

PRESS RELEASE

19TH MEETING OF THE EUROPEAN AUDIT INSPECTION GROUP

CHAired BY : FRC - UK

HOSTED BY : - CyPAOB - CYPRUS

10-11-2016

NEW PHASE IN COOPERATION : COORDINATION OF INSPECTION ACTIVITIES OF THE EUROPEAN AUDIT REGULATORS TRANSITIONS TO INSPECTIONS SUB-GROUP OF THE COMMITTEE OF EUROPEAN AUDITING OVERSIGHT BODIES (CEAOB)

The 19th plenary meeting of the European Audit Inspection Group (EAIG) was hosted by the CyPAOB in Cyprus on 9 and 10 November 2016. The meeting was chaired by the UK's Financial Reporting Council (FRC).

Highlights of the meeting include:

Dialogue with the European leadership of PwC

As part of the audit regulators' ongoing dialogue on improvements in audit quality with the largest European audit networks, the EAIG members met with representatives of PwC for the second time. The focus of the discussions was PwC's initiatives in continuing to improve the quality of their audits, including the use of root cause analysis to enhance the effectiveness of actions.

Meeting with representatives of the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA)

The EAIG members met with representatives of IAASB and IESBA. Topics discussed included Group Audits, Quality Control and professional skepticism. The EAIG presented an update on common findings on accounting estimates, risk assessment and materiality as well as other recurring issues. Discussion with IESBA focused on the Safeguards project.

EAIG Common Audit Inspection Methodology (CAIM)

Since 2015, the EAIG members adopted a suite of common work programmes for the inspection of firms' internal quality control procedures and selected areas of audit engagement reviews. 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. In Cyprus, EAIG members were updated on the feedback resulting from the initial use of the new work programmes on group audits and auditing of accounting estimates.

Interaction with the PCAOB

The US audit inspection authority (PCAOB) conducts inspection activity in European countries in conjunction with the local regulator. The EAIG members updated the group on the latest status of co-operation with the PCAOB in their respective jurisdictions.

Way forward – transition to CEAOB

This was the final meeting of the EAIG. The activities of the EAIG transitioned to the newly established Committee of European Audit Oversight Bodies (CEAOB).

About EAIG :

The EAIG has provided a pan-European platform for cooperation among audit regulators. The primary purpose of the EAIG has been to create awareness of important issues and promote cooperation and consistency amongst European audit regulators on inspections. The group has shared inspection practices and findings amongst its members and facilitated discussions on topics related to audit inspections with third parties, such as the audit standard setters (IAASB/IESBA boards) and the audit profession.

About CEAOB:

The CEAOB is the new framework for cooperation between competent authorities on audit oversight in the European Union and was formed in July 2016. It has a number of sub-groups, including the Inspections sub-group, which will carry on the majority of EAIG's activities and which held its inaugural meeting immediately after the close of the EAIG meeting. The other sub-groups comprise the Enforcement, Market Monitoring and International Equivalence and Adequacy sub-groups, as well as the International Auditing Standards sub-group, which will be responsible for future communications with the IAASB and IESBA.

Further information about the EAIG can be found on its website (www.eaigweb.org) and information about the CEAOB can be found on its website (ec.europa.eu/finance/auditing/ceaob/index_en.htm). For further information about this press release, please contact admin@eaigweb.org.