



COMMITTEE OF
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AUDITING
OVERSIGHT
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CEAOB INTERNATIONAL EQUIVALENCE AND ADEQUACY

SUB-GROUP

Work Plan 2025 and Outlook 2026

1. Introduction

In order to further trust in informative, reliable, and independent audit reports, the CEAOB fosters the improvement of audit quality in Europe. The International Equivalence and Adequacy sub-group plays a vital role in this mission by contributing to EU policy on statutory audit and other assurance services. It focuses on the mechanisms for cooperation between European and third-country audit regulators and promotion audit quality and high standards of statutory audit in third countries. Additionally, the subgroup supports the development of expertise among its members, and encourages the sharing of experienced, knowledge, and best practices in the area of international cooperation, ensuring consistency in the implementation of the requirements for third-country audit entities.

This work plan outlines the key priorities and activities for the current period through the end of 2025 as well as the longer-term objective, given that the sub-group's activities extend over several years.

2. Objectives

Through its ongoing efforts, the sub-group supports the objectives of the CEAOB's mission and, in particular, contributes to the achievement of its core strategies:

Harmonising regulatory approaches: The sub-group fosters a shared understanding and coordinated responses regarding the European regime on equivalence and adequacy of third-country audit regulatory frameworks.

Sharing expertise and experience: The sub-group discusses strategies related to third-country registration, cooperation and the exchange of information with third countries and while also promoting best practices, where possible.

Contributing to EU policy on statutory audit and other assurance:

The sub-group provides technical equivalence and adequacy assessments of third-country legal and regulatory frameworks. Equivalence and adequacy facilitate cooperation with third country regulators up to high audit regulatory standards. In this context, the sub-group also monitors audit regulatory developments in third countries and assess their impact on existing equivalence and adequacy decisions.

3. Longer term outlook

Given the interconnectivity of the global economies and the worldwide operations of audit networks, the sub-group's primary focus is to ensure effective 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 revise previously adopted equivalence decisions as necessary and where relevant, develop new technical equivalence and adequacy assessments. Additionally, the sub-group will continuously 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 outlined a list of desirable activities aligned with the CEAOB's core strategies to be performed during 2025-2026. However, **due to resources limitations, the sub-group has established a prioritisation of the various work streams**. The priority level is indicated by the number in brackets at the end of each work stream:

1. Harmonising regulatory approaches

- The sub-group will explore the development of guidelines on the content of the cooperation agreements and exchange of information with third-country competent authorities under article 36 of the audit regulation. This will include, in particular, how these agreements align with the cooperative and working arrangements outlined in articles 46 and 47 of the audit directive. (4)
- The sub-group will discuss the current third country audit legal framework, in particular, articles 45 and 46, focusing on its ambiguities and limitations, and work towards a common understanding. The ultimate goal will be to assess potential improvements to the audit directive and regulation regarding on equivalence and adequacy matters (5).
- The subgroup will assess the impact of the amendments introduced by the Corporate Reporting Sustainability Directive (CSRD) on the registration and oversight of third-country auditors as well was on the equivalence and adequacy regime (3).

2. Sharing expertise and experience

- In the area of third-country audit firms' registration of in the EU, the sub-group will focus on exploring the establishment a European common data base for these firms. Additionally, if feasible, the sub-group will work on developing guidelines and best practices for registration processes and maintenance of national third-country audit firms registers (6).

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

- The sub-group will monitor developments in third-country audit regulatory frameworks and assess potential 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 (1).
- The sub-group will monitor the impact of the UK's status as third country from an audit oversight perspective. It will track political developments and legislative initiatives assessing the need for appropriate measures for both the individual EU audit oversight bodies' and the CEAOB's perspective. The sub-group will stand ready to provide relevant input in case of the performance of a technical equivalence and/or adequacy assessment of the UK audit legal and regulatory framework (2)
- Based on priorities, the sub-group will continue assess and/or revise the equivalence assessments of third-country audit legal frameworks under a time limitation or adopted based on the 2006 EU Audit framework. (7)
- 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. (8)