

**PRESS RELEASE**

**13<sup>TH</sup> MEETING OF THE INSPECTION SUB-GROUP OF THE CEAOB**

22-06-2023

**THE INSPECTION SUB-GROUP OF THE CEAOB MEETS TO SHARE GOOD PRACTICES AND PROMOTE CONSISTENCY AMONG REGULATORS**

The 13<sup>th</sup> meeting of the Inspection Sub-Group (ISG) of the CEAOB was hosted by the Slovenian Agency for Public Oversight of Auditing (APOA) in Ljubljana on 21/22 June 2023. The meeting was chaired by the German Auditor Oversight Body (AOB) and was attended by 29 countries (EU and EEA countries).

**Highlights of the meeting include:**

*Dialogue with the leadership of Deloitte and of Mazars*

As part of the audit regulators' ongoing dialogue on improvements in audit quality with large European audit networks, the ISG met with representatives of Deloitte to discuss the European network firms' plans and activities to improve the quality of their audits. Topics included matters related to the use of Data Analytics Tools, the implementation of the International Standards on Quality Management (ISQM) and an update on the dialogue that the CEAOB Deloitte College had with Deloitte representatives following the CEAOB survey on materiality<sup>1</sup>. As a permanent agenda item, the meeting also addressed the results of internal monitoring and external regulatory reviews.

With the same objective, the ISG met with representatives of Mazars to discuss quality outcomes and the firm's plans and activities to further improve the quality of their audits. Topics included the firm's governance structure, recent developments with respect to the use of Data Analytics and Audit Tools, the implementation of ISQM and results of internal monitoring and external regulatory reviews.

The Deloitte College and the organising committee of the ISG will follow up on discussions of the above topics and other quality initiatives at European and global levels.

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<sup>1</sup> [Report on the CEAOB survey: Materiality in the context of an audit \(europa.eu\)](https://europa.eu)



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### *Common inspection findings*

The ISG maintains a database of inspection findings for its members to share knowledge and to identify recurring findings from inspections that warrant further follow-up with the firms and/or standards setters. Based on the analysis of the database entries, the ISG discussed the nature of recent findings related to audits of financial institutions (banks and insurance companies) as well as causal factors for these findings. An Infographic summarizing key findings and messages is attached to this press release and will be available on the CEAOB's [website](#).

### *Sustainability Reporting and Preparation for Corporate Sustainability Reporting Directive (CSRD)*

The ISG received an update on the development of the European Sustainability Reporting Standards (ESRS) which will be applicable in the European Union starting in 2024, according to the Corporate Sustainability Reporting Directive adopted in 2022.

The ISG members of six countries (France, Italy, Luxembourg, Netherlands, Norway and Slovakia) discussed the plans for the implementation of the Corporate Sustainability Reporting Directive in their countries and the impact on their oversight activities.

### *Dialogue with ESMA*

The ISG discussed with a representative of ESMA the accounting enforcers' perspective on disclosures and the application of the materiality concept to the financial statements.

### *Presentation of the detailed inspection approach*

The ISG continued a series of presentations by individual members of their inspection approach. The AOB presented the approach adopted in Germany.

### *Other areas covered during the meeting*

ISG members received an update on the work of the ISG task forces and on changes to the CEAOB Inspection Database and shared their experience on cooperation with third country audit regulators. The ISG discussed cooperation with the enforcement sub-group of the CEAOB.



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*About the CEAOB and the Inspection Sub-Group*

The Committee of European Auditing Oversight Bodies (CEAOB) is the framework for co-operation between national audit oversight bodies at an EU level. Its role is to strengthen EU-wide audit oversight. By facilitating supervisory convergence, the CEAOB contributes to the effective and consistent application of the EU audit legislation throughout the EU. The CEAOB is composed of representatives of the national audit oversight bodies of the EU and the European Securities and Markets Authority (ESMA).

The purpose of the CEAOB Inspection Sub-Group is to further enhance the cooperation and consistency among CEAOB members on the subject of inspection activity and to have effective communication with the audit firms and other third parties, with the aim of supporting the objective of the CEAOB to improve audit quality and confidence in audits.

Further information about the CEAOB can be found on its [website](#). For further information about this press release, please contact [EC-CEAOB-SECRETARIAT@ec.europa.eu](mailto:EC-CEAOB-SECRETARIAT@ec.europa.eu).

*About Colleges of audit regulators*

Colleges of regulators have been set up in accordance with Article 32 of the EU Audit Regulation (No 537/2014) to encourage increased co-operation between certain EU competent authorities for audit in respect of quality assurance monitoring activities. Currently four Colleges are in place, one for each of the four largest audit firm networks, each led by a College facilitator.