



COMMITTEE OF
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OVERSIGHT
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CEAOB INTERNATIONAL EQUIVALENCE AND ADEQUACY SUB-GROUP

Work Plan 2024 and Outlook 2025

1. Introduction

In order to further trust in informative, reliable, and independent audit reports, the CEAOB fosters the improvement of audit quality in Europe. To fulfil this mission, the International Equivalence and Adequacy sub-group contributes to EU policy on statutory audit and other assurance by focusing on the mechanisms on how to cooperate between European and third-country audit regulators and promote audit quality and high standards of statutory audit in third countries. The subgroup also supports the development of expertise in its members, and it fosters sharing of experience, expertise and best practices in the area of international cooperation as well as consistency in the implementation of the requirements to third-country audit entities.

This work plan sets out the key priorities and activities for the current period to the end of 2024 as well as the longer term as the activities of the sub-group span a number of years.

2. Objectives

Through its ongoing work, the sub-group facilitates the aims of the CEAOB's mission and, in particular, contributes to meeting the CEAOB's core strategies.

Harmonising regulatory approaches: The sub-group promotes common understanding and responses related to the European regime on equivalence and adequacy of third-country audit regulatory frameworks.

Sharing expertise and experience: The sub-group discusses approaches in areas such as third-country registration, cooperation and exchange of information with third countries and where possible, encourages best practices.

Contributing to EU policy on statutory audit and other assurance:

The sub-group provides contributions on equivalence and adequacy technical assessments of third-country legal and regulatory frameworks. Equivalence and adequacy facilitates cooperation with third country regulators up to high audit regulatory standards. In this regard, the sub-group also follows-up audit regulatory developments in third countries and assess whether there is an impact on already adopted equivalence and adequacy decisions.

3. Longer term outlook

Given the interconnectivity of economies worldwide and the global operations of audit networks, the primary focus of the sub-group is to ensure sound cooperation between European and third country audit regulators through the equivalence and adequacy assessments of third country audit regulatory framework. To this end, the sub-group will perform, as necessary, the revision of previously adopted equivalence decisions and where relevant, prepare new equivalence and adequacy technical assessments. The sub-group will also continually explore ways to support CEAOB members in their interactions with third country audit oversight authorities and foster cooperation.

The sub-group need to evaluate and if necessary, prepare for strategic changes as regards the revision of the audit directive and regulation, the amendments stemming from the corporate sustainability reporting directive and the impact on the third country regime.

4. Summary

The sub-group has identified a list of desirable activities aligned with the CEAOB's core strategies to be performed during 2024-2025. However, due to the lack of resources, the sub-group has established a prioritisation of the different work streams. Priority is provided with the number in brackets at the end of each work stream:

1. Harmonising regulatory approaches

- The sub-group will explore how to provide guidelines on the content of the cooperation agreements and exchange of information with third-country competent authorities under article 36 of the audit regulation. In particular, its articulation with the cooperative and working arrangements under articles 46 and 47 of the audit directive. (5)
- The sub-group will discuss on the current third country audit legal framework, in particular, articles 45 and 46, its ambiguities and limitations, and will assess potential improvements of audit directive and regulation on equivalence and adequacy matters (6).
- The subgroup will assess the impact of the amendments introduced by the Corporate Reporting Sustainability Directive (CSRD) in the equivalence and adequacy regime (7).

2. Sharing expertise and experience

- The sub-group will follow up on the report on third country audit firms registered in the EU and their audit clients. In particular, the establishment of a European common data base for third countries audit firms registered in the EU. The sub-group will also work on the development of a set of guidelines/ best practices regarding registration processes and maintenance of national third-country audit firms registers (4).

3. Contributing to EU policy on statutory audit and other assurance:

- The sub-group will follow-up developments on third-country audit regulatory frameworks as well as assess possible impacts on previous equivalence and adequacy decisions. In particular, the sub-group will monitor developments and continue a dialogue with those jurisdictions under a time-limited equivalence and/or adequacy decision (3).
- The sub-group will follow-up on the impact of the UK being a third country from the audit oversight perspective. The sub-group will monitor political developments and legislative initiatives and, where necessary, assess the need to take appropriate measures from the individual EU audit oversight bodies' and CEAOB's perspective. The sub-group will stand ready to provide any relevant input in case of the performance of a technical equivalence and/or adequacy assessment of the UK audit legal and regulatory framework (1)
- The sub-group will also monitor the impact of the UK being a third country on those equivalence and adequacy decisions adopted for other third country jurisdictions relying on the UK audit legal and regulatory framework. When necessary, the sub-group will assess whether the underlying equivalence assessments are to be revised. (2)
- Based on priorities, the sub-group will continue assessing and/or revising the equivalence assessments of third-country audit legal frameworks under a time limitation or adopted based on the 2006 EU Audit framework. (8)
- The sub-group will set up and/or continue the dialogue with third countries that have expressed an interest to be included in the equivalence and adequacy assessment programme. (10)