**BY-LAWS**

**OF**

**THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS IN BULGARIA**

**CHAPTER ONE**

**GENERAL PROVISIONS**

**Art. 1.** **(1)** The Institute of Certified Public Accountants in Bulgaria, hereinafter referred to as the Institute, is an independent professional body of certified public accountants and registered auditors in Bulgaria.

**(2)** The Institute is a legal entity, having its registered office in Sofia, and carries out its activity in accordance with the Independent Financial Audit Act (IFAA).

**(3)** The Institute shall maintain a website, accessible to third parties, where information useful to the general public shall be released. The Institute shall also maintain an intranet site, accessible solely to the members of the Institute, where information related to the activities of the Institute as a professional body, information related to the functioning of Institute’s bodies, and information for the needs of Institute’s members shall be published. The mode, procedure and terms of using Institute’s intranet site shall be governed by a Regulation on the Access and Use of Institute’s Intranet Site, as proposed by the administrative staff and approved by the Management Board.

**(4)** The Institute shall maintain an electronic platform for the submission of registered auditors’ uniform annual reports.

**Art. 2.** Institute’s members comprise: certified public accountants and registered auditors, both natural persons and audit firms.

**CHAPTER TWO**

**PURPOSE AND FUNCTIONS OF THE INSTITUTE**

**Art. 3. (1)** The Institute shall ensure, organize, direct and control the pursuit of the professional activities of its members in the public interest and in compliance with the standards for professional and ethical behaviour.

**(2)** The Institute shall contribute to the international recognition and acknowledgement of the profession, including the international qualification recognition, in accordance with the rules established in the applicable law of the European Union and the Republic of Bulgaria.

**(3)** The Institute shall protect the common professional rights and interests of its members by expressing a formal position on draft legislation and regulations, and also in the communications with the Commission for Public Oversight of Statutory Auditors (the Commission), and by lodging complaints under litigation procedures against pieces of legislation impacting Institute’s members.

**Art. 4** The Institute shall direct and organize the professional activities of its members by:

**1**. Organizing and conducting the examinations for candidates aspiring to be awarded a certified public accountant diploma and acquiring the legal capacity to practice as a registered auditor;

**2.** Organizing and conducting the examinations for acquiring the legal capacity to practice as a registered auditor for candidates from other EU Member States and third-country candidates;

**3.** Carrying out the activities related to the registration of auditors who have acquired the legal capacity to conduct financial audit and organizing and maintaining a certified public accountant register and a register of registered auditors;

**4.** Organizing and carrying out:

 - trainings for certified public accountant candidates;

 - trainings for maintaining and developing the professional qualification of its members.

**5.** Designing and proposing for approval by the Commission for Public Oversight of Statutory Auditors rules on carrying out the activities referred to in (1) – (4) above;

**6.** Designing, implementing and maintaining an internal system for the control of the professional activities of its members and compliance with the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC);

**7.** Carrying out reviews of the professional activities of its members following stakeholder whistle-blowing or at the initiative of Institute’s bodies, composing for these purposes teams of reviewers, independent from the entity being reviewed. The teams may also comprise inspectors of the Commission;

**8.** Providing methodological guidance and developing professional auditing rules, procedures and techniques, practice manuals and technical resources to support the activities of its members in exercising their professional duties;

**9**. Organizing, supporting and carrying out research activities in the field of independent financial audit, accounting, financial analysis and management, as well as in other areas related to the audit profession;

**10.** Undertaking disciplinary measures in respect of its members;

**11.** Developing and proposing to the bodies having the right to initiate legislation drafts of pieces of legislation and regulation in the field of accounting and financial audit and expressing opinions before various government bodies on drafts of other regulations impacting accounting and financial audit, holding to this end discussions with both its members and the members of other professional bodies relevant to the matters concerned;

**12.** Publishing professional literature, learning manuals, scientific works and other materials related to practising, developing and promoting the registered auditor profession;

**13.** Representing the profession in the country and abroad;

**14.** Upholding the independence and the good repute of the audit profession before government and regulatory bodies, investor and employer organizations and the general public in the country and abroad;

**15.** Supporting the activities of the Commission, where so required by law, in view of complying with the professional and ethical standards, by promoting the interests of registered auditors in a competent, independent and fair oversight process;

**16**. Carrying out quality assurance control for the professional activities related to statutory financial audit of registered auditors auditing enterprises that are not public-interest entities;

**17.** Institute’s bodies, reviewers and administrative staff associated with performing the activities referred to in paragraph 7 above and the functions under the preceding paragraph 16 shall be obliged to comply with the requirements for safeguarding professional secrecy in accordance with the requirements of the Independent Financial Audit Act.

**CHAPTER THREE**

**MEMBERSHIP, RIGHTS AND OBLIGATIONS OF INSTITUTE’S MEMBERS**

**Art. 5. (1)** Institute’s members shall include registered auditors as natural persons and audit firms, as well as certified public accountants, who are not registered auditors, duly entered into the registers under the relevant procedure.

**(2)** Audit firms shall not be elected to participate in Institute’s bodies and shall not have the right to vote in the General Assembly whereat they shall be represented by a partner or a managing director who is a member of the Institute.

**Art. 6. (1)** Members of the Institute shall pay the fees provided for in the Independent Financial Audit Act of an amount and nature regularly determined by a decision of the Management Board.

 **(2)** Members of the Institute shall pay the annual membership fee not later than 31 January of the following year as a lump sum for the year ending 31 December.

 **(3)** Persons, who have not paid their annual fee within the timeframe under the previous paragraph, shall be liable to pay interest for the delay at an amount equal to the statutory interest for the period of delinquency.

**(4)** Persons, who have not paid their annual fee for the respective year within 31 May of the following year shall be subject to disciplinary measures in accordance with the provisions of Chapter Seven of these By-laws *Disciplinary Violations and Sanctions* and the Independent Financial Audit Act**.**

**Art. 7.** Members of the Institute shall have the right:

**1**. To participate, in person or through an authorized representative, in the General Assembly of the Institute, with each natural person member having the right to one vote;

 **2.** To elect, and to be elected in, the bodies of the Institute subject to the restrictions in Art. 5, paragraph 2 of these By-laws;

 **3.** To obtain information from the Institute about the activity and the decisions of its bodies and the Institute as a whole, where there is a reasonable legitimate interest, provided the relevant information is not covered by professional secrecy and does not impact third-party rights, after submitting a duly substantiated request to the Management Board. Exercising this right shall not be directed against the rights and the reputation of the Institute and its administrative staff, of another member, or of the boards and committees of the Institute;

 **4.** To receive professional protection of their independence;

 **5.** To attend in person, where their behaviour is being discussed in Institute’s bodies, and to be informed in writing about the decisions made and the reasons thereto;

 **6.** To be registered as registered auditors and to practise the profession, in the modes provided for in the Independent Financial Audit Act, i.e., as natural persons or through audit firms;

 **7.** To use free of charge the resources and facilities of the Institute in relation to their membership;

**8*.***To make written enquiries to the Management Board and the other bodies of the Institute.

**Art. 8.** Members of the Institute members shall be obliged:

**1**. To pay regularly and within the relevant deadlines the fees specified as nature and amount by the Management Board of the Institute;

**2**. In practicing the profession, to comply with the Accountancy Act, the Independent Financial Audit Act, other laws and regulations relevant to the profession, Institute’s By-laws, the applicable professional standards and the established norms of ethical conduct;

**3**. To participate in person, or by authorizing another member, in the work of the General Assembly of the Institute and to comply with the decisions of the General Assembly;

**4**. To participate with due care in the activities of Institute’s elected bodies and to implement the decisions made thereby;

**5**. To maintain continuously their professional competence in line with the requirements of the relevant regulations governing the profession of the independent financial auditor and in accordance with the Rules on Continuing Professional Development;

**6**. To provide the necessary information and to render the necessary assistance to the bodies of the Institute and the Commission within the scope of the requirements of the Independent Financial Audit Act;

**7**. To implement in their audit practices policies, procedures and control systems to ensure the completeness and accuracy in reporting the engagements accepted thereby reportable for the relevant period;

**8**. To submit uniform annual reports reporting completely, truly and accurately all engagements performed thereby in the relevant reporting period. The uniform annual report shall cover the reporting period from 01 January to 31 December and shall be submitted via the electronic platform referred to in Art. 1, paragraph 4 using the registered auditor’s personal code. The deadline for submitting registered auditors’ uniform annual reports shall be 31 January of the year following the reporting period;

**9**. To submit, upon request, other activity reports in a format and time frame approved by the Management Board;

**10.** To deliver on their obligations as members of the regional organizations and to implement the decisions made by these regional organizations;

**11**. Not to act in a way, and not to make any statements to individuals external to the Institute, that would damage the reputation of the Institute, as well as not to act against the Institute and its members.

**Art. 9.** Institute’s membership shall be terminated in the following cases:

**1**. Death of the certified public accountant or registered auditor natural person;

**2.** At the discretion of the respective member, upon the submission of an application to delete the registration;

**3**. In the case of a decision on a temporary suspension of ICPA membership which has entered into force;

**4**. Where an audit firm ceases to comply with the requirements for an audit firm.

**Art. 10**. A certified public accountant who has been deleted from the register of registered auditors may be entered into anew as a registered auditor under the procedure provided for in the Independent Financial Audit Act***.***

**Art. 11.(1)** For failure to comply with the requirements of the By-laws of the Institute, the non-compliant members shall be penalized by imposing the disciplinary measures provided for to this end in accordance with the provisions of Chapter Seven of these By-laws *Disciplinary Violations and Sanctions* and the Independent Financial Audit Act.

 **(2)** The disciplinary measures under paragraph 1 shall be established by the Disciplinary Committee as provided for in the Rules and Procedures on the Activity of the Disciplinary Committee and shall be imposed under a procedure established in accordance with the provisions of Chapter Seven of these By-laws *Disciplinary Violations and Sanctions* and the Independent Financial Audit Act.

**CHAPTER FOUR**

**BODIES OF THE INSTITUTE**

**Art. 12**. **(1)** Institute’s bodies shall include:

 **1**. General Assembly (GA);

 **2**. Management Board (MB);

 **3**. Supervisory Board (SB);

 **4**. Professional Ethics Committee (PEC);

 **5**. Audit Services Quality Assurance Committee (ASQAC);

 **6**. Disciplinary Committee (DC).

 **(2)** The President of the Institute shall be a member and president of the Management Board and shall chair its meetings.

**(3)** Where necessary, the meetings of Institute’s bodies may be attended, without having the right to vote, by external experts to advise or provide opinions on specific matters.

**(4)** A standing Education and Methodological Council (EMC) shall operate in support of the Management Board under rules approved by the Management Board. The Education and Methodological Council shall perform methodological and technical functions and activities in the field of audit, accounting and tax legislation and practice, as well as in other areas in the scope of the professional activities and services provided by certified public accountants and registered auditors. The Education and Methodological Council shall work in support of the continuing professional development and maintenance of the qualification of certified public accountants and registered auditors. In its methodological and technical functions and activities, the Education and Methodological Council shall be actively supported and shall use the expert capacity and potential of the regional organizations.

**(5)** The Management Board of the Institute may also establish, where necessary, other support committees and other ancillary bodies approving written rules on their functioning and determining their composition.

**(6)** The General Assembly may decide for the members of the bodies of the Institute under Art. 12, paragraph 1(2)-(6) to receive remuneration for their work in these bodies.

**(7)** The activities of the Institute shall be supported by administrative staff having staffing plan and rules of procedure approved by the Management Board.

**(8)** Where a member of the bodies of the Institute under Art. 12, paragraph 1(2)-(6) is an interested party in respect of the decision on a specific matter being discussed and voted at a meeting of the respective body, or has with some of the individuals affected by the decision relationships casting reasonable doubts on his or her impartiality, that person shall withdraw, or an objection shall be raised for his or her withdrawal, and shall not vote on the relevant matter.

***GENERAL ASSEMBLY***

**Art. 13 (1)** The General Assembly shall be the supreme governing body of the Institute. All natural person members of the Institute shall take part – either in person or by authorization of another member – in the General Assembly.

**(2)** Where a member of the Institute has not taken part in three or more consecutive meetings of the General Assembly, and this has not been due to reasons beyond his or her control, the Disciplinary Committee shall impose a disciplinary measure for violation of the Institute member obligations as provided for in the By-laws, in accordance with the provisions of Chapter Seven of these By-laws *Disciplinary Violations and Sanctions* and the Independent Financial Audit Act.

**Art. 14.** The General Assembly of the Institute shall:

**1.** Approve, supplement and amend Institute’s By-laws;

 **2**. Approve Institute’s budget and the report of the Management Board on its implementation;

**3**. Approve the audited annual financial statements and appoint the auditor for the following financial year*;*

**4**. Approve the activity reports of the boards and committees of the Institute;

**5**. Elect and dismiss the members of Institute’s boards and committees and the President of the Institute;

**6**. Take note of the mandate programme of the Management Board;

**7**. Elect a person to be nominated as a member of the Commission for Public Oversight of Statutory Auditors on behalf of the Institute;

**8**. Elect a person to be nominated as a member of the Audit Office on behalf of the Institute;

**9**. Approve the eligibility criteria developed by the Management Board for the election of members of Institute’s bodies;

**10**. Approve the rules of procedure of the Supervisory Board developed and proposed thereby;

**11**. Decide on the setting up of sole proprietor limited liability companies with the Institute for the pursuit of business activities and elect their managing directors and controllers;

**12**. Make decisions on the acquisition and disposal of Institute’s real estate;

**13**. Make decisions to pay remuneration to members of Institute’s bodies, with the specific amount of the remuneration being decided by the Management Board within limits voted by the General Assembly (upper and lower limit).

**14**. Decide also on other matters, included in the agenda, falling out of the explicit competence of other bodies of the Institute.

**Art. 15.** Regular General Assembly shall be convened at least once per year, in April, and the agenda shall mandatorily include:

**1**. Approving the report on the activities of the Management Board during the year;

**2**. Approving the annual financial statements;

**3**. Appointment of an auditor;

**4**. Approving the current financial year budget;

**5**. Nominating and discussing proposals for a President of the Institute and members of the boards and committees (where the respective mandate has expired);

**6**. Other issues announced to be included in the agenda within the term under Art. 16, paragraph 3.

**Art. 16.** **(1)** TheGeneral Assembly of the Institute shall be convened by the Management Board:

**1**. At the initiative of the Management Board;

**2**. At the request of the Supervisory Board;

**3**. At the initiative of at least ¼ (one forth) of Institute’s members, on the basis of a petition, containing a proposal for the agenda, full names, diploma numbers and signatures of the participants in the petition. In this case, the President of the Management Board shall be obliged to convene the General Assembly within three days from the date of the notification under the procedure laid down in paragraph 3 of this Article.

**(2)** In the cases of p. 2 and p. 3 of the preceding paragraph, the General Assembly shall be held under the agenda determined by the Supervisory Board, or respectively the participants in the petition, without discussing and voting on the agenda.

**(3)** The decision to convene the General Assembly, the date and place, and the draft agenda shall be published on the intranet of the Institute at least 30 days in advance.

**(4)** The General Assembly shall be legitimate and may take decisions provided that at least half of Institute’s voting members are present in person or by proxy. If the majority required does not attend the meeting, the session shall be adjourned for an hour and shall then be held at the same place and under the same agenda regardless of the number of attendees.

**(5)** Participation in the General Assembly may also be by proxy. Any attendee may represent by proxy maximum three other members. Submitted powers of attorney shall be an integral part of the minutes of the General Assembly meeting*.*

**(6)** The General Assembly shall be chaired by chairperson(s) elected by the General Assembly by a simple majority. Until the election of that chairperson(s), the meeting shall be conducted by the President of the Institute or his/her deputy.

**(7)** Where the General Assembly is holding elections, it shall elect five persons amongst the attendees as members of the Selection Panel for the relevant General Assembly. The Selection Panel shall exercise its powers in accordance with rules of procedure approved by the Management Board and made public on the intranet of the Institute 30 days before the date of convening the General Assembly. The election of the President of ICPA and members of the relevant boards and committees shall be made via remote electronic voting.

**(8)** Decisions of the General Assembly shall be made by open ballot. In an open ballot, votes shall be counted by census takers elected by the General Assembly. Where technically feasible, instead of an open ballot, electronic voting of attendees may be held, with the outcome being established via an automated system and made public by the chairperson of the General Assembly. In such a case, the assembly shall not elect census takers.

**(9)** The decisions on supplementations and amendments to Institute’s By-laws shall be taken by a majority vote of 2/3 (two thirds) of the members attending the meeting. The proposals for supplementations and amendments to Institute’s By-laws shall only be submitted in writing within at least 30 days before the date of the General Assembly and made public on the intranet of the Institute. The proposals made at the General Assembly shall be considered at the next session of the General Assembly.

**(10)** Decisions, except those referred to in paragraph 9, shall be made by a simple majority of the members attending the General Assembly.

***PRESIDENT OF THE INSTITUTE/MANAGEMENT BOARD***

**Art. 17. (1)** The President of the Institute/Management Board shall be elected via remote electronic voting. The term of office of the President shall be 4 years and shall be the same as the term of office of the Management Board.

**(2)** Preceding terms of office as a member of the Management Board shall not be taken into account in the election of a President of the Institute/Management Board. A member of the Institute may be elected as a President of the Institute/Management Board for no more than two consecutive mandates. After two consecutive mandates, the right to be elected shall resume after one more mandate.

**(3)** When voting for the election of Institute’s President, the candidate who has received at least 50 % (fifty percent) plus 1 (one) votes of all members who have voted for President of the Institute, shall be considered as elected.

**(4)** In case no candidate has received the votes specified in paragraph 3, the Mandate Commission shall schedule within 10 days a new vote between the candidates who have received the highest number of votes. After this election, the candidate who has received the higher number of votes shall be considered as elected. In case the two candidates receive equal number of votes in this voting, the Mandate Commission shall schedule a new election within 10 days.

**Art. 18.** **(1)** The President of the Institute/Management Board shall:

 **1**. Convene and chair the Management Board’s meetings;

 **2**. Represent the Institute before state authorities, public and other non-governmental organizations, and other third parties in the country and abroad;

 **3**. Conclude and terminate employment and freelance contracts with all Institute’s employees and assistants;

 **4**. Perform any other functions assigned thereupon by a decision of the General Assembly or the Management Board.

 **(2)** Where the President of the Institute resigns or is not in a position to perform his/her functions, these functions shall be carried out until the next General Assembly by a Deputy President designated by the Management Board.

***MANAGEMENT BOARD***

**Art. 19. (1)** The Management Board of the Institute shall be elected by remote electronic voting under the procedure provided for in Art. 33, paragraph 6.

**(2)** The Management Board shall comprise 9 members including the President of the Institute who shall be the *ex-officio* president of the Board.

**Art. 20. (1)** The Management Board shall organize and direct the activity of the Institute, operating on the basis of an approved annual plan.

**(2)** The Management Board shall be convened by the President of the Institute, and in the event of his/her absence – by the Deputy President - at least once per two months.

**(3)** The meetings of the Management Board shall be considered as valid, provided more than half of its members attend. The meetings shall be chaired by the President, respectively, the Deputy President, in case of President’s absence*.*

**Art. 21**. The decisions of the Management Board shall be taken by a simple majority and in case of equal number of pro and con votes the President shall have the casting vote.

**Art. 22.** The Chairman of the Supervisory Board shall attend the meetings of the Management Board *ex officio*. Where necessary, upon a decision of the Management Board, the chairpersons of other boards and committees and/or the chairpersons of regional organizations may also attend. They shall, however, have no voting rights concerning the decisions made.

**Art. 23.** The Management Board shall:

**1**. Organize the implementation of the decisions of the General Assembly;

**2**. Approve the mandate programme and inform the General Assembly thereon;

**3**. Establish, restructure and dissolve the regional organizations of the Institute and provide methodological and technical direction to the regional organizations and the boards and committees of the Institute, except for the Supervisory Board;

**4**. Establish the appropriate conditions and monitor the execution of Institute’s budget approved by the General Assembly;

**5**. Approve the staffing plan of the administrative staff of the Institute;

**6**. Elect one or more Deputy Presidents of the Management Board and approve the appointment and dismissal of the Executive Director of the Institute. The Executive Director’s functions shall be determined by the Management Board;

**7**. Carry out verification of compliance for the candidates to be a member of the Commission for Public Oversight of Statutory Auditors on the basis of the criteria, as set out in the law, with the nominations satisfying the requirements being submitted for consideration and selection by the General Assembly;

**8**. Carry out verification of compliance for the candidates to be a member of the Audit Office on the basis of the criteria, as set out in the law, with the nominations satisfying the requirements being submitted for consideration and selection by the General Assembly;

**9.** Approve the rules and composition of the auxiliary commissions and the auxiliary bodies in accordance with Art. 12, paragraph 5 of these By-laws;

**10**. Design and propose to the Commission rules and procedures for conducting the examinations for the awarding of a diploma of a certified public accountant and acquiring the legal capacity of a registered auditor;

**11**. Design and propose to the Commission rules and procedures for conducting the examinations for acquiring the legal capacity of a registered auditor for candidates from other EU Member States and third countries;

**12**. Design and propose to the Commission rules for the organization and conduct of trainings for certified public accountant candidates, for the development of the professional qualification of its members and for the continuing professional development of registered auditors;

**13**. Design and propose to the Commission rules on the terms and procedures for establishing and maintaining the registers referred to in Art. 17 and Art. 20 of the Independent Financial Audit Act;

**14**. Impose the disciplinary measures under Art. 40, paragraph 3(5) and (6) of the Independent Financial Audit Act;

**15**. Make proposals to the Commission for imposing the oversight measures under Art. 89, paragraph 2(5)-(7) of the Independent Financial Audit Act;

**16**. Consider complaints against measures imposed by the Disciplinary Committee and give accordingly its decision;

**17**. Approve the rules of procedure of the Audit Services Quality Assurance Committee, the Professional Ethics Committee and the Disciplinary Committee;

**18**. Submit on behalf of the Institute the applications under Art. 418 of the Civil Proceedings Code for the issuance of an order for immediate enforcement in respect of an imposed disciplinary measure “fine”;

**19**. Develop and propose for approval by the General Assembly eligibility criteria in electing the members of Institute’s bodies;

**20**. Approve the composition of the Mandate Commission;

**21**. Approve the composition and the rules of procedure of the Education and Methodological Council;

**22**. Adopt a decision for the appointment of salaried reviewers employed under employment agreements and determine the amount of their remuneration on the basis of the proposal made by the Audit Services Quality Assurance Committee;

**23**. Organize the performance of research and learning activities in the field of accounting and audit;

**24**. Ensure the rights of Institute’s members to use free of charge the resources and facilities of the Institute for the purposes of their membership in the Institute;

**25**. Organize and establish contacts and develop the relationships with the relevant international and national organizations, as well as with the state authorities;

**26**. Make a decision for entering or a refusal decision regarding individuals to be entered into the register under Art. 20 of the Independent Financial Audit Act;

**27**. Approve the structure, staffing and the financial statements of the business entities established with the Institute;

**28**. Report on its activities to the General Assembly of the Institute;

**29**. Perform also other functions assigned thereupon by a decision of the General Assembly of the Institute;

**30**. Exercise control over the work of Institute’s administrative staff, including over the legitimacy of its actions;

**31**. Respond to enquiries made by the regional organizations;

**32**. Grant to its prominent members the title of an Honorary President and an Honorary Member and also grant honorary awards and other symbolic recognition awards to representatives of Bulgarian, foreign and international organizations with significant contribution to the development of the audit profession in Bulgaria on the basis of criteria published on Institute’s website.

***SUPERVISORY BOARD***

**Art. 24. (1)** The Supervisory Board shall be elected by remote electronic voting under the terms and conditions laid down in Art. 33, paragraph 6, and shall be composed of 5 members who shall then elect a Chairman and a Deputy Chairman.

**(2)** The meetings of the Supervisory Board shall be convened by its Chairman, and in his/her absence, by the Deputy Chairman, at least once in three months. The meetings shall be considered as valid provided that more than half of its members attend.

**(3)** The Supervisory Board shall work under an annual plan and procedures approved thereby and under rules approved by the General Assembly.

**(4)** The Supervisory Board shall:

**1**. Control the implementation of the decisions of the General Assembly, of the Management Board and of the Institute’s bodies;

**2**. Control compliance with the By-laws and the internal rules of the Institute;

**3**. Control the execution of the income and expense sections of Institute’s budget and the stewardship of Institute’s assets, including those of the regional organizations;

**4**. Make a written conclusion on Institute’s annual financial statements and the management report of the Management Board;

**5.** Convene the General Assembly of the Institute in case of finding out unlawful activities or failure to comply with the By-laws on the part of the Management Board or the President of the Institute;

**6.** Request written explanations from the officials, Management Board members and other bodies when inspecting Institute’s documentation;

**7**. May request financial information from registered auditors in relation, and with regard, to establishing the conformity between the reported and the performed engagements for the reporting period;

**8**. Determine the functions of the Chairperson of the Supervisory Board;

**9**. Report on its activities to the General Assembly of the Institute;

**10**. Design rules on its work and propose them for approval by the General Assembly.

**(5)** The Chairperson of the Supervisory Board shall participate in the meetings of the Management Board without having the right to vote.

***PROFESSIONAL ETHICS COMMITTEE***

**Art. 25. (1)** The Professional Ethics Committee shall be elected by remote electronic voting under the terms and conditions laid down in Art. 33, paragraph 6 and shall comprise 5 members who shall then elect a Chairman and a Deputy Chairman.

**(2)** Meetings of the Committee shall be convened by its Chairman, and in his/her absence, by the Deputy Chairman, at least once in three months.The meetings shall be considered as valid provided that more than half of its members attend.

**(3)** The Professional Ethics Committee shall:

**1**. Control compliance with the Code of Ethics for Professional Accountants adopted by the International Federation of Accountants;

**2**. Control the existence of conflicts of interest with regard to the members of the Institute elected in its bodies;

**3**. Refer in writing to the Disciplinary Committee infringements of the Code of Ethics for Professional Accountants.

**(4)** Report on its activities to the General Assembly of the Institute.

***AUDIT SERVICES QUALITY ASSURANCE COMMITTEE***

**Art. 26. (1)** The Audit Services Quality Assurance Committee shall be elected by remote electronic voting under the terms and conditions laid down in Art. 33, paragraph 6 and shall comprise 9 members who shall then elect a Chairman and a Deputy Chairman.

**(2)** Meetings of the Committee shall be convened by the Chairman, and in his/her absence, by the Deputy Chairman, at least one per three months. These meetings shall be valid provided more than half of the members attend.

**(3)** The Audit Services Quality Assurance Committee shall control the quality of professional activities of the members of the Institute through reviews in accordance with the requirements of the Independent Financial Audit Act.

**(4)** The Audit Services Quality Assurance Committee may request from registered auditors financial information in relation, and with regard, to establishing the conformity between the reported and the performed engagements for the reporting period.

**(5)** The Audit Services Quality Assurance Committee shall:

**1**. Make substantiated decisions on the established violations of the approved rules and procedures and propose to the Disciplinary Board sanctions for members who have failed to comply;

**2**. Approve each year the reviewers needed to perform its activities, maintain the staffing level upon the proposals of the regional organizations, and organize their training. The Committee shall propose to the Management Board an indicative amount of reviewers’ remuneration;

**3**. Report on its activities to the General Assembly.

**(6)** Reviews of the activities of registered auditors, auditing enterprises that are not public-interest entities, shall be carried out by reviewers under the direction of the Audit Services Quality Assurance Committee. A reviewer shall be a person who is a member of the Institute and who has undergone training for quality assurance in respect of registered auditors’ activities and has been approved by the Audit Services Quality Assurance Committee.

**(7)** The Management Board may provide for the reviewers to be appointed as salaried reviewers employed by the Institute receiving remuneration under employment agreements when carrying out reviews of the activities of registered auditors auditing enterprises that are not public-interest entities. In such cases, the reviewer should not have pursued an activity as a registered auditor for at least one year before entering into the employment agreement. For the duration of performing the duties of a reviewer, that individual may not pursue the professional activities of a member of ICPA.

***DISCIPLINARY COMMITTEE***

**Art. 27. (1)** The Disciplinary Committee shall be elected by remote electronic voting under the terms and conditions laid down in Art. 33, paragraph 6 and shall comprise 7 members who shall then elect a Chairman and a Deputy Chairman.

**(2)** Meetings of the Committee shall be convened by its Chairman, and in his/her absence, by the Deputy Chairman, at least once in three months.The meetings shall be considered as valid provided that more than half of its members attend.

**(3)** The Disciplinary Committee shall consider the findings of the Supervisory Board, the Audit Services Quality Assurance Committee and the Professional Ethics Committee and shall have the right of access to all written materials gathered in the files of these boards and committees, as well as the information received by the Committee under the procedure of Art. 28 of these By-laws, on the basis of which the Committee shall establish the existence or lack of violations of the Independent Financial Audit Act and the By-laws of the Institute, using, where necessary, for this purpose legal advice.

**(4)** Where necessary, in case a significant public interest exists, or is expected to exist, in relation to the suspected violation, the Disciplinary Committee may include in the investigating team independent external investigators, ensuring thereby transparency and fairness of the investigation process. The Disciplinary Committee may also engage external experts to provide their expert opinion and give advice on specific legal and other issues related to the case under review or to participate in the resolution of the issue as a whole. The expenses related thereto shall be for the account of the Institute.

**(5)** The decision to impose a disciplinary measure under Art. 46, paragraph 1 (1) – (4) or (7) of these By-laws shall be made by the members of the Disciplinary Committee by a simple majority.

**(6)** The Disciplinary Committee shall report on its activities to the General Assembly of the Institute.

**Art. 28.** The boards and committees under Art. 12, paragraph 1 (3) - (6) may be referred to or deal with an issue at their own initiative on the basis of information from public sources about suspected infringements on the part of members of the Institute.

**Art. 29.** The decisions of the boards and committees under Art.12, paragraph 1 (3) - (6), Art. Art. 24-27 shall be made by a simple majority. In case of equal number of pro and con votes, the Chairman of the respective body shall have the casting vote.

**Art. 30.(1)** The Institute shall be a single-structure organization. The Management Board shall organize and direct the entire activity of the Institute in achieving its objectives. The committees under Art.12, paragraph 1 (4) – (6) are intended to assist and support the Management Board in its activities, pursuing and applying in a consistent manner the policy, objectives and tasks determined and adopted by the Management Board, fully coordinating their current activities with the Management Board. The committees under Art.12, paragraph 1 (4) – (6) shall be independent in their professional judgement, position and opinion with regard to the specific cases/files considered thereby. The formal expression and presentation of the position of the Institute before any third parties and institutions shall only be made by the President of the Institute or by a Management Board member duly authorized by the Management Board. The boards and committees under Art.12, paragraph 1 (3) – (6) shall not have the powers to have correspondence of their own and present their own position before any third parties and institutions.

 **(2)** The committees under Art.12, paragraph 1 (4) – (6) shall adopt and propose to the Management Board for approval rules of procedure in accordance with the principles laid down in paragraph 1.

 **(3)** The boards and committees under Art.12, paragraph 1 (3) – (6) shall perform their activities in close interaction and cooperation following the principles laid down in paragraph 1. These boards and committees shall coordinate their activities with the Management Board in accordance with rules prepared on the basis of the principles laid down in paragraph 1, agreed amongst all of them and signed by the chairmen of the boards and committees.

***TERM OF OFFICE AND PROCEDURES FOR ELECTION AND DISMISSAL***

**Art. 31**. **(1)** The boards and committees of the Institute under Art.12, paragraph 1 (2) – (6) shall have a term of office of 4 years*.*

**(2)** Members of the bodies of the Institute are members of the Institute. The members of the Management Board, the Supervisory Board, the Professional Ethics Committee, the Audit Services Quality Assurance Committee and the Disciplinary Committee shall be elected on the basis of eligibility criteria developed by the Management Board and approved by the General Assembly which are intended to ensure their expertise and experience.

**(3)** Members of the boards and committees under Art. 12, paragraph 1 (2) – (6) may not be elected for more than two consecutive mandates at one and the same board or committee. Their right to be elected in the same body shall be restored after the expiry of the next mandate. There shall be no restrictions for electing a member of one body as a member of another body of the Institute upon the expiry of two consecutive mandates*.*

**(4)** The restrictions under the preceding paragraph shall not apply when electing the President of the Institute/Management Board provided the requirements laid down in Art. 17, paragraph 2 are complied with.

**Art. 32. (1)** A standing auxiliary body, a Mandate Commission, shall function with the Institute comprising one representative of each of the boards and committees under Art.12, paragraph 1 (2) – (6). The composition of the Mandate Commission shall be approved by the Management Board within at least three months before the relevant regular General Assembly holding elections. The Mandate Commission shall perform its functions until the approval of its new composition by the Management Board.

**(2)** The Mandate Commission shall, on the basis of the documents submitted thereto, consider the applications for members of the boards and committees of the Institute and assess candidate’s conformity with the selection criteria approved by the General Assembly of the Institute.

**Art. 33. (1)** The procedure for the election of the President of the Institute/Management Board and members of the boards and committees of the Institute shall include three stages – nominations, discussion and remote electronic voting.

 **(2)** The nomination stage shall include:

**1**. Receipt and processing of nominations by the Mandate Commission;

**2**. The Mandate Commission shall assemble the nominations accompanied by the brief CV of each candidate, and if the nominated individual so desires – other representative papers, not later than 15 days before the date of the General Assembly and shall publish same on the intranet of the Institute;

**3**. Nominated candidates may withdraw, filing at any time their resignation to the Mandate Commission, or at the electoral General Assembly, whereupon their nomination shall be removed from the intranet;

**4**. The Mandate Commission shall present the nominations made and not withdrawn to the General Assembly.

**(3)** The discussion stage shall be held during the meeting of the General Assembly. No new nominations may be made at the meeting of the General Assembly. After terminating the discussions, this point of the agenda shall be deemed as exhausted which shall give rise to opening the remote voting procedure.

**(4)** The remote electronic voting stage shall be held outside the General Assembly meeting in compliance with the following terms and procedures:

**1**. Voting shall be opened at 12.00 h on the date following the date of the General Assembly meeting and shall continue for 24 hours – until 12.00 h on the next day;

**2**. Voting shall be made on the web-based electronic voting system of the Institute ensuring the privacy and safety of voting through a single on-line voting;

**3.** Each member shall receive an individual personal password for accessing the electronic voting system which can be used only once;

**4**. Results shall be announced by the Election Commission on the intranet of the Institute within the day on which voting was completed.

**(5)** The election shall be deemed as completed and the results therefrom shall be valid regardless of the number of Institute members entitled to vote who have actually voted and regardless of whether or not the members who have voted have attended the General Assembly meeting at which nominations have been discussed.

**(6)** The election of the bodies of the Institute shall be made by remote electronic voting. When voting for the election of Institute bodies, the candidates who have received the highest number of votes shall be deemed as elected until fulfilling the posts subject of the election. In case more than one candidate have obtained equal number of votes, a new election shall take place among them, in accordance with a procedure adopted by the Mandate Commission, within 30 days.

**(7)** The Management Board shall be responsible to provide all technical and organizational conditions for the timely and safe remote electronic voting that ensures the right to choose and voting privacy of Institute’s members and shall have the option to engage external experts for this purpose.

**(8)** The Election Commission shall have the right and obligation to monitor compliance with voting rules and, in the event of reasonable and substantiated doubts in relation to the correctness of the election, to annul same. In such a case, the Management Board shall convene a General Assembly meeting for the new election.

**(9)** The nomination and discussion stages shall also apply to the selection of a representative of the Institute as a member of the Commission for Public Oversight of Statutory Auditors, as well as a member of the Audit Office, complying with the legal eligibility criteria relevant to those posts, and in compliance with Art. 23 (7) and (8) the Management Board shall accordingly submit the proposals for the selection to the General Assembly for voting.

**Art. 34. (1)** Where a member of any of the boards and committees under Art.12, paragraph 1 (2) – (6) is dismissed by a majority of half, plus one, of the remaining members of the relevant board or committee, or where at his/her discretion, or because a conflict of interest is found to exist or occurs, or because of any other reason, ceases to perform his/her functions, the relevant board or committee shall be filled by the candidate having received the highest number of *pro* votes among the persons who have not been elected to the respective board or committee, using the information from the minutes of the Election Commission. If all nominated candidates have been elected, or two or more candidates have received equal number of votes at the last election, the General Assembly shall proceed with a new election under the established procedure.

**(2)** Where all members or more than half of the members of any of the boards or committees under Art. 12, paragraph 1 (2) – (6) have resigned, the relevant body shall continue to perform its functions until the election of a new board or committee.

**Art. 35.** If, because of any reason, as at the date when the term of office of the bodies of the Institute under Art. 12, paragraph 1 (2) – (6) expires, no new composition of these bodies has been established, the bodies previously elected shall continue to perform their functions until the election of new bodies.

**CHAPTER FIVE**

**FINANCING AND BUDGET**

**Art. 36.** **(1)** Financing of Institute’s activities shall be provided by:

**1**. Admission and annual fees from members;

**2**. Income from fees for conducting training courses and examinations;

**3**. Income from subscriptions and publishing activities;

**4**. Income from the provision of advisory services;

**5**. Proceeds from sanctions imposed by the Institute;

**6**. Donations;

**7**. Other income.

**(2)** Institute’s funds shall be spent in accordance with the budget approved for the respective financial year (from 1 January till 31 December). In relation to awarding of contracts for supplies and external services amounting to more than BGN five thousand, a selection shall be made on the basis of at least three competing independent offers**.**

**(3)** All income and expense shall be planned in advance in Institute’s budget. The budget shall be made public on the intranet of the Institute.

**(4)** For the period from the beginning of the year till the approval of the budget by the General Assembly, the Management Board shall approve an interim budget whereunder the activity of the Institute shall be carried out until its approval by the General Assembly.

**(5)** Where necessary, the Management Board shall take a reasoned decision to transform certain expenditures in the budget, in accordance with the particular needs arising, within the calculated savings from budget items. Any other amendments to the budget shall only be made by a decision of the General Assembly.

**CHAPTER SIX**

**REGIONAL ORGANIZATIONS**

**Art. 37. (1)** Regional organizations, including not less than 20 natural persons, shall be established under the Institute.

**(2)** The regional organizations shall be established by a decision of the Management Board at the initiative of Institute’s members in the respective region. The Management Board may establish or allow the existence of a regional organization comprising less than the minimum number of members under the preceding paragraph.

**(3)** The restructuring and dissolving of regional organizations shall be made by a decision of the Management Board.

**(4)** The natural person members of the Institute shall mandatorily be also members of a regional organization.

**(5)** Members of the Institute which are registered auditor legal entities shall not be members of the regional organizations.

**Art. 38.** The regional organizations shall:

**1.** Launch events aimed at maintaining the professional qualification in accordance with the Rules on the Continuing Professional Development of Certified Public Accountants and Registered Auditors by organizing at least 20 hours of trainings per annum;

**2.** Select and propose quality assurance reviewers to be approved by the Audit Services Quality Assurance Committee;

**3**. Actively support the Education and Methodological Council in the performance of its methodological and technical functions and activities with its expert capacity and potential;

**4.** Approve the fees under Art. 40 (2) in the budget of the organization, as well as the spending section of the budget.

**Art. 39.** The activity of the regional organizations, as well as the procedure for spending budget funds, shall be carried out in accordance with the Rules on the Activity of the Regional Organizations approved by the Management Board.

**Art. 40.** The income section of the regional organization budget shall comprise:

**1**. the re-allocated portion of Institute’s centralized budget determined on the basis of the single rate per Institute’s member approved each year by the Management Board;

**2**. fees from the regional organization members approved by the General Assembly of the regional organization;

**3**. a portion of the earnings from organized training courses and seminars;

**4**. donations.

**Art. 41**. The General Assembly of the regional organization shall elect by open or secret voting and simple majority its own governing body which shall consist of a Chairman, a Secretary and a Controller elected for a period of 4 years.

**Art. 42.** The Chairman of the regional organization shall direct its current activity and in his/her absence those functions shall be performed by the Secretary of the organization. The Chairman and the Secretary shall each year elaborate the regional organization budget and submit it for reference to Institute’s Management Board following its approval by the General Assembly of the regional organization.

**Art. 43**. The Controller shall control the implementation of the resolutions of the General Assembly of the regional organization and the budget of the regional organization. The Controller shall inform in writing the Chairman of the organization and Institute’s Supervisory Board of the findings concerning any irregularity.

**Art. 44.** The Chairman, the Secretary and the Controller shall report on their activities to the General Assembly of the regional organization.

**CHAPTER SEVEN**

**DISCIPLINARY VIOLATIONS AND DISCIPLINARY SANCTIONS. DISCIPLINARY PROCEEDINGS.**

**Art. 45.** **(1)** For violations of these By-laws, members of the Institute shall be liable to disciplinary actions as provided for in Chapter Four of the Independent Financial Audit Act.

 **(2)** A disciplinary violation shall be the wrongful failure to comply with these By-laws, the Code of Ethics for Professional Accountants, the decisions of the Management Board and of the General Assembly of the Institute, including:

**1**. Concealing significant circumstances in entering into the registers of the Institute;

**2**. Non-disclosure of information in respect of the annual report, including the incomplete and/or inaccurate reporting of engagements, depending on the frequency and significance of the violation;

**3**. Systematic failure to comply with the obligations as a chairman or a member of an Institute’s board or committee;

**4**. Failure to pay admission, annual or any other fees approved as an amount and type by the Management Board;

**5**. Bringing the Institute into disrepute;

**6**. Actions against the interests of members of the Institute or the Institute itself;

**7**. Systematic failure to comply with the obligations of a member of a regional organization.

**8**. Systematic failure to comply with the obligations for continuing professional development and maintenance of qualification of certified public accountants and registered auditors.

**Art. 46.** **(1)** For violations of the By-laws of the Institute, the following disciplinary measures shall be imposed:

**1**. a compulsory prescription to remedy a violation found;

**2**. making public on the Institute’s website for a period of one year the violations found;

**3**. exclusion from the right to be elected in Institute’s bodies for a period of up to three years;

**4**. warning for exclusion from Institute membership;

**5**. temporary suspension of Institute membership for a period of up to three years;

**6**. temporary suspension of Institute membership for a period of 5 years;

**7**. imposing a fine of BGN 1,000 to BGN 15,000.

**(2)** Where, as a result of the review carried out under the procedures referred to in Art. 4(7) of these By-laws, violations are found to have been made by a registered auditor in pursuing his/her/its professional activities, which are violations of the provisions of the Act and/or Regulation (EU) No 537/2014, the Management Board shall forward to the Commission the review report. The Commission shall carry out investigation and notify the Institute accordingly about the relevant outcome, the administrative sanctions imposed and the oversight measures applied. In such a case, the Institute shall not impose any disciplinary action.

**Art. 47.** **(1)** Disciplinary proceedings shall be initiated by a decision of the Disciplinary Committee of the Institute.

**(2)** The Disciplinary Committee shall examine in closed session the files of the reviews carried out by Institute’s bodies with the participation of the registered auditor or certified public account being reviewed.

**(3)** The Disciplinary Committee shall make admissible any evidence that is relevant to the definitive determination of the case.

**(4)** The Disciplinary Committee shall come up with a decision within a period of 14 days as of the last session at which the relevant file under paragraph 2 has been considered.

**(5)** The Disciplinary Committee shall impose the disciplinary measures under Art. 46, paragraph 1 (1)-(4) or (7) and shall propose to the Management Board to impose the measures under Art. 46, paragraph 1(5) or (6).

**(6)** The Management Board shall, by a majority of two thirds of its members, make a decision to impose the measures under Art. 46, paragraph 1(5) or (6) within a period of 14 days as of the receipt of the proposal.

**(7)** In disciplinary proceedings, the provisions of Chapter Five, Section I, of the Administrative Procedure Code shall apply.

**(8)** No disciplinary proceedings shall be initiated, and the initiated disciplinary proceedings shall be terminated, where two years have elapsed after the violation has been committed.

**Art. 48. (1)** The decision to impose a disciplinary measure under Art. 46, paragraph 1 (1)-(4) or (7) may be appealed against within a period of 14 days as of its notification to the person concerned before Institute’s Management Board. The Management Board shall come up with a decision on the appeal within a one-month period after its receipt.

**(2)** The decision of the Management Board to impose a sanction under Art. 46, paragraph 1(1), (2) or (4) shall be final. The decision of the Management Board to impose a sanction under Art. 46, paragraph 1(3) or (7) shall be subject to appeal before Sofia Administrative Court under the procedures provided for in Chapter Ten, Section I, of the Administrative Procedure Code.

**(3)** The decision of the Management Board to impose a sanction under Art. 46, paragraph 1(5) or (6) on a registered auditor shall be subject to appeal before the Commission within a period of 14 days as of its notification to the person concerned. Within a period of one month from the receipt of the appeal, the Commission shall come up with a decision upholding or annulling the decision of the Management board of the Institute. Commission’s decision shall be subject to appeal before Sofia Administrative Court under the procedures provided for in Chapter Ten, Section I, of the Administrative Procedure Code.

**(4)** The decision of the Management Board to impose a measure under Art. 46, paragraph 1(5) or (6) on a certified public accountant shall be subject to appeal before Sofia Administrative Court under the procedures provided for in Chapter Ten, Section I, of the Administrative Procedure Code.

#####  **SUPPLEMENTARY PROVISIONS**

**§ 1.** Institute’s seal shall be round and shall read: “The Institute of Certified Public Accountants”, in Bulgarian language, with the logo of the Institute in the middle.

**§ 2.** The 17th day of April shall be the professional holiday of certified public accountants.

**§ 3.** ***Conflict of interest****,* within the meaning of Art. 25, paragraph 3(2) and Art. 34, paragraph 1 of these By-laws shall exist where one function of a member of Institute’s bodies contradicts another function performed concurrently and this results in creating conditions for bias, personal benefits or servicing third-party interests, irrespective whether such third parties are, or are not, members of the Institute.

**§ 4.** ***Compelling reasons (force majeure)*** for non-participation of Institute’s member in the General Assembly of the Institute within the meaning under Art. 13 (2) shall include:

**1**. illness of Institute’s member or his/her family member;

**2**. tragic event related to a family member or a close relative;

**3**. being summoned by enforcement, prosecution or judicial bodies;

**4**. concurrent participation in a meeting of another body or organization which, as per the judgment of the Disciplinary Board, is considered as exceptionally important;

**5**. any other objectively valid reason beyond the will of the member of the Institute, which precludes him/her to attend the General Assembly, and which is deemed as a valid reason by the Disciplinary Committee.

Paid or unpaid holiday leave, engagement with a client, and other similar engagements, as well as personal or business trips abroad, save where the travel is by the order and for the account of the Institute, shall not be considered as compelling reasons (force majeure).

**§ 5.** ***Institute’s Resources and Facilities***within the meaning of p. 7 of Art.7 shall mean own and rented buildings and other property, motor vehicles, office furniture and equipment, means of communication and other similar fixed assets which are owned or rented by the Institute for the needs and purposes of its operations.

**§ 6.** ***Free-of-charge use of Institute’s resources and facilities for the purposes of the membership*** within the meaning under p. 7 of Art.7 shall mean any such use which is of occasional and sporadic nature and is exclusively related to the performance the rights and obligations of Institute members in accordance with the Independent Financial Audit Act and Institute’s By-laws, such as meetings, report or document preparation, etc. This shall not include use for training courses, seminars, meetings and other events with commercial purposes, as well as for Institute member private and personal events.

**§ 7.** ***Audit firm*** shall mean a business entity registered under Art. 64, paragraph 1(1), (2) or (3) of the Commerce Act or under the legislation of another EU Member State, having as its principal activity the carrying out of financial audits of entities’ financial statements, where 75% of the members of its management body are registered auditors under this Act or are other EU Member State registered auditors, is of good repute, and is:

**1**. a partnership where more than half of the partners are registered auditors under this Act or under the legislation of other EU Member States;

**2**. a limited partnership where more than half of the general partners having unlimited liability are registered auditors under this Act or under the legislation of other EU Member States;

**3**. a limited liability company where more than half of the voting rights in the general meeting of shareholders and of the capital are held by registered auditors, auditors and/or audit firms from other EU Member States.

**TRANSITIONAL PROVISIONS**

**§ 8.** All internal regulations and acts of the Institute and the regional organizations shall be developed and/or appropriately adjusted in accordance with these By-laws within 6 months from their approval.

**§. 9.** Registered auditor activities for the period from 1 July 2018 till 31 December 2018 shall be reported in the uniform annual report system together with their activities for the period from 1 January till 31 December 2019.

**§10.** The term of office of the bodies of the Institute operating as at the date of the approval of these By-laws shall be 3 years.

**CLOSING PROVISION**

**§11.** These By-laws shall come into effect from the date of their approval by the meeting of the General Assembly of the Institute held on 30 May 2019 and shall repeal the By-laws effective till that date.