appointed and dismissed by the Minister of Finance of the Slovak Republic (hereinafter referred to as “the Minister”) upon a proposal of the entities referred to in Article 55(3). If membership in the Board terminates prior before the expiry of the term of office for the reasons referred to in Article 57(5)(b), (c) or (d), a new member of the Board shall be elected for the remainder of the term of office of the member of the Board who was replaced by the new member.

(3) Membership in the Board is honorary and for no reward, except for the Managing Director. Membership in the Board is irreplaceable. A member of the Board may simultaneously be a member of any of the Authority’s committees.

(4) The term of office of a member of the Board is five years, except for the Managing Director. A member of the Board may be re-appointed, however, for not more than two consecutive terms of office.

(5) The office of a member of the Board shall terminate

- a) as of the date of expiry of the term of office;
- b) upon resignation on the basis of a written request of a member of the Board served to the Chairman of the Board, namely as of the date specified in the written request; the Chairman of the Board shall resign on the basis of a written request served to the Vice-Chairman of the Board, namely as of the date specified in the written request;
- c) upon dismissal for the reasons referred to in Article 57(6);
- d) if the member dies or is pronounced dead.

⁶⁰⁾ Article 4(2) of Regulation (EU) No 537/2014.

- (6) The Minister shall dismiss a member of the Board if the member
- a) has been sentenced by final court judgement for an intentional criminal offence;
 - b) has been validly deprived of his or her legal capacity or his or her legal capacity has been limited;
 - c) loses good reputation according to Article 3(9) through (11);
 - d) does not exercise his or her duties in office for at least 12 consecutive calendar months;
 - e) does not meet his or her obligations of a member of the Board.

Article 58

Board Meeting

(1) The Board shall meet at least once in three months. The Board meeting shall be convened and chaired by the Chairman of the Board or, in the case of his absence, by the Vice-Chairman of the Board. The Chairman of the Board is also required to convene the Board meeting on the basis of a written proposal of any member of the Board, namely within seven working days after the delivery of the written proposal; if the Chairman of the Board fails to meet that obligation, the Board meeting shall be convened by the Vice-Chairman of the Board immediately, however, not later than within one month.

(2) The Board has a quorum if absolute majority of all members of the Board is present at the Board meeting; the Chairman or Vice-Chairman of the Board shall be one of the present members. Consent of absolute majority of present members of the Board is required in order to adopt a decision of the Board; in the event of a tie, the Chairman or, in the case of his absence, the Vice-Chairman shall have the casting vote. Each member has to right to have, upon request, his or her dissenting opinion on a decision of the Board included in the minutes from the Board meeting.

(3) The activity of the Board shall be managed by the Chairman of the Board. The Chairman of the Board shall sign resolutions adopted by the Board. The Vice-Chairman of the Board shall represent the Chairman of the Board in the case of his absence.

(4) The Board meeting is not public. Other natural persons invited to the Board meeting by the Board can take part in the Board meeting.

(5) Minutes shall be prepared from each Board meeting. The minutes from Board meeting shall be published on the website of the Authority within 15 working days after the day when the Board meeting was ended so as not to prejudice the provisions of special regulations.⁵⁰⁾

(6) The particulars of Board meetings are regulated by the rules of procedure approved by the Board.

Article 59

Managing Director

(1) The Managing Director is a statutory and executive body of the Authority, managing the activities of the Authority. The Managing Director shall decide on all matters concerning the Authority which are not reserved, according to this Act, for the exclusive competence of the Board or Authority's committees.

(2) The Managing Director shall be appointed and dismissed by the Minister on the basis of a proposal of the Board. The employment relationship between the Managing Director and

the Authority shall originate as of the date determined as the date of taking up the Managing Director office, unless the Managing Director is an employee of the Authority in the time of his or her appointment. The employment relationship between the Managing Director and the Authority shall terminate on the date of dismissal, unless the Managing Director was an employee of the Authority in the time of his or her appointment.

(3) The office of Managing Director requires a second-level university degree and five years of practical experience in a managerial position. A natural person that meets the good reputation condition referred to in Article 3(9) through (11) may be appointed in the Managing Director office.

(4) The term of office of the Managing Director is four years. The Managing Director may be re-appointed, however, for not more than two consecutive terms of office.

(5) The office of Managing Director is incompatible with membership or any other office in the management, supervisory or control bodies of a legal entity that pursues business activities, with entrepreneurship and any other business or wage-earning activity which may be at variance with the execution of the Managing Director office.

(6) When the Managing Director, in the time of his or her appointment, exercises an office or activity which is incompatible with the Managing Director office, the Managing Director is required to immediately, however, not later than within one month, and provably make a legal act leading to the termination of any such office or activity and shall be obliged to immediately terminate any such office or activity and, not later than within one month following his or her appointment, to notify the Minister in writing whether he or she meets the conditions of incompatibility of the Managing Director office with other offices or activities according to Article 59(4).

(7) In the time of his or her absence, the Managing Director shall be represented by a representative authorised by the Managing Director.

(8) The Managing Director shall

- a) represent the Authority externally;
- b) represent the Slovak Republic in international organisations which are active in the field of accounting, reporting and statutory audit; also another person who is employed by the Authority can be authorised to represent;
- c) provide for the preparation of the Authority's strategy, annual plan of Authority's activity, Authority's activity report referred to in Article 54(1), budget of the Authority, and evaluation of meeting of the budget;
- d) submit the Board, for approval, the Authority's activity report referred to in Article 54(1), the financial statements and annual report of the Authority;
- e) manage the administration of the Authority;
- f) appoint the responsible person referred to in Article 38(2);
- g) upon expiry of the term of office of the Board, convene the first meeting of the newly appointed Board at which the Board shall, by secret ballot, elect its Chairman and Vice-Chairman from its ranks.

Article 60

Supervisory Committee

(1) The Supervisory Committee is the control body of the Authority.

(2) The Supervisory Committee has three members. Members of the Supervisory Committee are

- a) the Chairman;
- b) other members.

(3) The Supervisory Committee shall

- a) control the financial management of the Authority;
- b) approve the budget of the Authority and evaluation of the budget utilisation;
- c) control compliance with the good reputation conditions referred to in Article 55(2);
- d) propose convening of the Board if it detects any deficiencies which could have impact on the financial management of the Authority;
- e) approve the rules of procedure of the Supervisory Committee.

(4) The provisions of Article 57(2) through (4) shall apply accordingly to the Supervisory Committee.

(5) Members of the Supervisory Committee are entitled to establish the state and method of financial management of the Authority, in particular, to inspect the documents and records concerning the financial management of the Authority, and to request detailed explanations from members of the Board and from employees of the Authority.

(6) If, during performance of its activities, the Supervisory Committee detects any breach of generally binding legal regulations concerning activities of the Authority, the Supervisory Committee shall inform the Board of such a breach immediately, however, not later than within one month after the day of detection of the breach.

(7) Meetings of the Supervisory Committee shall be held at least once in six months.

(8) The particulars of Supervisory Committee meetings are regulated by the rules of procedure of the Supervisory Committee approved by the Supervisory Committee.

(9) The office of a member of the Supervisory Committee shall terminate

- a) as of the date of expiry of the term of office;
- b) upon resignation on the basis of a written request of the member, namely as of the date of delivery of the request to the Minister, unless the request stipulates a later date of resignation;
- c) upon dismissal for the reasons referred to in Article 60(10);
- d) if the member dies or is pronounced dead.

(10) The Chairman of the Supervisory Committee shall submit a proposal for dismissal of a member of the Supervisory Committee to the Minister if

- a) the member has been sentenced by final court judgement for an intentional criminal offence;
- b) the member has been validly deprived of his or her legal capacity or his or her legal capacity has been limited;
- c) the member loses good reputation according to Article 3(9) through (11);
- d) the member does not exercise his or her office for at least 12 consecutive calendar months;

- e) if the person who nominated the member in the office asks the Chairman of the Supervisory Committee, in writing, to do so;
- f) the member does not meet his or her obligations of a member of the Supervisory Committee.

Other Committees of the Authority

Article 61

(1) Members of committees are

- a) a chairman of the committee;
- b) a secretary of the committee;
- c) other members of the committee.

(2) Committees shall have odd number of members. The number of members of single committees shall be determined in the statute of the Authority. Members of single committees, except for the Supervisory Committee, shall be appointed and dismissed by the Board upon a proposal of the Ministry and the National Bank of Slovakia.

(3) Committees shall meet at least once in three months. Committee meeting shall be convened and chaired by the chairman of the committee or, in the case of his or her absence, by the secretary of the committee. The provisions of Article 58(5) shall apply identically to the committee meetings, except for the Committee for Investigation and Sanctions whose minutes from meetings shall not be published. The Managing Director may take part in committee meetings.

(4) Committees shall hold discussions on the basis of rules of procedure approved by the Board.

(5) A chairman of the committee shall annually, by 31 March, submit the Board an activity report of the committee for the previous calendar year.

(6) The provisions of Article 57(3) through (5) shall apply accordingly to the members of the Authority's committees.

Article 62

Committee for Statutory Audit Quality Assurance

The Committee for Statutory Audit Quality Assurance shall

- a) supervise
 1. the compliance with international auditing standards;
 2. the compliance with the Auditor's Code of Ethics;
 3. the compliance with the provisions of this Act;
 4. the statutory audit quality assurance review carried out by the Chamber;
 5. the continuing education;
- b) prepare a time schedule of oversight and determine the entities subject to oversight;
- c) prepare a time schedule of statutory audit quality assurance reviews according to Article 35(1)(a) and determine the entities to be subject to the statutory audit quality assurance review;

- d) appoint and manage the persons performing oversight and inspectors performing statutory audit quality assurance reviews;
- e) assess notifications of an accounting entity and notifications of a statutory auditor and an audit firm concerning dismissal or resignation of a statutory auditor or an audit firm during the carrying-out of the statutory audit;
- f) decide, on the basis of the delivered notifications, on the performance of statutory audit quality assurance review according to Article 35, oversight according to Article 36, or investigation of the facts related to statutory auditors, audit firms and carrying-out of the statutory audit;
- g) discuss the protocol and recommend adoption of remedial and preventive measures at the entity subject to oversight on the basis of the oversight performed;
- h) assess a request of a statutory auditor or an audit firm to grant an exemption from a requirement according to a special regulation;⁶⁰⁾
- i) examine complaints according to Article 38(3);
- j) immediately inform the Committee for Investigation and Sanctions of any serious findings and make proposals for the initiation of the proceedings according to Article 64;
- k) assess the proposals sent by the Disciplinary Commission of the Chamber according to Article 50(12) and, following their assessment, send them together with its opinion for investigation to the Committee for Investigation and Sanctions;
- l) assess filings concerning doubts about good reputation of a statutory auditor or an audit firm;
- m) decide on a request of a statutory auditor concerning the reduction of hours of education or interruption of education according to Article 31(2);
- n) approve the Authority's principles of statutory audit quality assurance review and the principles of statutory audit quality assurance review submitted by the Chamber;
- o) on the basis of a finding that a statutory auditor has failed to meet the condition of continuing education according to Article 31, send the Committee for Investigation and Sanctions a proposal for the initiation of proceedings concerning imposition of a sanction according to Article 64;
- p) in accordance with Article 35(7), file with the Committee for Investigation and Sanctions a proposal for the initiation of proceedings concerning imposition of a sanction according to Article 64.

Article 63

Committee for Investigation and Sanctions

- (1) The Committee for Investigation and Sanctions
 - a) shall examine proposals sent by the Committee for Statutory Audit Quality Assurance according to Article 62(j), (k), (o) and (p);
 - b) may examine the process of disciplinary action conducted by the Chamber;

- c) shall initiate proceedings according to Article 64 on the basis of examination of a proposal according to Article 62(j), (k), (o) and (p);
- d) shall decide on the imposition of a sanction according to Article 64;
- e) shall decide on the release from the obligation to maintain confidentiality according to Article 32(3).

(2) The Chairman of the Committee for Investigation and Sanctions shall be a natural person with a second-level university degree in the field of law.

Article 64

Sanctions

(1) If the Authority detects any deficiencies during a statutory audit quality assurance review according to Article 35(1), during the performance of oversight according to Article 53(2)(a) through (e), or if the Authority receives a proposal from the Chamber according to Article 50(12), the Authority shall impose the following sanctions:

- a) a written warning for the failure to meet the obligations referred to in Article 9(4) and (5)(d) through (f), Article 23(1), (2), (4), (5), (6) and (8), Article 29, Article 30(1) through (6), and Article 31 in the case of a statutory auditor or an audit firm;
- b) a written warning to be published on the website of the Authority, stating the natural person responsible for the breach and the nature of the breach
 1. for repeated failure to meet the obligations referred to in Article 9(4) and (5)(d) through (f), Article 23(1), (2), (4), (5), (6) and (8), Article 29, Article 30(1) through (6), and Article 31 in the case of a statutory auditor or an audit firm;
 2. for the breach of Article 27 and for the failure to meet the obligations according to a special regulation;⁶¹⁾
- c) a penalty of up to EUR 30,000 in the case of a statutory auditor, and of up to EUR 1,000,000 in the case of an audit firm for the failure to meet the obligations referred to in Articles 19 through 21, Article 22(1) through (8), Article 23(3), Articles 24, 25, Article 26(2), (3), (4), (5) and (7), Article 28 (1) and (2), Articles 32, 33, Article 35(7), Article 36(14), or a special regulation,⁶²⁾ or if
 1. they have not met the obligations referred to in Article 9(4) and (5)(a) through (f), Article 23(1), (2), (4), (5), (6) and (8), Article 29, Article 30(1) through (6), Article 31 in spite of a written warning referred to in Article 64(1)(a) and (b);
 2. they have repeatedly breached the obligations referred to in Article 27 and in a special regulation⁶¹⁾ in spite of a written warning;
 3. the Authority receives a proposal from the Disciplinary Commission of the Chamber according to Article 50(12);
- d) a penalty of up to EUR 10,000 in the case of a natural person for the failure to meet the obligations referred to in Article 12(6), Article 21 and in a special regulation¹⁾, and of up to EUR 30,000 in the case of a legal entity for the failure to meet the obligations referred to in Article 12(6), Article 34(1) through (4) and in a special regulation;¹⁾

⁶¹⁾ Article 10 and 11 of Regulation (EU) No 537/2014.

⁶²⁾ Articles 4 through 15, Articles 17, 18 and 41 of Regulation (EU) No 537/2014.

- e) a temporary prohibition of up to three years' duration banning
 - 1. a member of an audit firm or a member of an administrative or management body of a public-interest entity from exercising administrative and management functions in the audit firm or public-interest entity which shall be given to a natural person who was provably intervening in the carry-out of the statutory audit or influencing the outcome of the statutory audit;
 - 2. a statutory auditor, an audit firm or a key audit partner from carrying out statutory audits or signing audit reports if he, she or it repeatedly breached Article 27 and a special regulation;⁶¹⁾
- f) a suspension of licence of a statutory auditor and an audit firm if the imposition of sanctions according to Article 64(1)(a) through (c) and (e) does not lead to remedy and the irregular situation continues;
- g) deletion of a statutory auditor and an audit firm from the relevant list for the failure to meet the obligations if the imposition of sanctions according to Article 64(1)(f) does not lead to remedy and the irregular situation continues.

(2) When the oversight of the Authority detects any significant deficiencies in the activity of the Chamber concerning the compliance with the provisions of Article 13(1) through (4), (7) through (10), Article 14(1), Article 35(3) through (6), (8) and (9), Article 43(8), Article 45(2), Article 50(1) through (5), (7), (9), (12) and (14), and Article 72(20), the Authority shall impose the Chamber a penalty of up to EUR 33,200.

(3) The sanction referred to in Article 64(1)(a), (b) and (c) first and second paragraphs may not be imposed if the Chamber has already imposed a final disciplinary measure on the statutory auditor and the audit firm by for the same breach of obligation.

(4) The penalty referred to in Article 64(1)(c) and (d) and Article 64(2) shall be payable within 30 days after the day when the decision to impose the penalty became final. If a statutory auditor or an audit firm fails to pay the penalty imposed according to Article 64(1)(c) within the due date, the Authority shall suspend their licence until payment of the penalty.

(5) The penalties referred to in Article 64(1)(c) and (d) and Article 64(2) are income of the Authority.

(6) When imposing a sanction, the Committee for Investigation and Sanctions shall take into account the gravity, the duration of the unlawful actions, the extent of consequences of the unlawful actions, the degree of responsibility of the person responsible for the breach, the financial strength of the responsible person, and the amounts of the profits gained or losses avoided by the responsible person, the level of cooperation of the responsible person with the Authority, and the potential repeated breach of obligations or the breach of several obligations.

(7) The Committee for Investigation and Sanctions shall decide on the imposition of a sanction in the proceedings to which the general regulation on administrative proceedings⁶³⁾ does not apply, unless otherwise provided for by Article 64(1) through (6) and (8) through (12).

(8) The proceedings concerning imposition of a sanction referred to in Article 64(1) and (2) may be initiated not later than within one year after the date when the Authority became

⁶³⁾ Act No. 71/1967 Coll. on Administrative Proceedings (Administrative Procedure Code), as amended.

aware of the breach of obligation, however, not later than within five years after the date when the breach of obligation took place.

(9) The Committee for Investigation and Sanctions shall issue a decision within three months after the date when the proceedings were initiated and, in extremely complicated cases, not later than within 12 months.

(10) A written copy of a decision on the imposition of a sanction shall contain a ruling, justification and appeal instructions. The ruling of the decision shall also contain a ruling of the obligation to pay the Authority a fixed amount of costs of the proceedings in the amount of double of the minimum subsistence determined by a special regulation **Chyba! Záložka nie je definovaná.**) within 30 days after the date when the decision became final. The written copy of the decision shall be delivered into own hands. When the statutory auditor or the audit firm fails to pay the costs of proceedings by the due date, the Authority shall suspend their licence until payment of the costs.

(11) A decision of the Committee for Investigation and Sanctions may be appealed by the party to the proceedings within 15 days after the day of delivery of the decision. The appeal shall be filed with the Committee for Investigation and Sanctions and has suspensive effect.

(12) The Board shall decide on appeals. The Board shall fully review the decision and confirm, change, cancel the contested decision or cancel the contested decision and return the case to the Committee for Investigation and Sanctions for new proceedings and decision. The legal opinion of the Board shall be binding for the Committee for Investigation and Sanctions.

Article 65

Expungement of Sanction and Disciplinary Measure

Upon request of a statutory auditor, European auditor or an audit firm, the Authority shall expunge any imposed disciplinary measure or sanction published in the relevant list if they prove that, during the determined period of time, they had good reputation and had not committed any new breach of discipline, or of no deficiencies have been detected concerning the carrying-out of the statutory audit after the lapse of

- a) one year in the case of a disciplinary measure imposed according to the Article 49(1)(a) first and third paragraphs and a sanction imposed according to Article 64(1)(a) and (b);
- b) five years in the case of a disciplinary measure imposed according to Article 49(1)(b) and a sanction imposed according to Article 64(1)(c), (e) and (f).

Financial Management of the Authority

Article 66

(1) The Authority shall manage its assets. Within the management of these assets, the Authority is obliged to maintain economy and efficiency of the use of the assets.

(2) The Authority may not pursue business activities.

(3) The Authority may not accept and grant credits and loans, enter into agreements on silent partnership, issue securities, accept or receive notes.

(4) The funds of the Authority may only be used for the purposes specified and in the extent necessary to ensure the activity of the Authority.

Article 67

(1) The Authority shall prepare a budget of revenues and cost for the relevant budgetary year. The cost on the activity of the Board, on the administration of the Authority, committees and commissions shall be budgeted separately in the Authority's budget.

(2) The budget of the Authority for the next year shall be approved by the Supervisory Committee, usually by 31 October of the current year. If the Authority's budget for the next calendar year is not approved by 31 December of the current year, the Authority shall perform its financial management in the period from 1 January of the next year until the approval of the Authority's budget according to a budgetary stopgap which is the Authority's budget approved by the Supervisory Committee for the previous calendar year.

(3) The Authority shall publish the approved budget on the its website without undue delay, however, not later than within one month after its approval.

(4) The Board shall decide on the distribution of the economic result of the Authority. When the accounting period is closed with profit, the profit shall be the source of financing the Authority in the next accounting period.

(5) The Authority shall keep books of accounts according to a special regulation.³¹⁾ The financial statements and annual report of the Authority shall be audited by two statutory auditors chosen by lot by the Chamber. Following the approval by the Board and discussion by the Government, the Authority shall publish the annual report on its website without undue delay, however, not later than within one month after the discussion by the Government.

(6) In addition to the mandatory particulars⁶⁴⁾, an annual report shall also contain the assessment of the meeting of objectives determined and of efficient and effective use of resources.

Article 68

(1) Incomes of the Authority are

- a) contribution from the state budget according to the Act on State Budget for the given year;
- b) annual contributions;
- c) annual registration fee;
- d) penalties;
- e) compensations for costs of proceedings;
- f) interest due on late payments;
- g) fees for examinations and re-examination;
- h) fees for the actions made by the Authority.

(2) The Authority is linked to the state budget by the contribution referred to in Article 68(1)(a) through the budget chapter of the Ministry. In the given budgetary year, the contribution referred to in Article 68(1)(a) shall be utilised independently of the utilisation of incomes referred to in Article 68(1)(b) through (h).

(3) The annual contribution referred to in Article 68(1)(b) shall be paid by public-interest entities, companies and audit firms as follows:

⁶⁴⁾ Article 20 of Act No. 431/2002 Coll., as amended.

- a) the Stock Exchange shall pay a contribution of EUR 500;
- b) a bank, the Export-Import Bank of the Slovak Republic, an insurance company, and a reinsurance company shall pay a contribution of EUR 6,000;
- c) a foreign bank branch, an asset management company, a branch of foreign insurance company, and a branch of foreign reinsurance company, a pension asset management company, and a supplementary pension company shall pay a contribution of EUR 3,000;
- d) the Railways of the Slovak Republic and a company referred to in Article 2(15)(f) shall pay a contribution of EUR 6,000;
- e) an audit firm registered in the list referred to in Article 5(1) and (2) shall pay a contribution of EUR 300.

(4) The annual contribution shall be paid in a lump sum to the account of the Authority to be published by the Authority on its website. The annual contribution shall be paid to the Authority within three months after the date when the accounting period started. The annual contribution shall be considered to have been paid on the date when it was credited to the account of the Authority.

(5) A public-interest entity or an audit firm with an accounting period shorter than 12 calendar months shall pay an aliquot part of the annual contribution rounded up mathematically to whole euros.

(6) The entitlement to payment of the annual contribution shall lapse upon the expiry of five years after the due date of the annual contribution.

(7) A statutory auditor and an audit firm that expect to carry out, in the given year, statutory audit in a public-interest entity or a company referred to in Article 2(15)(f) are required to register themselves with the Authority in advance, by 30 September of the previous calendar year and to pay the annual registration fee. The amount of the annual registration fee per calendar year is determined as follows:

- a) EUR 1,000 if the statutory audit is expected to be carried out in one to three public-interest entities or companies referred to in Article 2(15)(f);
- b) EUR 5,000 if the statutory audit is expected to be carried out in four to five public-interest entities or companies referred to in Article 2(15)(f);
- c) EUR 10,000 if the statutory audit is expected to be carried out in six to ten public-interest entities or companies referred to in Article 2(15)(f),
- d) EUR 20,000 if the statutory audit is expected to be carried out in 11 to 15 public-interest entities or companies referred to in Article 2(15)(f),
- e) EUR 35,000 if the statutory audit is expected to be carried out in more than 15 public-interest entities or companies referred to in Article 2(15)(f).

(8) The particulars of registration of statutory auditors and audit firms according to Article 68(7) and the way of billing the annual registration fee shall be determined by the Authority in its internal regulation.

Article 69

If payments stipulated by this Act are not paid duly and on time, the debtor is required to pay the Authority interest due on late payments in the amount of 0.01% of the due amount per each day of delay.

PART SEVEN

Common, Transitional and Final Provisions

Article 70

(1) Statutory auditors and audit firms shall process personal data of natural persons in the scope needed in order to pursue a profession and provide assurance and related audit services in compliance with a special regulation.⁴⁰⁾

(2) The Authority and the Chamber shall process personal data of natural persons in the scope needed in order to keep records according to this Act in compliance with a special regulation.⁴⁰⁾

Article 71

(1) The provisions of a special regulation⁵⁹⁾ shall apply to the employees of the Authority.

(2) The Ministry shall inform the European Commission of the position and the scope of powers of the Chamber and the Authority according to this Act and a special regulation.¹⁾

(3) Until the European Commission adopts a decision on equivalence of the statutory audit quality assurance system and oversight in third countries, the Authority shall assess equivalence according to Article 7(1)(b). The Authority may make the assessment on the basis of the assessment of equivalence of other Member States.

(4) The Authority shall notify the European Commission of the assessment of equivalence of the statutory audit quality assurance system and oversight in third countries, including the rules based on which the equivalence has been recognised.

(5) The international auditing standards may be applied as long as the European Commission has not adopted international auditing standards covering the same subject-matter.

Article 72

(1) Auditors registered in the list of auditors and audit firms registered in the list of audit firms kept by the Authority according to the regulation effective until 16 June 2016 shall be considered to be statutory auditors and audit firms according to the regulation effective from 17 June 2016.

(2) A licence issued according to the regulation effective until 16 June 2016 shall be considered to be a licence issued according to the regulation effective from 17 June 2016.

(3) Assistants to statutory auditors registered in the list of assistants to statutory auditors kept by the Slovak Chamber according to the regulation effective until 16 June 2016 shall be considered to be assistants to statutory auditors according to the regulation effective from 17 June 2016.

(4) The scope of practical experience of an assistant to statutory auditor according to the regulation effective until 16 June 2016 shall be included in the scope of practical training of an assistant to a statutory auditor according to Article 3(2).

(5) A trainer according to the regulation effective until 16 June 2016 shall be considered to be a trainer according to the regulation effective from 17 June 2016.

(6) The number of hours of education of auditors and assistant auditors carried out by the Slovak Chamber according to the regulation effective until 16 June 2016 shall be included in the scope of continuing education of statutory auditors and assistants to statutory auditors according to the regulation effective from 17 June 2016.

(7) An accounting entity that is a public-interest entity according to the regulation effective until 16 June 2016 shall be considered to be a public-interest entity according to the regulation effective from 17 June 2016 if the accounting entity is referred to in Article 2(16).

(8) An accounting entity according to Article 2(16)(n) shall become a public-interest entity since the accounting period starting after 17 June 2016 provided that it meets the conditions referred to in Article 2(16)(n) for at least two consecutive preceding accounting periods.

(9) The Slovak Chamber according to the regulation effective until 16 June 2016 shall be considered to be the Chamber according to the regulation effective from 17 June 2016.

(10) The Auditing Oversight Authority according to the regulation effective until 16 June 2016 shall be considered to be the Authority according to the regulation effective from 17 June 2016.

(11) Oversight initiated before 17 June 2016 shall be completed according to the regulation effective until 16 June 2016.

(12) Audit quality assurance reviews initiated before 17 June 2016 shall be completed according to the regulation effective until 16 June.

(13) The sanction proceedings initiated by the Authority and the disciplinary actions initiated by the Slovak Chamber before 17 June 2016 shall be completed by the Authority and the Chamber according to the regulation effective until 16 June 2016.

(14) Successfully passed partial examinations according to the regulation effective until 16 June 2016 shall be considered to be partial examinations taken according to the regulation effective from 17 June 2016.

(15) An audit initiated before 17 June 2016 shall be completed according to the regulation effective until 16 June 2016. Audit of a public-interest entity initiated before 17 June 2016 shall be completed according to the regulation effective until 16 June 2016.

(16) The time limit according to Article 33(4) determined for an auditor and a key audit partner appointed before 17 June 2016 shall be counted since the date of his or her appointment.

(17) The provisions of Article 43(2) shall also apply to members of the bodies of the Chamber elected according to the regulation effective until 16 June 2016.

(18) The provisions of Article 57(4) shall also apply to members of the Authority's bodies appointed according to the regulation effective until 16 June 2016, except for the statutory auditors appointed as members of the Board, members of the Committee for Quality Assurance or Committee for Investigation and Sanctions whose membership shall terminate on 17 June 2016; that shall not apply to the statutory auditors who are non-practitioners.

(19) The provisions of Article 59(4) shall also apply to the Managing Director appointed according to the regulation effective until 16 June 2016.

(20) The Chamber shall prepare, by 30 June 2016, a list of trainers who meet the conditions referred to in Article 3(4).

(21) When, in relation to the audit of financial statements or in relation to the audit of consistency of financial statements with annual report, the legal regulations effective to date use the term “audit” in all grammatical forms that shall be understood as “statutory audit” in the relevant grammatical form.

(22) When, in relation to the audit of financial statements or in relation to the audit of consistency of financial statements with annual report, the legal regulations effective to date use for a natural person the term “auditor” in all grammatical forms that shall be understood as “statutory auditor” in the relevant grammatical form, except for the terms “audit report” and “audit opinion”.

(23) If the legal regulations effective to date use the term “audit of consistency of the financial statements with annual report” in all grammatical forms that shall be understood as “audit of annual report” in the relevant grammatical form.

(24) This Act shall apply to a company referred to in Article 2(15)(f) since the accounting period starting after 17 June 2016 if the company meets the conditions referred to in Article 2(15)(f) for at least two consecutive preceding accounting periods.

Article 73

The provisions of the general regulation on the provision of services⁶⁵) shall apply to the performance of statutory auditor’s activities, to the procedure for filing applications for registration in the list of statutory auditors, and to the deciding on the registration in the list of statutory auditors according to the regulation effective from 17 June 2016, unless otherwise provided for in the Part One through Part Three of this Act.

Article 74

This Act transposes legislation of the European Union referred to in the Annex.

Article 75

Act No. 540/2007 Coll. on Auditors, Audit and Oversight of the Audit Performance and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended, as amended by Act No. 504/2009 Coll., Act No. 136/2010 Coll., and Act No. 352/2013 Coll. shall be repealed.

Section II

Act No. 431/2002 Coll. on Accounting, as amended by Act No. 562/2003 Coll., Act No. 561/2004 Coll., Act No. 518/2005 Coll., Act No. 688/2006 Coll., Act No. 198/2007 Coll., Act No. 540/2007 Coll., Act No. 621/2007 Coll., Act No. 378/2008 Coll., Act No. 465/2008 Coll., Act No. 567/2008 Coll., Act No. 61/2009 Coll., Act No. 492/2009 Coll., Act No. 504/2009 Coll., Act No. 486/2010 Coll., Act No. 547/2011 Coll., Act No. 440/2012 Coll., Act No. 352/2013 Coll., Act No. 463/2013 Coll., Act No. 333/2014 Coll., and Act No. 130/2015 Coll. shall be amended and supplemented as follows:

⁶⁵) Articles 3 through 8 and Articles 10 through 16 of Act No. 136/2010 Coll.

1. The first sentence in Article 2(10) shall read as follows: “The accounting entities referred to in Article 2(5) shall be classified in a size class on the basis of the meeting of the conditions referred to in Article 2(6) through (8) as of the first day of the accounting period; the meeting of the conditions for two immediately preceding accounting periods shall be assessed.”.

2. Article 18(6) shall read as follows:

“(6) The accounting entities referred to in Article 2(8) and (14) shall provide in the notes also specification and quantification of the expenses incurred towards a statutory auditor or an audit firm^{22c)} (hereinafter referred to as “the auditor”) for the accounting period in the division in expenses on

- a) audit of financial statements;
- b) assurance audit services, except for audit of financial statements;
- c) tax consultancy;
- d) other non-audit services.”.

The footnote to reference 22c shall read as follows:

“^{22c)} Article 2 of Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended.”.

3. In Article 19(2), reference 24aaa shall be inserted above the words “audit committee”.

The footnotes to references 24aaa and 24a shall read as follows:

“^{24aaa)} Article 34 of Act No. 423/2015 Coll.

^{24a)} Article 19 of Act No. 423/2015 Coll.”.

4. Article 19a shall be omitted.

The footnote to reference 26a shall be omitted.

5. In Article 22(11), the words “exemption according to Article 22(10) shall not apply” shall be inserted after the words “Area and”.

6. In Article 38(1), letter (f) shall be omitted.

The existing letters (g) through (o) shall be marked as letters (f) through (n).

7. In Article 38(2)(a), the word “(o)” shall be replaced by the word “(n)”.

8. In Article 38(2)(b), the word “(g)” shall be replaced by the word “(f)”.

9. In Article 38(2)(c), the words “(i) through (n)” shall be replaced by the words “(h) through (m)”.

10. In Article 38(2)(d), the word “(h)” shall be replaced by the word “(g)”.

11. After Article 39m, there shall be inserted Articles 39n and 39o which, including their titles, shall read as follows:

“Article 39n

Transitional Provisions to the Regulations Effective from 1 January 2016

(1) An accounting entity whose accounting period is a financial year shall follow Article 2(10) in the wording effective from 1 January 2016 for the first time in the financial year which starts during the year 2016.

(2) When preparing consolidated financial statements for the accounting period ended 31 December 2016, a parent accounting entity whose accounting period is a calendar year shall follow Article 22(11) in the wording effective from 1 January 2016.

(3) When preparing consolidated financial statements for the accounting period ended during the year 2017, a parent accounting entity whose accounting period is a financial year shall follow Article 22(11) in the wording effective from 1 January 2016.

Article 39o

Transitional Provisions to the Regulations Effective from 17 June 2016

The regulation effective until 16 June 2016 shall apply to the proceedings referred to in Article 38(1)(f) initiated before 17 June 2016.”.

Section III

This Act shall enter into force on 1 January 2016, except for Section I and Section II (3) and (4), (6) through (10), and Article 39o in Section II (11) which shall enter into force on 17 June 2016.

Andrej Kiska m.p.
Peter Pellegrini m.p.
Robert Fico m.p.

LIST OF TRANSPOSED LEGISLATION OF THE EUROPEAN UNION

1. Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJEU L 157, 9. 6. 2006) as amended by Directive 2008/30/EC of the European Parliament and of the Council of 11 March 2008 (OJEU L 81, 20. 3. 2008), Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 (OJEU L 182, 29. 6. 2013) and Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 (OJEU L 158, 27. 5. 2014).

2. Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJEU L 182, 29. 6. 2013) as amended by Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 (OJEU L 330, 15. 11. 2014) and Directive 2014/102/EU of the European Parliament and of the Council of 7 November 2014 (OJEU L 334, 21. 11. 2014).