



PRESS RELEASE

14TH MEETING OF THE INSPECTION SUB-GROUP OF THE CEAOB

18-10-2023

THE INSPECTION SUB-GROUP OF THE CEAOB MEETS TO SHARE EXPERTISE AND EXPERIENCE AMONGST REGULATORS, LIAISE WITH INTERNATIONAL STANDARD SETTERS AND ENGAGE IN DIALOGUE WITH A EUROPEAN NETWORK OF AUDIT FIRMS

The 14th meeting of the Inspection Sub-Group (ISG) of the CEAOB was hosted by the Belgian Audit Oversight Board in Brussels on 11-13 October 2023. The meeting was chaired by the Irish Auditing and Accounting Supervisory Authority (IAASA) and was attended by 26 countries (EU and EEA countries) and representatives of the European Commission.

Highlights of the meeting include:

Dialogue with the leadership of the International Standard Setters

The membership of the CEAOB ISG, jointly with the International Auditing Standards Sub-Group (IAS SG) met with the respective Chairs and representatives of the International Audit and Assurance Standards Board (IAASB) and of the International Ethics Standard Board for Accountants (IESBA) to discuss their standard setting activities, including standards for assurance on sustainability reporting.

Dialogue with the leadership of EY

As part of the audit regulators' ongoing dialogue on improvements in audit quality with large European audit networks, the ISG met with representatives of EY to discuss the European network firms' plans and activities to improve the quality of their audits. Topics included matters related to the implementation of the International Standards on Quality Management (ISQM), internal monitoring and CEAOB inspection findings. The EY College will follow up on discussions of the above topics and other quality initiatives at European and Global levels.

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 statement disclosures.



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Fraud

The ISG members of two countries (Netherlands and Germany), an ISG observer (Switzerland) and the chair of the IAS SG discussed on the inspection of auditor's work in relation to fraud.

Internal Standards on Quality Management (ISQM)

The Polish authority presented the results of their thematic inspection on the implementation of ISQM. The ISG members of three countries (Ireland, Luxembourg, and Poland) shared their experience on the first year of inspection of ISQM in their respective countries.

Common Audit Inspection Methodology (CAIM)

As part of the ongoing enhancement of the CEAOB inspection methodology, the ISG members adopted the revised CAIM work programs on IT inspection and IT and Cybersecurity. A public version of the CAIM work programs is 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 discussed the plans for the implementation of the Corporate Sustainability Reporting Directive in their countries and its impact on their oversight activities.

Other areas covered during the meeting

ISG members approved the 2024 work plan and the work plans of the Colleges of regulators for 2024, received an update and on changes to the CEAOB Inspection Database

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).



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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.

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.