



## CEAOB MARKET MONITORING SUB-GROUP

### Work Programme 2019

#### 1. Introduction

This work plan sets out the key achievements and milestones of the sub-group during the year and how we will build on these in the coming year.

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.

The key achievements within the year were

- the creation of an audit committee survey which will be used across member states to gain insight and feedback from audit committees. This will feed into the second market monitoring report in addition to improving engagement between the CEOB and Audit Committees.
- finalisation of the revised set of market monitoring report indicators, which will be used as the basis of the data set for the second market monitoring report.

#### 2. Objectives

Through its ongoing work, the sub-group facilitates the aims of the pillar objectives of the

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.

CEAOB, in particular, the following objectives.

### **3. Longterm vision**

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 2019:

- Discussing and sharing of views and experiences to assist in the rollout of the revised set of market monitoring indicators in order:
  - to achieve consistency in national market reports across member states
  - to ensure comparability and ease of aggregation of data collected
- Engaging with the inspections sub-group to provide qualitative input on market monitoring quality indicators for the second market monitoring report.
- Liaising with the Commission on report production
- Contribute to CEOB annual report

In anticipation of the data gathering exercise in 2019 the sub-group has assigned 'champions' to each member state. These market monitoring 'champions' will be the primary point of contact for NCAs so that any queries can be answered directly and efficiently. The table below sets out the proposed timings for specific CEOB Market Monitoring sub-group work steps in 2019.

	Q4 201 8	Q1 201 9	Q2 201 9	Q3 201 9	Q4 201 9
<b>Set up</b>					
Update 2019 work plan for presentation to CEAOB					
<b>Work steps for 2019</b>					
Creation of additional guidance around updated set of market monitoring indicators to assess (i) market concentration; (ii) risks to audit quality and (iii) performance of audit committees					
Provision of assistance to NCA's in the collection and collation of market monitoring report data, including audit committee questionnaires for production of national market reports through the use of market monitoring champions					
Ongoing discussion and communications relating to interpretation of key market monitoring definitions					
Engagement with the inspection sub-group to produce a qualitative analysis of audit quality indicators					
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					

If you would like any further information, please do not hesitate to get in contact with the Chair of the sub-group and he will endeavour to assist you with your information request.