

PRESS RELEASE**4TH MEETING OF THE INSPECTIONS SUB-GROUP OF THE CEAOB**

05-06-2018

THE INSPECTIONS SUB-GROUP OF THE CEAOB MEETS TO SHARE GOOD PRACTICE AND TO PROMOTE CONSISTENCY AMONG REGULATORS

The 4th meeting of the Inspections Sub-Group (ISG) of the CEAOB was hosted by the Comissão do Mercado de Valores Mobiliários (CMVM) of Portugal in Porto on 4 and 5 June 2018. The meeting was chaired by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) and was attended by 30 countries.

Highlights of the meeting include:*Dialogue with the leadership of KPMG and Mazars*

As part of the audit regulators' ongoing dialogue on improvements in audit quality with large European audit networks, the ISG members met with representatives of KPMG and Mazars to discuss the firms' plans to improve the quality of their audits.

Discussion of common inspection findings

The ISG maintains a database of inspection findings for 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 ISG members discussed the nature of findings related to the audit of fraud and group audits, being among the most common inspection findings, as well as potential causal factors for these findings.

Update of the Common Audit Inspection Methodology (CAIM)

A new work programme related to revenue, developed by the CAIM Task Force, was approved for adoption during the meeting. This is the third common work programme developed on selected areas of audit engagement reviews, following programmes on group audits and ISA 540.

ISG members use a suite of common work programmes for the inspection of firms' internal quality control procedures. These work programmes, which have been developed on the basis of the EU

Directive on Statutory Audit and the International Standard for Quality Control, contribute to the harmonization of the inspections of audit firms across Europe. At the meeting, members discussed next steps for maintaining these programmes, developing further programmes for areas of audit engagement reviews and agreed that the CEAOB should be requested to publish all current programmes on the CEAOB website.

Presentation of detailed inspection approach

The ISG continued a series of presentations by individual members of their inspection approach. IAASA presented the approach adopted in Ireland.

Other areas covered during the meeting

ISG members shared experience on a number of other topics, including Audit Committee communications; the delegation of non-PIE audit inspections; and inspections reporting and grading systems.

About the CEAOB and the Inspections Sub-Group

The Committee of European Auditing Oversight Bodies (CEAOB) is the framework for co-operation between national audit oversight bodies at an 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 new 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 communication 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/business-economy-euro/banking-and-finance/financial-reforms-and-their-progress/regulatory-process-financial-services/expert-groups-comitology-and-other-committees/committee-european-auditing-oversight-bodies_en). For further information about this press release, please contact EC-CEAOB-SECRETARIAT@ec.europa.eu.

About Colleges of audit regulators

Colleges of regulators have been set up in accordance with Article 32 of the EU Audit Regulation (No 537/2014) to encourage increased co-operation between certain EU competent authorities for audit in



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CEAOB ISG Porto meeting

June 2018

respect of quality assurance monitoring activities. Currently four Colleges are in place, one for each of the four largest audit firm networks, each led by a College facilitator.