



COMMITTEE OF  
EUROPEAN  
AUDITING  
OVERSIGHT  
BODIES

CEAOB 2019-033  
Adopted on 27 November 2019

## CEAOB Market Monitoring Sub-group

### Work-Plan 2020 and Outlook 2021

## 1. Introduction

This work plan sets out the key priorities and activities for the period to the end of 2020.

The purpose of the sub-group is to facilitate the monitoring of the quality and competitiveness of the market for providing statutory audit services to public-interest entities, relating to assisting the Commission in preparing joint reports. The sub-group will contribute to the convergence and coordination of the monitoring carried out by national authorities.

## 2. Objectives

**Through its ongoing work, the sub-group facilitates the aims of the mission based objectives of the CEAOB, in particular, the following objectives.**

1. **Communication:** Dialogue with key-stakeholders is a primary focus for the market monitoring sub-group. Through our work we engage directly with audit committees to understand the challenges they face in the promotion of audit quality, and the application of the Audit Regulation. In opening a dialogue we can try to ensure that we are aligned on the common goal of improving audit quality.
4. **Monitoring:** One of the core functions of the sub-group is to collect audit market data. This is collated and forms the basis of the Commission's market monitoring report. In order to ensure that data is of high quality and aggregatable we have 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.

## 3. Longer term outlook

*Given that a primary focus of the sub-group is to provide assistance in monitoring the European audit market our goal is to continually improve the data collected to ensure that it is timely, accurate and of greater relevance to National Competent Authorities ('NCA') and our external stakeholders. To facilitate this we will refine out our current data gathering tools and where appropriate utilise external sources to provide more a detailed, cohesive picture of the PIE audit landscape within the EU. In cooperation with the inspections sub-group, we will continue to perform a detailed analysis of audit quality indicators within the European audit market, in order to identify areas of potential systemic risk along with possible mitigants.*

#### 4. Summary

Below is a summary of our activities for 2020:

- Review exercise on the indicators used for the 2nd market monitoring report. This will include:
  - the potential introduction of new indicators to monitor changes in the audit market brought about the audit regulation (Regulation (EU) 537/2014).
  - Identifying ways to achieve consistency in national market reports across member states and to ensure comparability and ease of aggregation of data collected;
- Obtaining feedback from member states on quality and level of data they were able to obtain in respect of the 2<sup>nd</sup> market monitoring template;
- Review of annual data gathering obligations among member states;
- Continued with the inspections sub-group to provide qualitative input on market monitoring quality indicators for the second market monitoring report;
- Review and analysis of the 2<sup>nd</sup> market monitoring report dataset, specifically audit committee indicators to better understand the regulatory challenges facing audit committees.
- Liaising with the Commission on report production;
- Contribute to CEAOB annual report.

In 2020 the sub-group will look at the publication cycle within the sub-group to determine what additional publications in respect of the audit market would fit within the sub-group's brief. These publications can potentially utilise market monitoring data and provide insights on the European PIE market. The sub-group will also look our engagement with Audit Committees and how this engagement can be further developed.

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
<b>Set up</b>					
Update 2020 work plan for presentation to CEAOB					
<b>Work steps for 2020</b>					
Review exercise for market monitoring indicators to assess quality of data received, clarity of indicators and removal/retention /creation of additional indicators.					
Review of data gathering exercises undertaken within individual member states					
Engagement with the inspection sub-group to produce a qualitative analysis of audit quality indicators					
Analysis of audit committee data gathered from 2 <sup>nd</sup> market monitoring report dataset to understand challenges facing Audit Committees around implementation of the Audit Regulation and Directive					
Liaising with the Commission on the production of the 2 <sup>nd</sup> market monitoring report					
<b>Other matters</b>					
Input into annual CEAOB report					