

Key messages

- Inspection reports should be made public, and audit committees should be mandatorily informed that an inspection will be conducted (in advance), with the inspection report being communicated when released
- Inspection reports should be clearer, especially on matters of interest to audit committees : performance of the internal quality control system, consistency of audit hours (as reported to the audit committee and as declared to the audit regulator, with audit hours in the audit firm's timesheet system), rating of deficiencies.
- Make transparency reports more informative, with harmonized quantified metrics regarding quality assessment of partners, training attendance (as a proxy for training efficiency), internal quality systems assessment, engagement of personnel (people survey)
- Harmonized metrics in audit regulator annual reports regarding audit quality assessment (% of deficiencies per level of severity, etc), internal quality systems assessments
- Continue / develop engagement with audit committees
- Greater authority to CEAOB to work towards effective harmonization of : content of inspection, depth and quality of inspection (including topics subject to inspection), consistency in the description of deficiencies and the grading of severity
- The specific confidentiality requirement for audit committee regarding the inspection report should be deleted
- Consider having a harmonized model of national audit regulator across the EU, (paying attention to cost effectiveness overall, with a harmonized financing model across the EU) ?

Preliminary remarks on audit committees' needs (at group level) with respect to leveraging the work of national audit regulators:

- Make sure that the audit approach (including materiality) and corresponding level of audit fees is set up at the right level (smart, cost effective, not too high, not too low), as per internal methodologies
- Make sure reported audit hours are consistent with hours actually engaged (including seniority and expertise)
- Make sure expertise and competence, as reflected in audit team CVs, is consistent with declaration
- Make sure audit firm internal quality control systems are working as said (including internal consultation on complex/judgmental matters and effectiveness of supervision process, general attention to quality and professional skepticism)

- Make sure audit committees make the right recommendation for appointment, commensurate with the level of complexity of sector and of the audit

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