

## **Second plenary meeting of the Committee of European Auditing Oversight Bodies (CEAOB)**

### **Summary of operational conclusions**

**Centre Albert Borschette (Room B1)**

**Brussels, 25 November 2016**

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

Vice-Chair: Nathalie DE BASALDÚA, Acting Director Investment and Company Reporting, DG FISMA

#### **1. Adoption of the agenda**

The meeting started at 9:35. The Chair welcomed participants to the second plenary meeting of the CEOAB.

It was decided to reopen agenda point 4 at the beginning of the afternoon session in the presence of the Vice-Chair.

**Decision:** The agenda was adopted without further comments.

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

**Decision:** The minutes and the summary of operational conclusions of the previous meeting were approved with minor comments provided in advance of the meeting. Further than that, there were no comments.

#### **3. Chair's introductory remarks**

The Chair informed about the establishment of a consultative group according to Rule 3(7) of the Rules of Procedure. The competent authorities of the following countries are members of the consultative group: Czech Republic, France, Greece, Luxembourg, the Netherlands and the UK.

The Chair also informed about the meeting of the sub-group chairs and coordinators and encouraged members to participate in the work of sub-groups.

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

On behalf of the Vice-Chair, the DG FISMA Head of Unit responsible for audit praised the progress that had been made concerning the setting-up of the committee. He announced his departure from his current position at the end of 2016 and thanked the CEOAB members for the good cooperation.

#### **5. Presentation on future collaborative platform of CEOAB**

The Secretariat presented a first version of a collaborative platform based on a wiki intended for internal use by the CEOAB members. It stressed that ultimate administrator rights would remain at the level of the Commission's system administrator and recalled that Commission staff is covered by appropriate professional secrecy and confidentiality rules.

**Decision:** The Chair took note that there were no objections to go ahead with the development of the proposed IT system.

**Actions:** The Secretariat will develop the collaborative space in cooperation with a pilot group (possibly sub-group chairs) and present a full version to the next plenary meeting.

## 6. Main Business

### 6.1. Adoption of the work programme of the CEAOB for the period ending 31 December 2017

The Chair presented the changes that had been incorporated into the work programme since the last meeting. The Chair informed the CEAOB that minor adaptations including the correction of spelling mistakes and other changes, such as aligning the appendix 1 with the rest of the document will be required before final publication.

The Commission emphasized that the decision on the adoption of the international standards of auditing falls within the competence of the Commission. While the Commission would engage with the CEAOB in that case, the CEAOB cannot prejudge this decision.

**Decision:** The work programme of the CEAOB for the period ending 31 December 2017 was adopted without further comments.

### 6.2. Adoption and possible publication of the sub-groups terms of reference and work programmes

The Chair invited participants to consider the terms of reference and work plans submitted by the sub-groups on International equivalence and adequacy, International auditing standards, Inspections and Market monitoring. He stressed that any external communication of the sub-groups had to comply with the Rules of Procedure. The sub-group Chairs briefly presented their respective terms of reference and work plans upon invitation of the CEAOB Chair

**Decisions:** The members approved by consensus to adopt and to publish the terms of reference and work plans of the four sub-groups including the changes discussed during the meeting, as well as a separate list of members containing only the names of national competent authorities. The members agreed that the Chair would make the changes that had been discussed and align the different documents. They would then be distributed to the sub-group chairs for final approval.

### 6.3. Update on the Commission's draft market monitoring report

The Commission gave an up-date on the draft market monitoring report presenting the challenges it encountered concerning the data collection, preliminary findings and the next steps.

### 6.4. Discussion on promotion of the consistent application of the ARD

The Secretariat presented reflections on different approaches to promote the consistent application of the audit Regulation and Directive. It stressed that this should be seen as a service for national competent authorities, without prejudice to the competences of the Commission and of the NCAs.

**Decision:** The CEAOB agreed to start with an exchange of information on the consistent application of the Audit Regulation and Directive. The Chair took note that two competent authorities will take the lead in developing a coordinated approach.

#### Re-opening of agenda point 4. Vice-Chair's introductory remarks

The new Acting Director responsible for audit introduced herself and wished the best for the CEAOB, which will play a key role in leading supervisory convergence and promoting high-quality audits throughout the Union. The Vice-Chair introduced the new Head of Unit responsible for audit as of 01.01.2017.

#### 6.5. Discussion about confidentiality rules pursuant to Rule 16(3) of the Rules of Procedure

On behalf of the Chair, a member of his staff briefly presented a paper taking stock of the current framework governing confidentiality and of the different situations that would have to be covered by an additional confidentiality procedure pursuant to Rule 16 (3) of the Rules of Procedure. The Chair invited members to provide further input on the purpose of the procedure and the areas to be covered.

**Action:** The Chair will present a draft confidentiality procedure to the next plenary meeting in March, taking into account the comments received.

#### 6.6. Decision on participation of EEA country regulators in the CEAOB (Rule 6 (4) of RoP)

The Secretariat explained that the audit Directive and Regulation are texts with EEA relevance and that the participation of the EEA countries' competent authorities for audit oversight in the CEAOB corresponded to previous practice under the EGAOB framework.

**Decision:** The CEAOB decided to issue a standing invitation to the EEA countries' competent authorities in the field of audit oversight to participate in the CEAOB pursuant to Rule 6(4) of the Rules of Procedure.

#### 6.7. Decision on participation of Switzerland in the CEAOB sub-group on Inspections

The Chair informed the Members that it had received a request from the Swiss Federal Audit Oversight Authority to participate in the Inspections sub-group.

**Decision:** The CEAOB decided to invite Switzerland's competent authority for audit oversight to participate in the Inspections sub-group of the CEAOB pursuant to Article 30(11) and (13) of the audit Regulation.

#### 6.8. Decision to establish colleges for Deloitte, EY, KPMG and PwC

As follow-up to the discussion in the CEAOB in July, the Secretariat shortly presented reflections on the establishment of colleges of competent authorities.

**Decision:** The CEAOB decided to establish four colleges of competent authorities for Deloitte, EY, KPMG and PwC pursuant to Article 32(3) of the Regulation. This decision would take effect on 15.01.2017, with a revised list of participants.

**Actions:** The Chair, in cooperation with the coordinator of the Inspections sub-group, launched a call for participation in the colleges. The final lists will be circulated to the CEAOB members for information.

## **7. Update on sub-group activities**

### **7.1. State of play on sub-group on Enforcement**

The Chair informed that the representative from the Finnish audit oversight authority had expressed his interest for the position as Chair.

**Decision:** The CEAOB appointed by consensus a representative of the PRH (Finland) as chair of the Enforcement sub-group.

## **8. Future CEAOB stakeholder outreach and communication strategy**

The Chair briefly presented the future outreach and external communication strategy taking stock of possible outreach activities corresponding to different levels of the CEAOB and asked for the CEAOB's approval to use the paper as a basis for the future outreach strategy. He also invited the committee to provide further comments and input.

The Chair took note of the support of the CEAOB to proceed on the basis of the paper.

## **9. Adoption of short summary for publication on the website**

The Vice-Chair invited participants to consider a draft summary, prepared by the Secretariat, for publication on the CEAOB web-page.

**Decision:** The CEAOB agreed to the publication of the short summary, including revisions suggested during the meeting.

## **10. Any other business**

- The Chair announced the dates of the next CEAOB plenary meetings in 2017: 22 March, 1 June, 13 November.
- ESMA introduced its Statement on the common enforcement priorities for the 2016 year end and its Statement on the implementation of IFRS 9. In this regard, the Commission added that IFRS9 had recently been adopted by the Commission.
- EIOPA informed that it will publish Guidelines on facilitating an effective dialogue between supervisors and statutory auditors. EIOPA also informed the members that IASB will adopt an insurance standard end of this year or early next year.

The Chair thanked the participants and the Secretariat and concluded the meeting.

The meeting closed at 16:00.