

Representatives of the Commission, the European oversight bodies from 29 member states of the EAIG, the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) participated in a meeting of the working group of the European Audit Inspection Group which was held in Zurich on 15th and 16th November 2012.

Subject of the debate was the ongoing discussion of previous meetings for the establishment of an electronic database of findings. The risk-based approach for inspections was further discussed, in particular the one related with the activities for assessing the adequacy of audit fees. In this regard, it was noted that during the quality control review an analysis was carried out to confirm that the company's criteria for determining the audit fee take into account the specific features and resources planned for the corresponding engagement. In addition, an analysis of the differences between planned and actual hours in audit, an analysis of the involvement of partners and managers in the engagements, and an analysis of the use of internal and external experts were performed. At that moment was impossible to find a relationship between low pay and the provision of additional non-audit services.

The results of a survey conducted among the 29 member states of EAIG on the implementation of risk-based approach to inspections were presented. It was found that the majority of member states have knowledge of the market capitalization of listed companies; all members carry out full-range inspections of public-interest entities. The organizers presented also the factors to be considered in risk assessment - size of client/market capitalization, audit fee, results from previous inspections, problem areas for the sector, significant transactions, nature and complexity of operations, consolidated financial statements, etc.

The International Auditing and Assurance Standards Board presented its strategy and work program and future initiatives, including updated information on Clarified ISAs and ISA 610 - Direct Assistance.

In addition, the International Ethics Standards Board for Accountants continued the discussion of ISA 610 - Direct Assistance - to revise the definition of engagement team; the main arguments of the European audit regulators against the concept of internal auditors to provide direct assistance to the external auditor were indicated. In terms of ISA 610 - Direct Assistance - the need for close liaison with the IESBA was highlighted to ensure adequate safeguards when using individuals from the internal audit department of the customer to provide direct assistance. About Clarified ISAs, it was clearly indicated that there is a need to consider some controversial issues from the standards and also there is a need to assess whether they are the result of shortcomings in the standards or arise from enforcement difficulties.