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## **REGULATORY AND PRACTICAL DIMENSIONS OF AUDITING ACTIVITIES IN UKRAINE UNDER MARTIAL LAW**

The introduction of martial law in Ukraine has precipitated a profound transformation of the regulatory and operational environment in which auditing activities are performed. These transformations have been driven by the necessity to preserve the continuity of audit as an institutional mechanism of financial control under conditions of heightened economic uncertainty, constrained access to resources, and elevated systemic risk. In such circumstances, auditing assumes an increasingly critical role in enhancing the transparency, credibility, and decision-usefulness of financial information, as well as in mitigating information asymmetry among stakeholders.

The state regulatory framework governing auditing activities during the period of martial law is characterized by an adaptive and hybrid nature, combining elements of temporary regulatory relaxation with a reinforced emphasis on audit quality and professional accountability. The principal legal framework continues to be defined by the Law of Ukraine On the Audit of Financial Statements and Auditing Activities [1]. However, in response to force majeure conditions caused by military hostilities, certain provisions of this legislation have been temporarily adjusted in order to ensure the operational viability of the audit profession.

One of the central directions of regulatory adjustment has involved the partial relaxation of selected professional requirements applicable to auditors, particularly those related to continuing professional development, qualification procedures, and the application of disciplinary measures. Such regulatory flexibility reflects the objective

constraints faced by audit practitioners operating under conditions of restricted mobility, forced relocation, and limited access to professional and educational infrastructure [2]. Importantly, these measures are explicitly temporary and are aimed at safeguarding the institutional sustainability of the audit market rather than at reducing professional standards.

At the same time, the easing of certain formal requirements does not imply a weakening of quality assurance mechanisms. On the contrary, under martial law conditions, the role of the Audit Chamber of Ukraine as the central institution of professional self-regulation, quality control, and disciplinary oversight has become more pronounced [3]. This reflects a broader shift toward institutional reliance on professional judgment and risk-based supervision rather than rigid procedural compliance.

An analysis of ongoing regulatory transformations suggests a gradual transition from a predominantly rules-based regulatory model toward a risk-oriented approach to audit regulation. Within this framework, priority is accorded not merely to formal adherence to prescribed procedures, but to the auditor's capacity to exercise independent, well-reasoned, and professionally justified judgment when forming an audit opinion. This evolution is consistent with international approaches to audit regulation in crisis environments and aligns with International Federation of Accountants (IFAC) guidance emphasizing the application of professional judgment under conditions of exceptional uncertainty.

Issues related to auditor independence have acquired heightened relevance within the regulatory landscape. Martial law generates additional threats to independence, including increased economic pressure from audit clients, heightened self-interest and familiarity risks, and constraints on access to alternative sources of audit evidence. Under such conditions, the effective application of independence requirements increasingly depends on auditors' ethical resilience and their ability to apply professional judgment in accordance with the IFAC Code of Ethics.

A further important regulatory dimension concerns the temporary modification of legal liability mechanisms. Legislative provisions limiting the application of sanctions for certain violations objectively attributable to wartime conditions are intended to prevent excessive regulatory pressure and to preserve the functional capacity of the audit services market [2]. This approach reflects an acknowledgment of the exceptional operating environment while maintaining the fundamental principles of professional responsibility.

From a practical perspective, the conduct of audit engagements under martial law has been accompanied by significant transformations in audit methodologies, procedures, and professional practices. Military hostilities create multidimensional uncertainty that permeates all phases of the audit process, from engagement planning and risk assessment to the formulation of the audit report.

One of the most significant practical challenges faced by auditors is restricted access to audit evidence resulting from infrastructure damage, enterprise relocation, and the loss or destruction of primary documentation. In response, auditors are increasingly required to rely on alternative audit procedures, enhanced analytical techniques, and external confirmations in accordance with the requirements of the International Standards on Auditing, particularly ISA 500 Audit Evidence [4].

Risk assessment assumes particular prominence under wartime conditions, as armed conflict intensifies both inherent and control risks due to disruptions in entities' internal control systems. A central practical issue in this context is the evaluation of the going concern assumption in accordance with ISA 570 Going Concern, which substantially increases the likelihood of material uncertainty disclosures and modified audit opinions [5].

The expanded use of remote audit techniques and digital technologies represents another significant practical development. While such tools support the continuity of audit engagements, they simultaneously raise concerns regarding information security, data integrity, and the reliability of electronic audit evidence. Moreover, the human dimension of auditing under martial law -including psychological stress, personal

safety risks, and forced migration of professionals - further accentuates the importance of professional competence, ethical conduct, and organizational resilience within audit firms [6].

The findings of this study indicate that auditing activities in Ukraine under martial law have undergone complex and interrelated regulatory and practical transformations. Regulatory adaptation has been characterized by a combination of temporary flexibility and strengthened institutional oversight, while audit practice has been marked by increased professional risk, constrained access to evidence, and a heightened reliance on professional judgment.

The experience accumulated during the period of martial law provides a foundation for the future modernization of auditing in Ukraine. In particular, it creates opportunities for the advancement of risk-oriented audit approaches, the accelerated digitalization of audit processes, and the strengthening of the role of auditing in supporting post-war economic recovery and European integration initiatives.

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