



11th plenary meeting of the Committee of European Auditing Oversight Bodies (CEAOB)
Centre Albert Borschette (Room 4A)
Brussels, 27-28 November 2019
Summary of operational conclusions

Chair: Ralf Bose, Chief Executive Director, Germany's Audit Oversight Body (AOB)

Vice-Chair: Alain Deckers, Head of Unit 'Corporate Reporting, Audit and Credit Rating Agencies', DG FISMA replacing Director of Financial Markets, DG FISMA

27 November 2019

1. Adoption of the agenda

The Chair welcomed the participants to the 11th plenary meeting of the CEOB.

The Chair informed members about a change in the agenda item 5.1 part of the investor outreach activities. The presentation by European Investors was replaced by a presentation by one of the members on recent developments in their national market.

Decision: The agenda was adopted with the above change.

2. Adoption of the minutes and the summary of operational conclusions of the previous meeting

Decision: The minutes and the summary of operational conclusions of the previous meeting held on 12 June 2019 were approved.

3. Chair's introductory remarks

The Chair briefly updated the CEOB members on developments since the latest CEOB plenary meeting and provided members with an overview of the main topics included in the plenary's agenda.

4. Vice-Chair's introductory remarks

The Vice-Chair provided members with an update on the current state of play of several activities under preparation by the Commission.

5. Stakeholder's Outreach

5.1. Presentation by a representative of European Investors followed by Q&A and internal discussion

As mentioned under agenda point 1, this point was replaced with a presentation by one of the members on recent developments in their national audit market.

5.2. Report on CEOB-ESRB meeting

The third CEOB-ESRB meeting with auditors of G-SIFIs took place on 28 and 29 October in Frankfurt.

The agenda included an update on the ESRB and CEOB work and the discussion of four topics:

- Assessment of IFRS 9 implementation;
- Preparatory work for IFRS 17;
- Valuation of complex financial instruments;
- Anti-Money Laundering and Fraud.

5.3. Discussion on next year's stakeholders invitations

The Chair provided members with an overview of the potential list of stakeholders to be invited during 2020.

6. Adoption of the 2020 CEAOB work programme

Rules 3(5) of the Rules of Procedures require the CEAOB to adopt an annual work programme including work plans for its sub-groups. The annual work programme for the CEAOB is to be tabled at the last plenary meeting of each year.

Decision: The work programme was adopted without changes.

7. Reports of the sub-group Chairs and adoption of the 2020 sub-group work plans and terms of reference (including internal discussion on the work of the ESEF task force)

The Enforcement sub-group Chair made a presentation of its main activities since the previous plenary meeting and the main elements included in the 2020 enforcement work plan.

Decision: The 2020 enforcement work plan was adopted without changes.

The Inspections sub-group Chair reported on the sub-group's meeting held on 20 and 21 November in Bucharest. The 2020 inspections work plan and its main activities were also presented to the members.

Decision: The 2020 inspections work plan was adopted without changes

The Market Monitoring sub-group Chair reported on the ongoing work and activities. The 2020 market monitoring work plan and its main activities were also presented to the members.

Decision: The 2020 market monitoring work plan was adopted without changes.

The International Auditing Standards sub-group Chair reported on key achievements since the latest plenary meeting. The 2020 international auditing standards work plan and its main activities were also presented to the members.

Decision: The 2020 international auditing standards work plan was adopted without changes.

The Chair also provided with an update of the **ESEF task force** work under the remit of the sub-group. The task force finalised its work on the guidelines for auditors regarding the audit of financial statements prepared in ESEF.

The International Adequacy and Equivalence sub-group Chair presented the work of the sub-group since the latest plenary meeting. The 2020 international adequacy and equivalence work plan and its main activities were also presented to the members.

Decision: The 2020 international adequacy and equivalence work plan was adopted without changes

The last point discussed under this agenda point was related to the update of the sub-groups' terms of reference, more specifically the successorship provision for sub-group Chairs with the exception of the International Equivalence and Adequacy sub-group (where this provision is not applicable).

Decision: The updated sub-groups' terms of reference (with the exception of the International Equivalence and Adequacy sub-group) were adopted without changes.

8. Adoption of country report for one third country and criteria for re-assessment of existing equivalence decisions

The International Adequacy and Equivalence sub-group Chair presented to the members the prioritisation criteria for the future technical assessments to be performed by the sub-group.

The last country under transitional regime report and its main conclusions were presented by the rapporteur.

Decision: The country report was adopted without changes.

9. Presentation of the 2020 Colleges works plans

The 2020 Colleges work plans presentations provided an overview of the Colleges, their members, objectives and their planned activities and meetings in 2020.

Brexit update for EU-27 members: The Vice-Chair provided the EU-27 members with an overview of the current state of play for Brexit and potential next steps in the area of statutory audit.

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10. Stakeholder's Outreach

10.1. Presentation by representatives of Accountancy Europe followed by Q&A and internal discussion

The Accountancy Europe representatives provided members with an overview of the organisation, its strategic priorities and ongoing and future projects.

The presentation was followed by a Q&A session with the members.

10.2. Presentation by representatives of Accountancy Europe and European Contact Group on the audit of financial statements prepared in ESEF, followed by Q&A

The Accountancy Europe and European Contact Group representatives provided members with a presentation on the audit of financial statements prepared in ESEF and their involvement in the work and guidelines developed by the CEAOB on this topic.

The presentation was followed by a Q&A session with the members.

10.3. Presentation by representatives of European Contact Group, followed by Q&A

The European Contact Group (ECG) representatives provided members with a presentation covering, among other, practical experiences with the EU audit legislation and statutory audit related expectations in the context of EU corporate governance.

The presentation was followed by a Q&A session with the members.

10.4. Follow up internal discussion on ESEF and Stakeholder Outreach sessions

Members concluded that an open line of discussion with the profession regarding ESEF is needed to further understand the future practical implications.

11. Adoption of guidelines on the audit of financial statements prepared in ESEF

The guidelines proposed for adoption were discussed among the members.

Decision: The guidelines were adopted without changes with five abstentions.

12. Discussion of potential topics for non-binding guidelines

Members identified the topics for which the CEAOB will develop non-binding guidelines or opinions on in the future. Task forces will be formed for each topic and they will each be led by one of the members.

13. Adoption of non-binding guidelines on maximum duration of audit engagement- Art. 17 of Audit Regulation

The guidelines proposed for adoption were discussed among the members.

Decision: The guidelines were adopted without changes with one abstention.

14. Update on third country observer participation in the CEAOB (including decision on a third country's request to become an observer)

Members decided not to grant the requested observer status for the moment in order to have further discussions with the applicant to better understand the rationale behind their application.

15. Update on educational qualifications initiative

According to Article 6 of the Audit Directive, the competent authorities shall cooperate with each other with a view to achieving a convergence of the requirements for educational qualifications.

A meeting among the authorities responsible in the area of educational qualifications for statutory audit in the Member States will be planned in 2020.

16. Presentation by EC representatives on the Non-Financial Reporting Directive and possible future developments

EC representatives made a presentation on the current reporting requirements of the Non-Financial Reporting Directive (NFRD) as well as the potential need to review these requirements in the next period. They asked members for input on any trends, challenges and issues they might have identified in this area, with a particular focus on assurance requirements for sustainability information.

17. Member reporting (NL, SI, CY, PT)

The purpose of the members' presentations is to present the main characteristics of their oversight systems, how they carry out their work and what kind of challenges they face, with an overall objective to encourage information sharing and dialogue between competent authorities.

This time the presentations were given by The Netherlands, Slovenia, Cyprus and Portugal.

18. Update on CEAOB new Chair election in 2020

The CEAOB will have to elect a new Chairman or Chairwoman in its 2020 June meeting. According to Art. 30 (6) of the EU Audit Regulation, the Chair of the CEAOB is elected by a majority of 2/3 of the members from a list of applicants who represent the competent authorities united at the CEAOB.

19. Adoption of a short summary for publication on the webpage

A few changes were suggested in the summary document. The updated version of the document will be published on CEAOB's website following the meeting.

20. Any other business

The dates for the 2020 CEAOB plenary meetings are:

- 3 March
- 24 June
- 25 November [*since expanded to 24 and 25 November*].