



COMMITTEE OF
EUROPEAN
AUDITING
OVERSIGHT
BODIES

CEAOB 2020-003
Adopted on 3 March 2020

CEAOB Annual Report 2019

I. Chair's Remarks

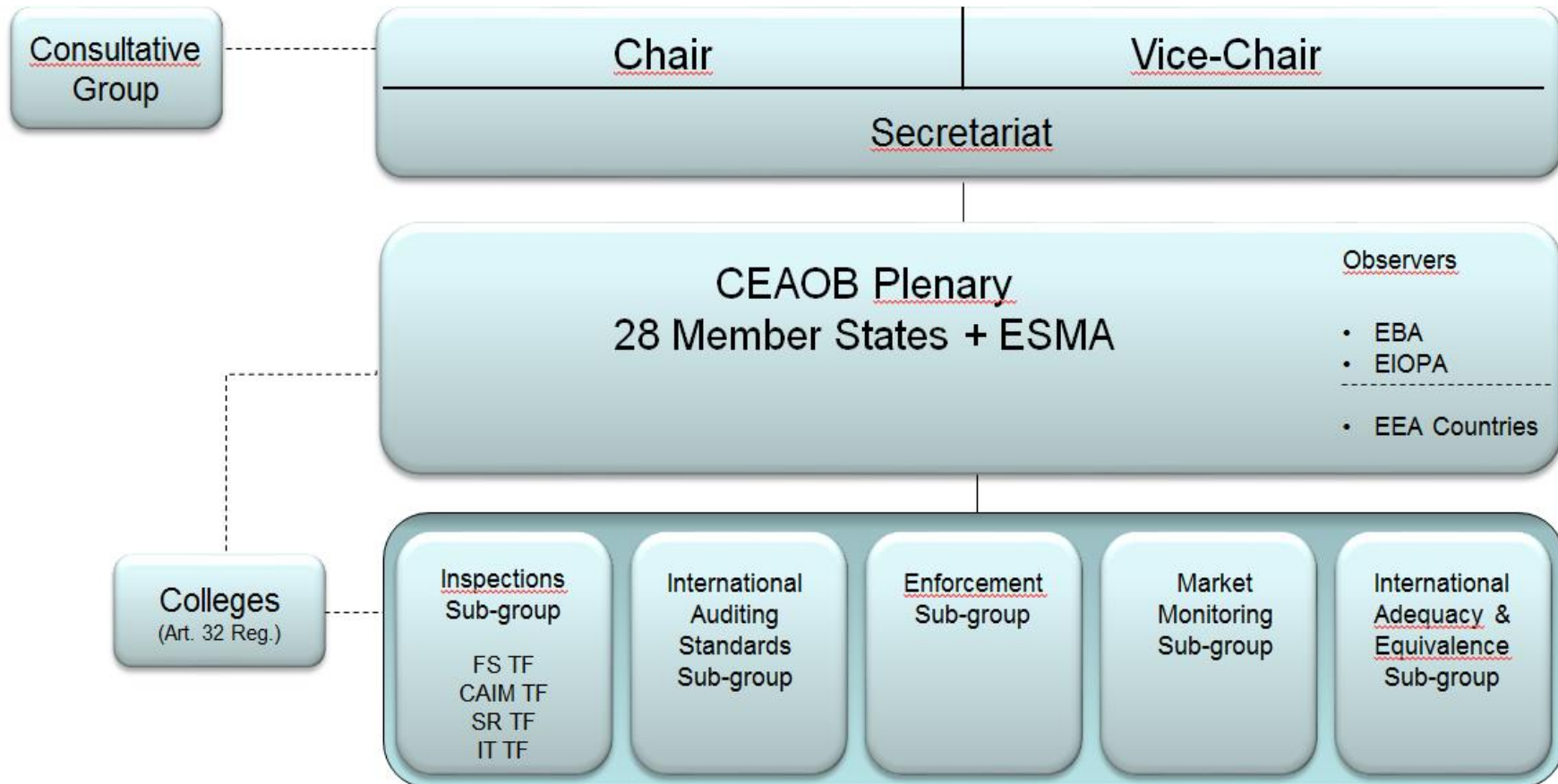
As a cornerstone of international financial stability and economic growth, high audit quality ensures the integrity of financial reporting in the public interest and helps to increase decisive confidence and trust of investors and the broader public when making financial decisions. In a world with interconnected capital markets, the Member States of the European Union and the European Economic Area continue to address the need to improve audit quality by enhancing auditor oversight cooperatively within the Committee of European Auditing Oversight (CEAOB).

Therefore, it is my honour to introduce the 2019 CEOB annual report as Chair of the Committee for the fourth time. Having lead the developments of the CEOB as its first Chair since 2016, I would proudly like to highlight that all members of the CEOB have dedicatedly worked together and demonstrated their determination and ability for cooperation in auditor oversight. The CEOB's priorities include promoting a consistent understanding and application of the European law, monitoring developments in the audit market, addressing common inspection findings and taking a common approach regarding third countries' auditors and oversight bodies. Apart from the internal cooperation among European Member States, this also included an increased external output and transparency to the audit environment as well as an intensified outreach to many stakeholders of the entire financial reporting ecosystem. The CEOB made it a priority to invite stakeholders to its meetings who brought their valuable expertise and experience to the Committee's table.

I am extremely grateful both for the five sub-groups' considerable support but also for the Consultative Group's indispensable attribution that ensured that the CEOB stayed on track in performing its tasks in line with the work programme. Furthermore, I would also like to thank the Vice Chair and Secretariat for their ongoing and reliable support. Last but not least, I was grateful for every initiative from everyone involved in the work of the CEOB. Significant input and effort was provided by the task force leaders and members involved in the preparation of the guidelines adopted in 2019. CEOB's work relies heavily on the contributions of its members and I would also like to state my gratitude to the Member States for their important efforts and contributions.

I confidently look forward to continuing our cooperation within the CEOB to master the challenges provided by the current topics surrounding the audit market. Although 2019 was the last year in which I served full-time as Chair, I am convinced that the CEOB's achievements will be carried forward under my successor's lead who will be elected by mid-2020.

II. CEAOB structure and sub-groups



III. CEAOB 2019 activities

CEAOB's main objectives are to consistently support audit quality and consequently to keep and increase confidence and trust of investors and the broader public in financial reporting in the European Union. The CEAOB is a framework for practical, consistent and comprehensive cooperation among European national audit regulators.

In order to achieve this, the 2019 CEAOB activities have been designed to reflect four objectives defined and included in its work plan: cooperation, communication, interconnectivity and monitoring. The section below contains a description of how they were fulfilled throughout the year.

During 2019, the CEAOB members have carefully considered the economic impact as well as any influences of Brexit regarding the auditor oversight cooperation, with a focus on registration of third country auditors and the work they perform. Furthermore, regarding the work of the CEAOB, precautions were taken to substitute the work of the UK regulator representatives to ensure continuity. This is an ongoing process that will continue in the coming period.

The CEAOB depends on considerable contributions from its member organisations in order to achieve its objectives. Its sub-groups and task forces provide significant input and effort towards the achievement of these objectives. A significant number of meetings and calls were organised during 2019 by the sub-groups and task forces and this resulted in the extensive output presented below in this report.

1. Cooperation

1.1. Implementation of the Audit Regulation and Directive (ARD)

PLANNED OUTPUT	2019 ACTIVITIES
<p>Sharing experience and best practice regarding the transposition and the implementation of the ARD</p>	<p>Sharing experience and best practice with regard to the transposition and the implementation of the Audit Regulation and Directive (ARD) is one of the key tasks of the CEAOB. To ensure a successful auditor oversight at a common level in all Member States, a consistent usage of the European legal framework is indispensable. Whenever questions regarding the implementation of the audit legislation arise, members are encouraged to explain the specific situation and suggest a solution with the possibility for other members to comment. The positions taken by Member States are non-binding and are issued for gaining a better understanding of how other Member States deal with the specific issues raised.</p> <p>To facilitate an easy and efficient way for communication, Member States are encouraged to use an internal internet online platform (the Wiki) where questions can be raised and members can respond to them, making the newly found intelligence available and transparent to all members. This platform is only intended to facilitate the exchange of information about how members interpret specific provisions of the ARD and to offer potential solutions.</p>

PLANNED OUTPUT	2019 ACTIVITIES
	<p>Moreover, the plenary meetings provide a forum in which members can discuss or exchange information on high policy topics concerning current developments in the auditor oversight field.</p> <p>When addressing complex, important topics, the sub-groups and task forces are also providing their input in areas within their expertise. Task forces specifically are called into life when developing non-binding guidelines with a common understanding of the application of the European law. Once these guidelines and opinions are adopted, they are published on CEAOB's website.</p>
<p>Providing advice to the EU Commission and members upon request, including via the Wiki</p>	<p>By sharing their experiences with the legal framework as well as by addressing current issues with regard to the application of the ARD, Member States are constantly cooperating with the Commission in order to develop the best approach. Furthermore, Member States provide the Commission with their practical experiences and knowledge as well as with their advice whenever this is needed.</p>
<p>Developing guidelines and thought papers for its members</p>	<p>According to the Audit Regulation, the CEAOB may publish opinions or non-binding guidelines meant to provide clarity to its members and the wider public and to ensure a consistent application of the European legal framework. Once adopted, they are published on CEAOB's website. Although these opinions or guidelines are non-binding, the decision making process in the CEAOB is designed to ensure maximum support for their content.</p> <p>Two guidelines were adopted and published by the CEAOB in 2019: one related to the involvement of auditors on the financial statements prepared in European Single Electronic Format (ESEF) and a second one on the application of Article 17 of the Audit Regulation with regard to the duration of an audit engagement.</p> <p>In addition to these public documents, the CEAOB has further developed its internal procedures, for example regarding the onward sharing of the Common Inspections Audit Methodology (CAIM) with third country regulators.</p>

1.2. Inspection-related activities

PLANNED OUTPUT	2019 ACTIVITIES
<p>Sharing, discussing and analyzing inspection findings (through database)</p>	<p>Two meetings of Inspections sub-group (ISG) members were held during 2019:</p> <ul style="list-style-type: none"> • Luxembourg on 19 and 20 June • Bucharest on 20 and 21 November <p>During these meetings, four analyses of inspection findings for the following industries were discussed and as a result four infographics have been published on CEAOB's website:</p>

PLANNED OUTPUT	2019 ACTIVITIES
	<ul style="list-style-type: none"> • Banking • Insurance • Industrial products • Retail and consumer product <p>Presentations to and discussions with the audit firms and standard setters on common inspection findings were held during these meetings.</p>
Further develop CAIM	<p>The CAIM task force has started in 2019 the:</p> <ul style="list-style-type: none"> • Revision of the existing ISA 540 work programme as a result of the standard's update • Update of the existing firm wide work programme on Ethics and Independence as a result of the introduction of the new Code of Ethics and some additional clarifications in the interpretation of the EU audit legislation • Development of a work programme on IT inspections and cybersecurity in cooperation with the IT task force. <p>These work programmes are foreseen to be finalized and approved in June 2020.</p>
Exploring consequences of means such as data analytics and off-shoring on audit quality	<p>The ISG has decided in its work plan to obtain details on the use of data analytics and on the level of off-shoring activity undertaken by the Big-4 audit firms in Europe. These results are reported back to the sub-group meeting every two years and next time will be in 2020.</p> <p>Data analytics and off-shoring are also recurring subjects that are dealt within the Colleges of Big-4 audit firms.</p>
Identify specific issues of inspections of financial services, IT and smaller regulators	<p>The Financial Services (FS) task force:</p> <ul style="list-style-type: none"> • Held a physical meeting and several calls during 2019 • Prepared the CEAOB's annual meeting with the European Systemic Risk Board (ESRB) and G-SIFIs auditors in October 2019 at the European Central Bank (ECB) in Frankfurt, discussing current and upcoming systemic, business, accounting and audit issues in the financial services industries • Undertook thematic reviews for IFRS 9 first time application and Key Audit Matters for audits in financial services • Prepared all financial services elective sessions for the IFIAR Inspection Workshop 2019 • Started preparations for a second training for financial services audit inspections in 2020 together with the Smaller Regulators Inspectors task force <p>The IT inspections task force:</p> <ul style="list-style-type: none"> • Held a meeting and several calls in 2019 • Started working on an improved consistency of practices and approaches on IT inspections by developing the IT inspection work programme on engagement level together with the CAIM task force

PLANNED OUTPUT	2019 ACTIVITIES
	<ul style="list-style-type: none"> • Initiated an inspection programme regarding Information Security and Cyber Security at audit firms, addressing especially the control environment of the audit firms as well as the effectiveness of controls and preventive measures • Reviewed and discussed common inspection findings related to IT <p>The Smaller Regulators Inspectors (SRI) task force:</p> <ul style="list-style-type: none"> • Held several meetings and calls in 2019 • Organized a training event in October 2019 in Athens together with the IFIAR Emerging Regulators Group on IT and updates on IFRS 15 and 9 with a focus on financial services • Began planning future trainings based on very positive results of previous trainings and suggestions for future seminars, specifically in the financial services area.
Sharing experiences regarding coordinated quality assurance reviews between members	This point was not covered in the ISG meetings in 2019 but will be considered in 2020 depending on members' interest on the topic.
Exploring training needs for inspectors and means of increased interaction among members	<p>The SRI task force performed a survey to gather information on training needs and suggestion for future seminars.</p> <p>Moreover, the Wiki platform is used to update the database of inspection specialists and for secondment requests among Member States inspection teams.</p>

1.3. Enforcement-related activities

PLANNED OUTPUT	2019 ACTIVITIES
Conduct surveys regarding specific issues, including administrative measures and sanctions as well as the administrative and disciplinary regimes in the member states	The Enforcement sub-group (ENF SG) composed a survey regarding statistics on administrative measures and sanctions imposed during 2018. The survey comprised questions about organizational developments and enforcement processes. The survey was sent to Member States in July 2019. Responses were received and processed in autumn 2019. Issuing the report on statistics and other enforcement issues containing an overview of the information gathered through the survey is targeted for early 2020.
Prepare the issuing of aggregated information regarding administrative measures and sanctions (see under Communication)	<p>A two days face-to-face meeting was organized in Luxembourg on 26 and 27 June 2019. The ENF SG discussed in detail the contents of the enforcement survey. It was agreed to collect more information about the enforcement organisations and processes of the national competent authorities. On the second day of the meeting several case studies of real enforcement cases were presented and debated. The discussions focused on interpretations of the ARD.</p> <p>The ENF SG completed a report about aggregated information regarding administrative measures and sanctions imposed by</p>

PLANNED OUTPUT	2019 ACTIVITIES
	Member States during 2017. The data was gathered and the information compiled during 2018. This resulted in a report approved by CEAOB in June 2019 and published on CEAOB's website.

1.4. Standard-related activities

PLANNED OUTPUT	2019 ACTIVITIES
Discuss standards-related issues regarding the application of the EU framework on auditing matters	<p>The International Auditing Standards sub-group (ISA SG) took on board a project on the involvement of auditors on the financial statements prepared in European Single Electronic Format (ESEF), introduced by the EU Transparency Directive, to facilitate a consistent application within the Union. After dialogue with experts of the profession, guidelines were adopted on 28 November 2019 and published on CEAOB's website.</p> <p>Other topics discussed within the ISA SG included, among others, the application of the provisions in Article 22 of the Audit Directive (the prohibition of direct assistance provided by the internal audit function of the audited entity to its auditor) and in Article 7 of the Audit Regulation (the scope of irregularities).</p>
Discuss impact of differences identified between ISAs and EU	This workstream was postponed to 2020, due to the competing deadlines on the other projects lead by the ISA SG.
Use the inspection findings database to identify any findings that point to deficiencies in auditing standards	<p>Once a year, the ISA SG analyses the information from the findings database to identify those findings which are most recurring and frequent. This information is useful in targeting the auditing or ethical standards which would deserve revision, based on the inspection experience of the CEAOB members. The standards with most findings are scrutinized in particular and this information is presented to the IAASB to assess whether enhancement of the corresponding standard would be required.</p> <p>The ISA SG examined the details of the data extracted from the CEAOB database as of October 2019, relevant for standard setters' activities and used the summary of this analysis to facilitate the discussion on standard-related issues with the IAASB and IESBA during its meeting held in November in Bucharest.</p>
Examine the Monitoring Group's proposal on the reform of the standard setting process	Awaiting the publication of the updated Monitoring Group proposals regarding the reform of the auditing standards setting process, the ISA SG did not have material, in 2019, to follow up on the comments it provided to the Monitoring Group's consultation in February 2018. This activity will be conducted when new proposals will be communicated by the Monitoring Group, and has been rescheduled for 2020.

1.5. Other

PLANNED OUTPUT	2019 ACTIVITIES
<p>Provide a framework for discussion of wider, cross-cutting issues between sub-groups and facilitate their cooperation</p>	<p>CEAOB's three annual plenary meetings are prepared in close consultation with the members of the CEOB's Consultative Group which met regularly ahead of the meetings. Their work, as in the years before, was indispensable to ensure that the CEOB covered in its work topics of the highest interest for its members in line with the annual work programme.</p> <p>Additionally, the Chair, Vice Chair and the Chairs of the sub-groups meet at least once per year. Besides discussing common interests of the sub-groups, these meetings serve as opportunities to convene and discuss developments that simultaneously affect the work of more than one sub-group, ensuring coordination between them. This allows for the identification of cross-cutting issues and provides a platform for the sub-groups to easily liaise on joint matters.</p> <p>Furthermore, the CEOB has acted on a suggestion brought forward by one member and explored its coordinating role in the setting of auditors' educational requirements. This initiative will continue in 2020.</p> <p>There is also a joint ISG – Market Monitoring sub-group (MMSG) work stream to assist the Commission in data collection and database interrogation for the production of the next market monitoring report.</p> <p>The ISG invited the chair of the ENF SG to the Luxembourg meeting to present the results of the 2018 enforcement survey and to exploring ways for further collaboration among the sub-groups.</p> <p>The ENF SG examined possible common fields with the ISG and ISA SG. Common interests were detected. Further cooperation and concrete interaction will be continued in the coming years.</p>
<p>Identify and analyze trends, risks and vulnerabilities relevant to auditor oversight</p>	<p>2019 brought a number of new developments in several Member States, most notably in the Netherlands and the UK. In both countries, the structure of the audit market and the need for reforms regarding auditor oversight were subject of several reports and studies. Both the Dutch and the UK regulators reported to the CEOB on the content of these reports and studies as well as their possible follow up.</p> <p>Also, a meeting with the Chair of the International Forum of Independent Audit Regulators (IFIAR) to learn about the organisation's initiatives regarding confidence in auditor oversight and learnings from audit failures was important in understanding which role the CEOB could have vis-à-vis its members in high profile cases of audit failures.</p> <p>The ISG and the Colleges of Big-4 audit firms are closely following up on the implementation of new technologies, assessing their related risks and the impact on audit quality.</p>

2. Communication

PLANNED OUTPUT	2019 ACTIVITIES
<p>Communication with external stakeholders</p>	<p>The stakeholder outreach activities take place based on a stakeholder communication paper adopted by the CEAOB plenary. The general approach is to have a balanced mix of stakeholder representatives, and the main purpose is to give a first-hand account to members on the issues that stakeholders consider as important.</p> <p>The CEAOB’s stakeholder outreach is important to its members to benefit from other’s expertise and to raise consciousness of CEAOB’s work and tasks with the public. For each 2019 plenary meeting, the CEAOB issued invitations to different stakeholder group’s representatives. This ensures that the CEAOB is in contact with those who benefit from its efforts to enhance audit quality or who share similar goals. At the same time, it helps the CEAOB to be more transparent and communicative about its own work and any ongoing and future projects.</p> <p>The following external parties participated in the CEAOB plenary meetings in 2019:</p> <ul style="list-style-type: none"> • March: European Group of International Accounting Networks and Associations (EGIAN) representatives were guest speakers on enhancing and promoting audit quality for mid-tier audit firms • June: PCAOB representatives provided an overview of their new strategies and initiatives, and the ongoing cooperation between the PCAOB and European national competent authorities; the IFIAR Chair provided members with an overview of the organization’s ongoing projects • November: Accountancy Europe (AE) representatives provided an overview of the organization, its strategic priorities and ongoing projects; European Contact Group (ECG) representatives provided updates on practical experiences of the Big 6 audit networks with the EU audit legislation; a joint AE-ECG session covered the topic of audit of financial statements prepared in ESEF. <p>The CEAOB was represented by the Chair and/or other members during outreach initiatives with the following stakeholders/ organisations’ and events respectively: Financial Stability Board (FSB), European Systemic Risk Board (ESRB), European Auditing Research Network (EARNet), 10 Year anniversary of the Czech Republic oversight body, European Group of International Accounting Networks and Associations (EGIAN), the Workshop on European Financial Reporting, European Audit Committee Leadership Network (EACLN), Russian international conference on audit quality and the European corporate governance conference in Romania.</p>

PLANNED OUTPUT	2019 ACTIVITIES
Publication of guidelines and thought papers	<p>In 2019, the CEAOB has adopted two non-binding guidelines covering highly relevant topics on which members of the respective internal task forces have worked intensively throughout the year. One task force was set up by the ISA SG under the lead of France. It developed non-binding guidelines on the auditors' role regarding the audits of financial statements in ESEF. The feedback received since the publication of the guidelines has demonstrated a high interest in this topic.</p> <p>The second task force, under the lead of Spain, has developed guidelines on the application of Article 17 of the Audit Regulation with regard to the duration of audit engagement, a topic which was selected by the CEAOB members for its relevance in their work. These guidelines clarify issues that are frequently occurring, related to the calculation of an audit engagement duration, conditions for extension and rotation of auditors, as well as the effects of mergers and acquisitions.</p>
Issue comment letters regarding the conclusion drawn from its work	<p>The ISA SG prepares public letters to provide CEAOB's comments on proposals issued by the IAASB. The SG led discussions to identify topics of relevance to be communicated to the IAASB through comment letters.</p> <p>In 2019, the following comments letters were issued under the lead of the ISA SG:</p> <ul style="list-style-type: none"> • Comments on IAASB's proposed strategy for 2020-2023 and the work plan for 2020-2021, issued in June 2019 • Comments on the revision of the standards on Quality Management within firms (ISQM1, ISQM2 and ISA 220) issued in July 2019 • Comments on the IAASB's consultation on the audit of less complex entities issued in September 2019.
Liaising with standard setters	<p>A joint meeting was held between the ISA SG and ISG in Bucharest (November 2019), where members of both sub-groups met representatives from the IAASB and IESBA. This included a presentation of inspection findings on several areas, as informed from the findings database.</p> <p>During those meetings, the comments submitted by the CEAOB on IAASB's ongoing projects (ISA 315, ISQMs, ISA 220, strategy) were also discussed, and the standards setters provided feedback on how CEAOB comments were integrated.</p> <p>As part of the Bucharest meeting held in November 2019, the ISA SG also organised a face-to-face meeting with the Public Interest Oversight Board (PIOB) to discuss IAASB's and IESBA's responsiveness to CEAOB comments and public interest issues identified in relation to the recent standards setters' projects.</p>
Hold joint meeting with ESRB/Auditors of G-SIFs	<p>According to the Audit Regulation, the European Systemic Risk Board (ESRB) and CEAOB shall organize an annual meeting with the statutory auditors/ audit firms/ networks carrying out statutory audits of all global systematically important financial</p>

PLANNED OUTPUT	2019 ACTIVITIES
	<p>institutions authorized within the Union, in order to inform the ESRB of any sectorial or significant developments in those institutions.</p> <p>On 28 and 29 October 2019, the annual meeting took place for the third time at the premises of the ECB in Frankfurt/Main. This meeting provided an opportunity for the CEAOB to explain and share its workflows and current findings within the banking and insurance sector. Representatives of five CEAOB member countries (Germany, France, the Netherlands, Spain and the UK) with global systematically important banks and insurers participated on behalf of the CEAOB together with the Chair and Vice-Chair. The ESRB was represented by the ESRB Secretariat who chaired the meeting together with the CEAOB Chair. Representatives from other bodies with active roles in the European financial area such as EBA, ESMA, ECB and national central banks were invited as well, whereas KPMG, Deloitte, EY, PwC and Mazars participated as representatives from the audit networks.</p> <p>Besides providing information on current ESRB and CEAOB activities including inspection findings, a thematic review on key audit matters of banks and insurance undertakings as well as the impact and consequences of the application of IFRS 9 on statutory audits was presented by Luxembourg and Germany. Furthermore, the agenda included a discussion on the preparatory work for IFRS 17, on valuation of complex financial instruments as well as on anti-money laundering and fraud with regard to audits.</p>
<p>Communication with audit firms and discussion of their audit quality initiatives</p>	<p>During the year, the following firms have attended meetings with the ISG members:</p> <ul style="list-style-type: none"> • Luxembourg: Deloitte and BDO • Bucharest: EY <p>The presentations and discussions with the firms covered the subject of inspection findings (internal and external), root cause analysis and other audit quality initiatives.</p> <p>Some important work is also done outside ISG's work. Through the Colleges, the CEAOB Member States carry out an ongoing dialogue with the four largest international audit networks (EY, PwC, Deloitte and KPMG) with the objective of improving audit quality throughout Europe. Therefore, the Colleges coordinated this year sessions and discussions on innovations in audit oversight, impact of new technology and key audit matters. Furthermore, the Colleges' members also exchanged information on e.g. the networks' governance arrangements and internal quality monitoring programs.</p> <p>Moreover, the CEAOB Member States have a continuous dialogue with other important audit networks operating in the European audit market.</p>

PLANNED OUTPUT	2019 ACTIVITIES
	As part of the stakeholder outreach, the CEAOB liaised with representatives of the audit profession, especially the ECG and AE. Representatives from the ECG were invited to give insights into their current initiatives to improve audit quality to the plenary. This promoted an open dialogue with the networks outside of the interaction that is already taking place at the Colleges' level. These meetings with the CEAOB plenary were not only initiated to provide the ECG with an opportunity to inform the CEAOB about issues of relevance the firms, but also gave the CEAOB the opportunity to provide the ECG representatives with insights into CEAOB's work.
Interacting with Colleges of competent authorities (Art. 32 of the Audit Regulation)	The Colleges (for the Big-4) met with the firms during separate meetings. Calls were also held between the College members to share experience on inspections. The activities and plans of the Colleges were communicated to the ISG members during the meeting held in Bucharest. In general, there is a close cooperation and communication with respect to all matters and initiatives that are being discussed inside the Colleges with the ISG members.
Issue aggregated information regarding administrative measures and sanctions pursuant to Art. 30f (1) of the Audit Directive	The ENF SG completed a report about aggregated information regarding administrative measures and sanctions imposed by Member States during year 2017. The data was gathered and the information compiled during 2018. This resulted in a report approved by CEAOB in June 2019 and published on CEAOB's website.

3. Interconnectivity

PLANNED OUTPUT	2019 ACTIVITIES
Technical assessments of third countries to determine adequacy and equivalence	<p>The IEA SG finalised the technical assessments for those third countries under the transitional regime i.e. Bermuda, Cayman Islands and Egypt for equivalence purpose and South Africa for adequacy purpose. These technical assessments were submitted to the European Commission that takes the final equivalence and adequacy decisions.</p> <p>The IEA SG also carried out a survey on statutory auditors from equivalent third-countries (which provide audit services to third-country entities listed in the EU/EEA members) in order to have an overview of the current economic relevance of the third countries assessed equivalent according to the Audit Directive 2006. This information together with other additional criteria (such as existing cooperative and working arrangements) will inform the CEAOB on the prioritization of the reassessment of previous equivalence decisions in 2020 and onwards.</p> <p>The IEA SG also assessed an application from another third country to obtain the adequacy status.</p>
Explore possible guidance for members in their bilateral interactions with third countries	<p>This topic was not covered by the IEA SG in 2019 due to lack of resources but will be considered in 2020 if requested.</p> <p>The IEA SG briefly touched upon the impact of the application of the General Data Protection Regulation (GDPR) on the</p>

PLANNED OUTPUT	2019 ACTIVITIES
	working arrangements/ data protection agreements with third countries and will follow this up in 2020.
Look at developments and consequences of “Brexit” and potential consequences for national competent authorities and the CEAOB	<p>The FRC (UK) has always been an active and important partner in the auditor oversight area, who contributed constantly to the CEAOB’s tasks. Also, the UK is a country that keeps close economic relations with the other EU-members. Therefore, the members of the CEAOB have carefully considered the economic impact as well as any influences of Brexit regarding the auditor oversight cooperation with a focus on registration of third country auditors and the work they perform. Consequently, the International Equivalence and Adequacy sub-group (IEA SG) has examined the impact of the UK departing from the EU from the statutory audit perspective with a special regard to risk areas in case of a non-deal scenario. Furthermore, it has submitted a table listing entities incorporated in the UK whose transferrable securities are listed on an EU27/EEA regulated market and vice versa.</p> <p>Regarding the work of the CEAOB, precautions were taken to substitute the work of the FRC representatives, the UK regulator, who had an important contribution throughout the years.</p>
Coordinate on interactions with third country regulators	<p>This point was not covered in the ISG meetings in 2019 but will be considered in 2020 based on members’ interest on the topic.</p> <p>The IEA SG reached out to those third country regulators under the transitional regime and some third countries to be reassessed.</p>

4. Monitoring

PLANNED OUTPUT	2019 ACTIVITIES
Monitor audit market and audit quality	One of the core functions of the MM SG is to collect audit market data. This is collated and is significant input for the Commission’s market monitoring report. In order to ensure that data is of high quality and aggregatable the SG has an ongoing process of refinement of the data indicators. This ensures that all Member States report information that is comparable which in turn provides better insights of the EU audit market.
Support cooperation regarding monitoring of developments in the national audit markets	The market monitoring data collected in 2019 will be shared with all participating members of the CEAOB. The national reports produced will give insight to Member States on national developments in participating Member States across Europe.
Share and discuss shortcomings and adverse developments in the audit market	As part of work completed for the 2019 market monitoring data collection exercise new market monitoring indicators were developed to look at systemic risk within the audit market, the risk of systemic failure of an audit firm network and systemic risk within financial services industries. The results of the data collected is currently being analyzed.

IV. Main activities of the 2020 work plan

The CEAOB work plan approved by the plenary in November 2019 defines the same four objectives for 2020 to ensure CEAOB's overall objective of consistently supporting audit quality and keeping and increasing confidence and trust of investors and the broader public in financial reporting in the European Union:

- Cooperation among all CEAOB members and observers for the purpose of developing a common understanding, methodologies and practices throughout the various oversight activities;
- Communication between the CEAOB and external parties for the purpose of increasing awareness on the importance of high quality audits and facilitating stakeholders' commitment to this goal;
- Given the interconnectivity of economies and global operations of audit networks and their clients, the CEAOB will be a key contributor for the purpose of attaining a sound cooperation between European and third country audit regulators;
- The monitoring and analysis of the environment and identification of possible risks will remain part of CEAOB's work for the purpose of anticipating market developments and reacting adequately and effectively in view of the protection of the public interest in the long term.

Annex I: CEAOB publications in 2019

General information on the CEAOB as well as reports, opinions, summaries and work plans adopted by the CEAOB are published on its webpage: <https://ec.europa.eu/info/ceaob>

Reports, guidelines, opinions and other information:

- [CEAOB annual report 2018](#)
- [Report on the 2018 CEAOB enforcement questionnaire](#)
- [Comment letter relating to the IAASB's proposed strategy for 2020-2023 and work plan for 2020-2021](#)
- [Comment letter relating to the IAASB's Quality Management Exposure Drafts](#)
- [Comment letter relating to the consultation on the Audit of Less Complex Entities](#)
- [Guidelines on the duration of the audit engagement](#)
- [Guidelines on auditors' involvement on financial statements in ESEF](#)
- [Inspections sub-group infographic banking industry](#)
- [Inspections sub-group infographic industrial products](#)
- [Inspections sub-group infographic insurance industry](#)
- [Inspections sub-group infographic retail and consumer product industry](#)

Summaries from the plenary meetings:

- [Meeting of 4 March 2019](#)
- [Meeting of 12 June 2019](#)
- [Meeting of 27-28 November 2019](#)

Work programmes and terms of reference:

- [CEAOB work programme 2020](#)
- [CEAOB Equivalence and adequacy sub-group: work plan 2020](#)
- [CEAOB International auditing standards sub-group: work plan 2020](#)
- [CEAOB International auditing standards sub-group: terms of reference 2020](#)
- [CEAOB Enforcement sub-group: work plan 2020](#)
- [CEAOB Enforcement sub-group: terms of reference 2020](#)
- [CEAOB Inspections sub-group: work plan 2020](#)
- [CEAOB Inspections sub-group: terms of reference 2020](#)
- [CEAOB Market monitoring sub-group: work plan 2020](#)
- [CEAOB Market monitoring sub-group: terms of reference 2020](#)

Committee of European Auditing Oversight Bodies

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