
The place of conducting the audit of financial statements vs. the location of the head office of audit firms in Poland

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Purpose: The aim of the study is to recognise the relationship between the location of conducting an audit of financial statements and the location of head offices of audit firms operating in Poland.

Methodology/research approach: The document examination method was used in the study.. The analytical approach involved a targeted search of the content of the annual reports of audit firms submitted for 2022 to Polish Agency for Audit Oversight – PANA (as part of the statutory auditors’ reporting obligations under Article 51 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2023, item 1015)) to determine the relationship between the place of the audit of financial statements and the head office of their audit firms. The results of the search performed were then aggregated and plotted on a map showing the administrative division of Poland into voivodeships.

Results: Audit firms from all over Poland audit a relatively large number of entities from the Mazowieckie voivodeship. In many voivodeships, due to the distribution of the location of major cities, audit firms, while performing audits close to their head office, actually perform them in another voivodeship. Most audits are performed by audit firms in their own voivodeship or in neighbouring voivodeships. However, audit firms established in the Mazowieckie and Wielkopolskie voivodeships audit entities all over Poland. The TOP12 firms, i.e. audit firms with more than 1% share in audits of public interest entities (PIEs), have a significant share here.

Research limitations/implications: The research limitations result from several reasons. The rigid information structure of the annual financial statements submitted to PANA is fundamental (<https://strefa.pana.gov.pl/wyszukiwarka/>). For this reason, for the purposes of the audit, the head office in accordance with the PANA register of

audit firms was accepted as the head office of the auditing entity. Other limitations relate to the fact that the head office of the audited entity may be different from the place where operations are actually performed, while the geography of Poland and differences in the development of the infrastructure of individual regions may distort the idea of local performance of the financial statement audit service.

Originality/value: This is the first data analysis of this type in Poland, enabled due to the reporting information about their activity by audit firms to the supervising authority - through the STREFA System of Registration and Records of Audit Firms. Earlier analyses referred only to the activities of audit firms taking into account their geographical distribution across the country. It allows to identify the business model of audit firms operating in Poland and their preferences regarding contacts with clients, as well as to recognise the market of financial statement auditing services in terms of its saturation in individual regions of the country.

Key words: financial audit, audit of financial statements, financial review, location of audit firm