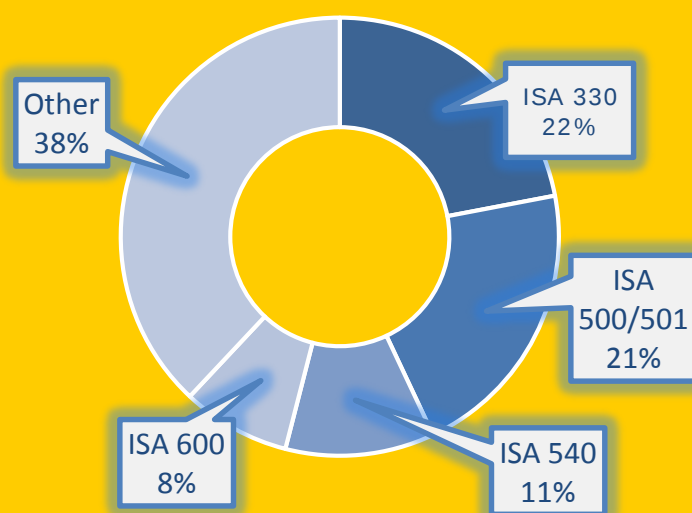




COMMITTEE OF
EUROPEAN
AUDITING
OVERSIGHT
BODIES

Inspection Findings: Retail and Consumer Products Industry

Most common types of findings



Analysis results

# Findings	131
# Jurisdictions	12
# Networks	6

Most affected FS line items	Revenue	Inventory
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Based on inspection findings from between 2014 and 2018

Examples of inspection findings

- + Traditional substantive audit approach not appropriate in a context of numerous automated transactions. This approach is not mitigated by more achievement of substantive testing
- + Weaknesses in relevant controls identification and testing (including IT controls)
- + No or insufficient testing of the information provided by the audited entity (completeness and accuracy) used as audit evidence
- + Deficiencies in observing inventory count, particularly in a context of multi-store locations
- + Insufficient challenging of management's key assumptions and valuation methods (gross valuation and provision on inventory, trademark, store's impairment)

“Well understanding entity's business model is a key step for auditors in order to define and perform the appropriate audit procedures”

