

Audited financial statements must still be signed by entire management

I. Amendments to the Accounting Act relating to financial statements have become effective

The Act of 14 October 2021 amending the Accounting Act and certain other acts has been published in item 2106 of the Journal of Laws. It makes changes to the following acts: the Accounting Act, the Corporate Income Tax Act, the National Court Register Act, the Act on Certified Auditors, Audit Firms and on Public Oversight, as well as the Act on special support measures in connection with the spread of SARS-CoV-2. The amendments provide for changes in the preparation and signing of financial statements, as well as in their audit. The majority of the new regulations went into effect 14 days after publication, i.e. as of 8 December 2021.

II. Financial statements may be signed by just one member of the management board

The most important change introduced by the amendments is that pertaining to signing financial statements. Under currently binding regulations, financial statements are signed by the person who has been entrusted with keeping the books of account, as well as the entity's manager, and if the entity is managed by a body made up of several members - all of the members of that body. The change makes it possible for the financial statements to be signed by only one member of such multi-member body. Thus the financial statements must still be signed by the person entrusted with keeping the books of account and the entity's manager. Whereas for multi-member bodies, on certain conditions, the financial statements may be signed by only one person representing that body (e.g. one member of the management board).

III. Representations must be submitted that the financial statements meet the requirements of the Act

The amendments introduce a rule that a signature confirms that the financial statements meet the requirements of the Act. At the same time they provide that if the entity is managed by a multi-member body, the financial statements may be signed by at least one member of that body after the other members of the body submit a statement that the financial statements meet the requirements of the Act, or refuse to provide such representations. Refusal to submit such a statement is equivalent to refusal to sign the financial statements and requires a written justification. Representations that financial statements meet the requirements of the Act, as well as refusals to submit such representations, are attached to the financial statements.

Regulations that, on certain conditions, permit financial statements to be signed by only one management board member became effective as of 8 December 2021. At the same time, Polish Standard on Auditing 580 continues to require that certain representations be submitted to the auditor by entire management.



IV. Refusal to submit representation must be properly justified

A refusal to sign, a representation or refusal to submit a representation must indicate the relevant financial statements, in particular by providing the date and time at which the financial statements were signed by the person entrusted with keeping the books of account. A refusal to sign, a representation or refusal to submit a representation is prepared in electronic form and signed with a qualified electronic signature, trusted profile or personal signature, or prepared in paper form and signed by hand. Where an entity is managed by a multi-member body and a refusal to sign, a representation or refusal to submit a representation has been prepared in paper form and signed by hand, one of the members of that body who signed the financial statements ensures the preparation of electronic copies of those documents.

V. Consolidated financial statements can also be signed by one member of management

Changes similar to those that apply to financial statements have been made to the signing of consolidated financial statements, payment reports and consolidated payment reports. In addition, a requirement has also been enacted to submit specified documents (refusal to sign financial statements, representations submitted by members of a multi-member body of having met the requirements of the Act, and refusal to submit such a representation) to the relevant court register, along with a requirement for the entity to store such documents for 5 years counting from the beginning of the year following the financial year in which the financial statements were approved.

VI. New documents will have to be submitted to Head of KAS

Changes in regulations on signing financial statements have led to changes in the CIT Act. This pertains in particular to the requirement to submit specified documents to the Head of KAS: refusals to sign financial statements, representations submitted by members of a multi-member body of having met the requirements of the Act and refusals to submit such representations. In addition, the amendments extend the deadline for the submission of financial statements to the Head of KAS to 15 days of their approval (currently 10 days).

VII. Audited financial statements to be signed by entire management

The amended financial statements signature rules do not mean that all the matters associated with the preparation of financial statements can be handled with the signature of a single member of a multi-member management. This will not apply to financial statements audited by a certified auditor. The reason are the provisions of Polish Standard on Auditing (KSB) 580. The standard provides for many situations where the auditor has to obtain the signatures of all members of the entity's multi-member management body.



VIII. Management must submit written representations of having fulfilled requirements

Among others, KSB 580 provides that the auditor requests management to provide a written representation that it has fulfilled its responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including, where relevant, their fair presentation, as set out in the terms of the audit engagement. The auditor also requests management to provide a written representation that: it has provided the auditor with all the relevant information and access as agreed in the terms of the audit engagement, and that all transactions have been recorded and are reflected in the financial statements. The date of the written representations shall be as near as possible to, but not after, the date of the auditor's report on the financial statements.

IX. Representations in the form of a representation letter signed by management

The written representations relate to all financial statements and reporting periods covered by the auditor's report. They should be in the form of a representation letter addressed to the auditor. If law or regulations require management to make written public statements about its responsibilities, and the auditor determines that such statements provide some or all of the required representations, the relevant matters covered by such statements do not need to be included in the representation letter. KSB 580 provides that because of its responsibility for the preparation of financial statements and its responsibility for the conduct of the entity's business, management is expected to have sufficient knowledge of the process followed by the entity in preparing the financial statements and of the assertions contained therein on which the written representations are based.



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