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Too low audit prices

Accounting & Audit Alert

Dear Readers,

With regard to the amendments to the Act of 11 May 2017 on auditors, audit companies and public supervision (hereinafter the AoA), which entered into force on 21 June 2017, the Ministry of Finance responds to the demands of the Polish Chamber of Statutory Auditors on underpricing audits. The Audit Supervision Commission intends to cooperate with the Office for Competition and Consumer Protection in order to monitor the financial audit market in Poland. In the opinion of the Secretary of State in the Ministry of Finance, Mr Wiesław Janczyk, the problem of low prices exists and it is very real.

It is a pathological situation when companies with a balance sheet total in excess of several hundred million PLN pay a few thousand for an audit. Such entities treat the audit of financial statements as a necessary evil thus, they search for savings and, consequently, exert strong pressure on lowering the price rates for audits. On the other hand, there is strong competition in the market of statutory audits, the demand for low prices is accompanied by adequate supply.

The negative effects of such an approach may be felt by everyone: in audited entities there is a risk of failure to detect negative business practices, and dumping practices of auditors lead to negative perception of the profession of an auditor and loss of confidence in the auditor.

Minister Janczyk admits that the problem is complex and he thinks that *the activities of the supervision bodies will prove to be more beneficial than specific legal solutions*¹, although they also have been included in the new AoA. Additionally, the Audit Supervision Commission is also working on tools that will make it possible to collect data on audit companies examining Public Interest Entities.

¹ Pokojska, A., 2017, *Będziemy walczyć ze zbyt niskimi cenami audytów* ("We will fight too low prices of audits", Dziennik Gazeta Prawna Daily – 26 June 2017, available online under the link [available here](#), [access on: 30.06.2017].



Should you wish to discuss the above mentioned amendments in detail, feel free to contact us:

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