

**4th plenary meeting of the Committee of European Auditing Oversight Bodies (CEAOB)**  
**Centre Albert Borschette (Room 4D)**  
**Brussels, 1 June 2017**  
**Summary of operational conclusions**

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

Vice-Chair: Nathalie DE BASALDUA, Acting Director Investment and Company Reporting, DG FISMA, represented by Dorota ZALIWSKA, Head of Unit Audit and Credit Rating Agencies, DG FISMA

**1. Adoption of the agenda**

The agenda was adopted without changes.

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

The minutes and the summary of operational conclusions of the previous meeting held on 22 March 2017 were approved.

**3. Chair's introductory remarks**

The Chair gave an overview on the different work streams of the CEAOB since the last plenary meeting and reported back from the meeting of the Consultative Group held in Amsterdam on 11 April 2017.

**4. Vice-Chair's introductory remarks**

The Vice-Chair representative informed the committee about developments from the Commission side.

**5. Main business**

**5.1. Public consultation on the operations of the European Supervisory Authorities – Presentation by the EC followed by discussion**

The CEAOB discussed the public consultation on the operations of the ESAs. The Chair informed the members on his discussions with the Vice-Chair. The Vice-Chair representative and a Commission representative explained the broader background of the consultation and the steps ahead. At that time the Commission services were in the middle of an evaluation and impact assessment. Depending on the outcome and on political decisions a legislative proposal might be prepared for later this year.

**5.2. Implementation of the audit reform – state of play**

The Vice-Chair representative informed the CEAOB that 22 Member States had already notified the transposition of the Audit Directive to the Commission. Six Member States are still pending, although most of them in an advanced stage. A representative of the Commission gave further details on notification requirements according to the Audit Directive and Regulation.

**5.3. Update on the Wiki platform**

The CEAOB Secretariat presented the developments on the Wiki platform and explained the logic of access rights and possible restrictions to specific pages.

The Review Team presented its procedure for the submission of questions regarding the consistent application of the Audit Directive and Regulation on the Wiki.

#### **5.4. Member reporting (*Germany, Croatia, Hungary, Austria*)**

The national competent authorities of Germany, Austria, Croatia and Hungary presented their authorities and the main challenges they are facing following the implementation of the new framework.

#### **5.5. Update on the Market monitoring report**

The Vice-Chair representative updated the CEAOB on the on-going work on the Market monitoring report and on the cooperation with the Market monitoring sub-group. The report is almost finalised and the adoption procedure, including translations, will be completed soon. The discussion focused on the modalities of consultation and the way forward.

#### **5.6. Update on ESRB/CEAOB meeting**

The Chair updated the CEAOB on the progress regarding the organisation of the meeting between ESRB/CEAOB and G-SIFIs pursuant to Article 12 of the Audit Regulation, on possible topics and suggested meeting configurations.

#### **5.7. Presentation by the EC on audit of European Single Electronic Format (ESEF)**

A representative from the Commission presented the background and the state of play regarding the ESEF that has to be developed following the latest reform of the Directive 2004/109/EC in 2013. The CEAOB discussed possible implications for the work of auditors.

#### **5.8. CEAOB Work Programme 2018**

The Chair outlined the timeline and procedure for drawing up the work programme for 2018 and asked members to share initial thoughts.

#### **5.9. CEAOB Confidentiality Procedure**

The CEAOB discussed the way forward regarding the adoption of a confidentiality procedure. A draft will be submitted to the November plenary meeting. On a question by a member the Chair confirmed that the confidentiality arrangements in the Terms of Reference of the sub-groups were applicable.

### **6. Stakeholder Outreach**

#### **6.1. Presentation by representatives from a European Association of Directors followed by internal discussion**

A representative from a European Association of Directors gave a presentation of the association's work linked to the role of audit committees. The presentation focused on concerns regarding the impact of the audit reform and proposals on how to improve relations and dialogue between regulators and audit committees.

#### **6.2. Report on EACLN-Meeting on 20 April 2017**

The Chair reported to the CEAOB on the April meeting of the European Audit Committee Leadership Network (EACLN) that he attended.

## 7. Sub-groups

### 7.1. Reports of the sub-group Chairs

The sub-group chairs presented the activities of the respective sub-groups since the last plenary meeting:

The **Inspection sub-group** coordinator presented the on-going preparations and planned agenda items for the sub-group meeting in Prague on 7/8 June 2017.

The Chair of the **Standards sub-group** gave an update on the report on the panorama regarding the use of ISAs in the Member States, which is planned to be submitted to the CEAOB November plenary meeting. The sub-group was also preparing a comment letter on ISA 540.

The **International adequacy and equivalence sub-group** had discussed the impact of the new regulatory framework on equivalence and adequacy decisions. The sub-group considered the technical assessment of the adequacy of China as a priority and planned to submit it to the plenary meeting in November.

The **Enforcement sub-group** focused on the reporting requirements stemming from the Directive and the Regulation and was developing a questionnaire on oversight and sanctions.

The **Market monitoring sub-group** had given feedback comments to the Commission on the draft Market monitoring report. Since then the sub-group had organised its work in three project teams: the Audit committee project team, the Market concentration project team and the Risks to audit quality project team.

### 7.2. Discussion on future assessment of the activities of sub-groups

The CEAOB discussed the modalities of assessment of the activities of the sub-groups. There will also be an assessment on the level of the plenary.

## 8. Adoption of short summary for publication on the website

The CEAOB discussed the draft summary. A revised version will be circulated to the members before being published.

## 9. Any other business

- One member suggested having a presentation by the Commission on the implications of the new EU Data Protection Regulation that will come into effect next year.
- The ESMA representative gave an update on the activities of ESMA's Audit working group and suggested to present ESMA's common enforcement priorities in the field of financial reporting at the next CEAOB plenary meeting.