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FEATURES OF AUDIT MARKET REGULATION IN EU COUNTRIES

Audit activity acquires special significance both at the state level and at the level of the enterprise, organization, or institution itself. The audit market is the foundation for effective business conduct, transparency of the reflection of business transactions, increasing confidence in the business entity by stakeholders. The fundamental basis for the effectiveness of the audit is to confirm the reliability of the data reflected in the financial statements. International Standards on Auditing apply to every audit firm that, in turn, acts as a guarantor of the services it provides and at the same time reports to the bodies that control the conduct of auditing activities in each country. An important role is played by regulatory documents that establish certain requirements in accordance with state regulation. Thus, in order to get acquainted with the peculiarities of the regulation of the audit market in some countries of the European Union, we will explore issues related to audit regulators.

Austria. The audit authority is the Austrian Supervisory Authority (APAB). It consists of such structural units as the Management Board (MB) and the Supervisory Board (SB). The MB consists of two members appointed by the Federal Government of Austria for a term of five years. Both board members do not depend on the profession of auditor, they must not have been active in auditing for the last three years, but they must have fundamental knowledge in a relevant field, such as: auditing, accounting, or law. At least one member of the Management Board must be a certified public accountant. The SB, in turn, has seven members elected for five years. In this case, the Chairman and two other members are appointed by the Minister of Finance, three members by the Federal Chancellor, and only one by the Minister of Science, Research and Economic Affairs. The Quality Control Commission (QCC) is an advisory committee to APAB. It consists of seven members and seven alternate members appointed by professional associations of auditors. Members are appointed by the SB for a term of four years. In doing so, APAB should consult with the QCC on several issues, such as the appointment of auditors or the revocation of their certification [1,2].

Belgium. The national public oversight body is the Belgian College of Auditing (CSR-CTR), which has six members. Two of them are appointed by the National Bank of Belgium, two more by the Sanctions Commission of the Financial Services and Markets Authority, and two more by a Royal Decree. In addition, one of the latter must be an expert who was not a registered auditor and the other a former registered auditor who left the profession at least three years ago. In this case, all members are elected for a term of six years and may be reinstated, except for the former auditor.

There is also an Advisory Committee that will meet at least once a year. It includes representatives of the CSR-CTR, the High Council for Economic Professions, the Institute of State Auditors, and the Ministry of Economy [1,2].

Bulgaria. The Commission for Public Oversight of State Auditors (CPOSA) is the body regulating the audit market in Bulgaria. It has five members, including the Chairman. He is elected by the National Assembly of the Republic of Bulgaria, and the other four members are appointed by the Minister of Finance, the Bulgarian National Bank, the Financial Supervision Commission, and the Institute of Chartered Accountants of Bulgaria (ICPA). The latter has set up a working group on audit reform, and CPOSA is currently considering setting up an advisory committee [1,2].

Greece. The Greek Council for the Supervision of Accounting and Auditing Standards (HAASOB) is the body of public oversight of auditing activities. In a typical and functional sense, it is organizationally integrated under the Ministry of Finance. The Board of Directors, appointed by the Minister of Finance, consists of the Chairman, two Vice-Chairmen and four other members nominated by the Bank of Greece, the Capital Market Commission, the Greek Federation of Enterprises, and the Federation of Industries of Northern Greece. HAASOB is governed by a Board of Directors and exercises its powers through the Executive Committee and individual boards and committees, which include: Quality Control Board (SPE); Accounting Board (SLOT); Disciplinary Board (DB); Professional Examination Commission (EE); Continuing Professional Development Committee (CPDC) [1,2].

Denmark. The body of public control is the Danish Business Administration (DBA). As of June 17, 2016, it has assumed all responsibilities for audit quality control. The DBA is part of the Ministry of Business. And disciplinary sanctions are imposed by the Disciplinary Committee on Auditors, which is independent and consists of a minority of auditors and a judge as Chairman. Pursuant to the Danish Auditing Act, the Association of the Bank of the United States has appointed an Advisory Committee that may advise the Bank on issues related to the education and expertise of auditors, as well as legislative and regulatory aspects. This committee consists of representatives of the audit profession, companies, investors, financial institutions, and academics [1-3].

Estonia. The Audit Oversight Board (AAOB) is the audit oversight body. The AAOB consists of five to seven members appointed by the Minister of Finance. Three members must be nominated by the Financial Supervision Authority, the State Audit Office, and the Ministry of Justice, respectively [1,2].

Thus, analyzing the data on the peculiarities of the regulation of the audit market in some EU countries, we can conclude that the structure of audit oversight bodies is quite diverse. For example, one body assigns most of the tasks to subordinate organizational units, retaining the responsibility of oversight, and the other shares responsibility with another independent body involved in conducting auditing activities. Greece has the most extensive audit quality control system. As a result, it will also have more members of the public oversight body than in other countries. In general, the number of people ranges from five to nine. Equally noteworthy is the legal framework governing all audit-related matters.

Despite the differences in the elements of the mechanism for regulating the audit market in the European Union, all states still seek to increase the level of stakeholder confidence in certain businesses, boost their country's economic growth and bring it to the highest level in the world, while introducing appropriate updates to the legal framework and modernizing the system of control and public oversight to international standards.

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AUDIT RISK: ESSENCE, EVALUATION AND DIRECTIONS OF MINIMIZATION

An audit of the financial statement is the key factor of the effective functioning of the business. A timely audit allows to assess the results of the company, provides an opportunity to develop a plan of activities and to prevent the impact of negative factors on the activities of the entity. But the accuracy of the audit depends on the magnitude of the audit risk, so minimizing the latter is a guarantee of the accuracy of the audit opinion.

According to International Standards of Audit 200 «audit risk is the risk that the auditor expresses an inappropriate audit opinion when the financial statements are materially misstated" [1]. Audit risk is a function of the risks of material misstatement and detection risk» [1]. Audit risk includes the following components: risk control, inherent risk, and risk of non-defection. Characteristics of the components of audit risk are introduced in table 1.

Table 1 - Components of audit risk and their characteristics

Type of risk	Characteristics
Inherent risk	«The susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls» [1]
Control risk	«The risk that a misstatement that could occur in an assertion about a class of transaction, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity's internal control». This is the auditor's assessment of the internal control of the enterprise in terms of the ability to prevent and correct errors [1]
Risk of non-detection (Detection risk)	«This is the risk that the audit procedures will not materially reveal a misstatement of the account balance (or class of transactions) that may be material, alone or in combination with the misstatement of the balances in the other accounts». «The risk of non-detection of material misstatement due to fraud is higher than material misstatement due to error, as fraud may involve conspiracy, falsification, deliberate seizure, misinterpretation or neglect of internal control» [2] «Detection risk is the risk that the procedures performed by the auditor to reduce audit risk to an acceptably low level will not detect a misstatement that exists and that could be material, either individually or when aggregated with other misstatements" [1].

** Sources: [1,2]*

According to ISA 330, "The Auditor's Response to the Assessing Risks", "the auditor's objective is to obtain sufficient audit evidence about the assessed risks of material misstatement by designing and performing appropriate actions and procedures in response to such risks" [3]. The increase in the number of audit procedures is influenced by external factors (frequent changes in