

DAY 3: Cooperation with foreign regulators

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IFIAR

CEAOB

CEAOB Inspections
sub-group (ISG)

DELOITTE
COLLEGE

PWC COLLEGE

CEAOB Task Force
„Materiality“

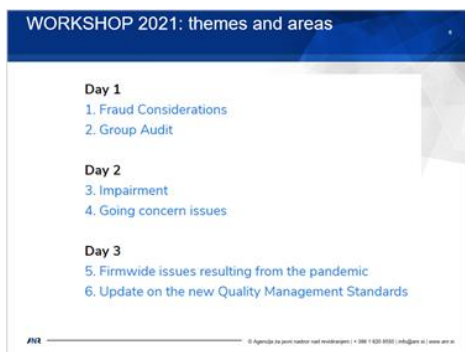
CEAOB Ad-hoc Task
Force working group 3
(Cooperation between
CEAOB members)

APOA doesn't have any existing bilateral or multilateral agreements between regulators.

APOA cooperates with other regulators in informal way

- Independent audit regulators from **54 jurisdictions** from Africa, North America, South America, Asia, Oceania and Europe
- Members only regulators independent from the profession
- IFIAR's mission is to serve the public interest, including investors, by enhancing audit oversight globally
- annual fee (according to the size of the regulator and other criteria)
- annual Inspection Findings Survey: all regulators participate in this survey in their own country; results are aggregated and presented in the IFIAR report: public
- IFIAR members-only website
- Members database and contacts (very useful)
- APOA has joined THE INIATIVE 2019-2023: „**25% reduction target initiative**“: The goal is to reduce the number of findings resulting from the inspections of audits of public interest entities by 6 largest audit companies ("BIG 6"), by 25 percent in the next 4 years. APOA is

- **plenary meeting (3 DAYS EVENT)** to discuss emerging regulatory issues, challenges facing the audit profession, and strategic approaches to sustainable audit quality: last plenary in April 2021 (virtual): focused on the Management of Audit Quality in the COVID Environment
- **workshop (3 DAYS EVENT)**, focused on inspection processes and challenges, enhancing insight into members' oversight regimes and identifying better practices: last workshop (virtual): March 2021



- **enforcement workshop (2 DAYS EVENT)** with similar goals.

Important for inspector training

Day 1

1. Fraud Considerations
2. Group Audit

Day 2

3. Impairment
4. Going concern issues

Day 3

5. Firmwide issues resulting from the pandemic
6. Update on the new Quality Management Standards

- APOA is a member since 2016, when CEAOB was established
- PROS OF BEING A MEMBER OF CEAOB:
 - improving cooperation mechanisms for the oversight of statutory auditors and addressing common inspection findings
 - promoting a consistent understanding and application of the law
 - monitoring developments in the audit market
 - examining international auditing standards and the process for their elaboration, and taking a common approach regarding third countries' auditors and oversight bodies
 - Helps a competent authority to identify and analyse trends, risks and vulnerabilities, relevant to audit oversight
 - WIKI common platform (members only)
 - Common oversight methodology (CAIM): [LINK](#) (Y2018)
 - Findings database

- 3 plenary meetings per year in Brussels
- Participation in different surveys (audit committees, inspection approach, data about the audit market, share of audit firms, concentration)
- Participation in preparation of the comment letters for different stakeholders
- Useful guidelines for members, adopted by CEOAB (impact of COVID on audit of financial statements; auditor's involvement on financial statements in ESEF...)
- Cons: quite different responsibilities of members, legal restrictions in more open discussions...

- **Great added value of this group for inspectors**
- exchange of good practices in the inspection procedures among members, taking common positions on inspection procedures, sharing experience and good practices, ideas, problems, knowing people from the same work area
- Enables continuous dialogue with other important audit networks operating in the European audit market.
- Approving Common Audit Inspection Methodology (CAIM) work programmes: file reviews and firm-wide procedures
- Discussions regarding inspection procedures, findings, inspections reports, preparations for the inspections...
- Discussions about joint inspections with the PCAOB - legal issues
- Meeting with big audit networks, standard setters
- 2 meetings annually

- Slovenia became a member in the beginning of 2020
- Austria, Cyprus, Czech Republic, Finland, France, Germany, Italy, Luxembourg, Netherlands, Portugal, Spain, Slovenia
- Sharing inspection findings, best practices and experiences including the analysis of database inputs
- FOCUS AREAS:
 - ✓ Use of data analytics
 - ✓ root Cause Analysis
 - ✓ Real Time Assurance
 - ✓ QMSE
 - ✓ PwC's audit quality indicators

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- Belgium, Cyprus, Czech Republic, Finland, France, Germany, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Spain, Slovenia
- **FOCUS AREAS:**
 - ✓ AC culture (Common focus area of all Colleges)
 - ✓ HR Matters
 - ✓ Root cause analysis
 - ✓ Consistency at local level, with a focus on Deloitte Way Workflows, Health Checks, In flight monitoring
 - ✓ Analysis of database findings and of the Firm's internal practice review results

PROS AND CONS OF BEING A MEMBER OF A COLLEGE

PROS

- To compare local audit firm with the network
- To hold the networks accountable on quality and risk management
- To share information between college members on different findings
- To better understand the networks' cultures and the impact thereof
- To prepare for annual meetings with the audit firms, analyse database findings and lead discussions
- Within the College (but not with the firm) share and discuss root cause analysis related to inspection findings
- Identify any potential weaknesses or lack of clarity in the ISAs

CONS

- Time consuming; a lot of involvement of APOA staff

- CEAOB has launched a thematic review on the materiality in audits with the objectives
 - to provide stakeholders with a better understanding of the concept of audit materiality and to explain how materiality affects the scope and extent of the auditor's work.
 - to present an overview of current practice of the largest audit networks and to underline discrepancies (If any).
- APOA inspector is a member of this task force
- Review is restricted to the audit of PIEs is also an opportunity
- CEAOB will present its summary findings in a joint report
- Survey in Slovenia: audit committees and audit companies

- CEAOB mandatory reporting every three years
- **SLOVENIA:**
- regular monthly and annual reporting by audit companies, directly to the electronic register

1. MONTHLY REPORTING

- Audit companies have to report a lot of data regarding each audit engagement:

Cilent data	planned hours	PIE/non PIE	Date of contract
audit fee	type of client	Type of audit report	Number of KAMs
Type of audit engagement	Duration of engagement	Date of audit report	Auditors experts
EQCR	Years of auditing the client	Non audit services (NAS) for audit client	key audit partner

2. ANNUAL REPORTING

Audit companies have to:

- ✓ Check all the data in the register
- ✓ Report data on all non audit services contracts concluded by the audit firm or any member of the network with a company that is obliged to hold a statutory audit in the Republic of Slovenia
- ✓ Report on publishing transparency reports
- ✓ Confirm monthly reporting
- ✓ End of April: deadline for reporting revenue and the structure of the revenue

