

PRESS RELEASE

2ND MEETING OF THE CEAOB INSPECTIONS SUB-GROUP

CHAired BY : AOB - GERMANY

HOSTED BY : PAOB – CZECH REPUBLIC

08-06-2017

THE INSPECTIONS SUB-GROUP OF THE COMMITTEE OF EUROPEAN AUDITING OVERSIGHT BODIES (CEAOB) DISCUSSES AUDIT QUALITY INITIATIVES WITH THE LEADERSHIP OF SEVERAL OF THE LARGEST EUROPEAN AUDIT NETWORKS

The 2nd meeting of the CEAOB Inspections sub-group (CEAOB ISG) was hosted by the Public Audit Oversight Board (PAOB) of the Czech Republic in Prague on 7 and 8 June 2017. The meeting was chaired by the German Auditor Oversight Body (AOB).

Highlights of the meeting include:

Dialogue with the European leadership of Deloitte, BDO and Grant Thornton

As part of the audit regulators' ongoing dialogue on improvements in audit quality with large European audit networks, the CEAOB ISG members met with representatives of Deloitte, BDO and Grant Thornton. The meeting continued the interaction that had been started by the the EAIG (European Audit Inspection Group), which was integrated into the CEAOB in 2016. The focus of the discussions was the firms' initiatives in continuing to improve the quality of their audits, including the use of data analytics, root cause analysis and audit quality indicators to enhance the effectiveness of actions.

Discussion of common inspection findings

The CEAOB ISG maintains a database of inspection findings from its members to share knowledge and to identify any recurring findings from inspections that should be discussed with the firms and standard setters. Based on analysis of the database, the CEAOB ISG members discussed the nature of findings

related to the audit of revenue and auditors' responses to assessed risks, being among the most common inspection findings, as well as potential causal factors for these findings.

Interaction with the PCAOB and amongst European Regulators

The US audit inspection authority (PCAOB) conducts inspection activity in European countries in conjunction with the local regulators. The CEAOB members discussed the latest status of co-operation with the PCAOB in their respective jurisdictions. Furthermore, the CEAOB ISG members discussed examples of inspections performed jointly by European audit oversight bodies in order to enhance co-operation between them.

About the CEAOB and the Inspections sub-group

The CEAOB is the framework for co-operation between national audit oversight bodies at EU level. Its role is to strengthen EU-wide audit oversight. By facilitating supervisory convergence, the CEAOB contributes to the effective and consistent application of the EU audit legislation throughout the EU. The CEAOB is composed of representatives of the national audit oversight bodies of the EU and the European Securities and Markets Authority (ESMA).

The purpose of the CEAOB Inspections sub-group is to further enhance the cooperation and consistency among CEAOB members on the subject of inspection activity and to have effective communications with the audit firms and other third parties, with the aim of supporting the objective of the CEAOB to improve audit quality and confidence in audits.

Further information about the CEAOB can be found on its website (<https://ec.europa.eu/info/ceaob>). For further information about this press release, please contact EC-CEAOB-SECRETARIAT@ec.europa.eu.