

CEAOB Enforcement Sub-group

Terms of Reference and Work Plan 2017

1. Introduction

This document supplements the CEOB rules of procedure, which state that the sub-groups shall operate according to their own terms of reference, which shall be in line with the CEOB rules of procedure and subject to the CEOB's approval.

Furthermore, according to rule 13(4) of the Committee of European Auditing Oversight Bodies (CEAOB) rules of procedure, each CEOB sub-group should prepare an annual work plan.

The document has been drafted by the CEOB Enforcement sub-group (hereafter "the sub-group") and adopted by the CEOB plenary meeting on 22 March 2017. It contains the Terms of Reference (section 2) and the Work Plan (section 3).

2. Terms of Reference

2.1 Legal basis

To carry out the tasks referred to in Article 23 of the Regulation¹ and Article 30 and 30f(1) of the Directive².

2.2 Mandate

The purpose of the sub-group is to facilitate the exchange of information, expertise and best practices in the area of investigations and sanctions and to collect for annual publication by the CEOB aggregated information on all administrative measures and sanctions imposed by competent authorities (Article 30f (1) of the Directive).

2.3 Composition

The composition of the sub-group is published on the CEOB website.

Chair

The Chair of the sub-group is a representative of one of the competent authorities, appointed by the members of the CEOB for a fixed term of four years. Exceptionally, the Chair may be removed by a decision of the members of the CEOB.

¹ Regulation (EU) No 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

² Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts amended by Directive 2014/56/EU of the European Parliament and of the Council.

Members

All organisations that are represented by a member at the CEAOB are entitled to be a member of the sub-group, including ESMA. Members may appoint a representative of their organisation to participate in the sub-group according to their level of expertise.

Observers

EBA and EIOPA are invited to participate in the sub-group meetings as observers. European Economic Area (EEA) authorities' representatives may be invited to participate as observers, subject to the approval of the CEAOB members.

CEAOB Chair and Vice-Chair

The CEAOB Chair and Vice-Chair (or appropriate Vice-Chair representative from the European Commission) will be invited to join each meeting and to contribute to the work of the sub-group.

2.4 Working arrangements

In light of the above, the members of the sub-group hereby agree to the following terms:

Coordination and organisation

The Chair will organise the meetings, chair the meetings, prepare agenda and minutes, coordinate the work and prepare an annual work plan.

Members of the sub-group may suggest topics for the agenda, for the Chair to consider their inclusion where possible.

Meetings

Meetings will be organised by conference calls on a regular basis. Depending on the needs, one call every two or three months will be organised. At least one annual in-person meeting of the sub-group will be organised, subject to preferences of sub-group members, hosted voluntarily by a member of the CEAOB or the Commission.

Confidentiality

The confidentiality rules applicable within the CEAOB are also applicable within this sub-group (including those referred to in Rule 16 of the CEAOB's rules of procedure).

Decision making arrangements

The Chair shall aim to seek consensus on all topics put forward for approval to the members of the sub-group. If matters for approval cannot be decided by consensus, decisions shall be taken by vote during sub-group meetings, by a simple majority of the sub-group members with voting rights in the CEAOB. Each of those members of the sub-group has one vote. ESMA, the CEAOB Chair, the CEAOB Vice-Chair and the observers do not have voting rights.

Decisions may also be taken by written procedure. Rule 12 of the CEAOB's rules of procedure shall apply *mutatis mutandis*.

Reporting to CEAOB

The Chair will report on the sub-group's activities on a regular basis.

Communications with other CEAOB sub-groups

As certain matters discussed by the sub-group may be of interest to other CEAOB sub-groups, the Chair of the sub-group will liaise with the Chairs of the other sub-groups to identify common areas where synergies can be built up.

External communications

Any external communications including press notices will be drafted by the Chair for approval by the Enforcement sub-group. Press notices will be sent to the CEAOB secretariat for inclusion on the CEAOB website.

The sub-group shall not issue any CEAOB view or position without due approval from the CEAOB membership.

3. Work plan

The general activities of the sub-group will include:

- Exchanging information, expertise and best practices as regards enforcement related issues,
- Exchanges with other CEAOB sub-groups where appropriate,
- Contributing to the CEAOB annual report.

The sub-group will work on the following specific activities:

- Conducting an Enforcement Survey to collect Member States' information a) on the current state of the administrative and disciplinary regimes and b) on statistics on administrative measures and sanctions imposed;
- Issuing a) an annual CEAOB Enforcement Sub-group Report pursuant to Article 30 f (1) of the Audit Directive and b) a Report of Enforcement Survey on data from year 2016;
- Establishing a mechanism in line with Article 30f(2) of the Audit Directive for competent authorities to immediately communicate to the CEAOB all temporary prohibitions referred to in points c) and e) of Article 30a(1).

The table below sets out the proposed timings for specific CEAOB Enforcement sub-group tasks in 2017.

	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Set up				
Finalise terms of reference and work plan for presentation to CEAOB				
Topics for 2017				
Survey on Enforcement, drafting and finalising questionnaire				
Survey on Enforcement, delivery of questionnaire to CEAOB members				
Survey on Enforcement, consolidate responses and issue a report				
Annual CEAOB Enforcement sub-group report pursuant to Article 30 f (1) of the Audit Directive				
Other matters				
Input into annual CEAOB report				
Interaction with other sub-groups				