

PRESS RELEASE 14/63

■ EUROPEAN AUDIT REGULATORS CONTINUE DIALOGUE ON AUDIT QUALITY ISSUES WITH STAKEHOLDERS

Independent audit regulators from Europe, including the Luxembourg, have structured meetings with different stakeholders on audit quality issues. In November, the European Audit Inspection Group (EAIG) met KPMG's European leadership and the audit standard setters (IAASB/IESBA boards). The meetings are intended to contribute to a better understanding of audit quality issues.

These meetings are organised within the framework of the EAIG which was established in 2011. The EAIG provides a pan-European platform for cooperation of audit regulators. The meeting in Madrid on November 25 and 26, 2014 was hosted by the Spanish INSTITUTO DE CONTABILIDAD Y AUDITORIA DE CUENTAS (ICAC). The European Commission attends the EAIG meetings, as an Observer, except for those parts where confidential supervisory information is discussed.

EAIG meeting with European leadership of audit networks

The regulators met with representatives of KPMG to discuss matters relevant to KPMG's Member Firms within Europe. The meeting was the second of a series of meetings with the audit networks (BDO, Deloitte, EY, GrantThornton, and PwC) that builds on the experience of the EAIG members throughout Europe and their previous interaction with the networks. The focus of this meeting was KPMG network structure and procedures and the network's approach to maintaining and improving the quality of their audits.

Working groups of the EAIG will maintain ongoing contact with the networks after these meetings.

Annual liaison with international standard setters

During this meeting dialogue was held with the international audit standard setters, being the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board (IESBA). The Chairmen of both boards updated the EAIG on their current workstreams and on how comments raised by regulators have been taken into account in their processes. The EAIG Members also brought their concerns with regards to the current standards to the attention of the standard setters, based in part on analysis of the pan-European audit inspection findings database which is maintained by the EAIG.

European Audit Regulators adopt a Common Audit Inspection Methodology (CAIM)

Inspections of firms which audit PIEs (Public Interest Entities, usually listed companies, but also banks and insurance companies) are performed on a recurring basis and are undertaken with the objective of improving the quality of audits. They generally include a review of the audit firms' internal quality control procedures and a review of selected audit engagements to test compliance with relevant professional standards.

The Members of the EAIG adopted the first suite common of workprogrammes for the inspection of firms' internal quality control procedures. These workprogrammes, which have been developed on the basis of the EU Directive on Statutory Audit and the International Standard for Quality Control 1, will contribute to the harmonization of the inspections of audit firms across Europe.

Way forward

The next meeting of the EAIG will take place in March 2015 in Budapest at the invitation of Hungarian Auditors' Public Oversight Committee (APOC).

Further information about the EAIG can be found on its website (www.eaigweb.org).

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