



## 9th plenary meeting of the Committee of European Auditing Oversight Bodies (CEAOB)

Centre Albert Borschette (Room 1A)

Brussels, 4 March 2019

### Draft summary of operational conclusions

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

Vice-Chair: Alain Deckers, Head of Unit 'Corporate Reporting, Audit and Credit Rating Agencies', DG FISMA replacing Director of Financial Markets, DG FISMA

#### 1. Adoption of the agenda

**Decision:** The agenda was adopted with the following change: agenda point 5.2 and part of point 6 will be discussed in an EU-27 formation (without the UK representatives). All the other points in the agenda remain unchanged.

#### 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 held on 24 October 2018 were approved pending one change to be done.

#### 3. Chair's introductory remarks

The Chair briefly updated the CEOB members on developments since the last CEOB plenary meeting and provided an overview of the main topics included in the plenary's agenda.

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

The Vice-Chair briefly updated the members on DG FISMA's internal reorganisation and presented the team that will work with the CEOB in the future. Furthermore, he provided with an update on the current state of play of several activities under preparation by the Commission.

#### 5. Main business

##### 5.1. Adoption of the CEOB Annual Report 2018

Rules of Procedure 3 (6) require the CEOB to adopt an Annual Report in the first plenary meeting of each year. The Chair gave a brief presentation of the draft version of the CEOB Annual Report 2018 submitted for approval and thanked the members for their contribution to the report. It was reiterated that according to Rules of Procedure 17.2, the Annual Report will be published on the CEOB webpage once approved.

**Decision:** The report was adopted without changes.

##### 5.2. Update on participation of non-EU member NCAs in the CEOB, Sub-groups and Colleges

The discussion on this topic was held in an EU-27 formation.

UK's participation in the CEAOB after Brexit was discussed for the two possible scenarios: with and without withdrawal agreement.

### **5.3. Update on preventive measures to address potential audit scandals and potential interaction with IFIAR**

The Chair mentioned that CEAOB's 2019 work programme includes the objective of identifying and analysing trends, potential risks and vulnerabilities relevant to auditor oversight. The CEAOB should explore ways how support and coordination could be provided to the members in case there are high-profile enforcement cases, usually referred to as audit scandals. In exploring how other organisations address similar issues, the CEAOB could determine if it should establish a related work stream of its own.

### **5.4. Adoption of procedure to share non-public parts of CAIM with non-EU/ EEA regulators**

The Chair provided with a brief presentation of the paper describing the concept and approach allowing the CEAOB to share the full CAIM suite with third country regulators. The approach includes a general decision in the plenary regarding the criteria for decision taking as well as thoughts on the process.

**Decision:** The Inspections sub-group Organising Committee will reflect on observations received from members and will come up with an updated paper to be discussed in CEAOB's next plenary meeting.

### **5.5. Update on state of play of non-binding guidelines or opinions – duration of audit engagements and internal guideline for the use of the written procedure**

The lead of the task force dealing with the topic of **duration of audit engagements according to Article 17** of the Audit Regulation provided an update of the state of play of the task force's work.

The Chair also mentioned that work on **guideline on the written procedure** is currently ongoing.

One member reported on an ongoing initiative by several members dealing with a potential common understanding of the CEAOB on **breaches of Articles 4(2) and 5(1)-(3)** of the Audit Regulation.

## **6. Sub-group reporting (including decision regarding appointment of ISG Chair)**

The sub-group Chairs presented the activities of their respective sub-groups since the previous plenary meeting held on 24 October 2018.

**The International Adequacy and Equivalence sub-group** Chair presented to the plenary the current state of play of the ongoing assessments of third countries under transitional regime and the results of a survey among the members regarding the relevance of those third countries assessed equivalent according to the Audit Directive 2006.

The coordinator of the **Inspections** sub-group reported on the preparation of the sub-group's meeting scheduled in June in Luxembourg and presented the main outcomes of the meeting held in Vienna in November 2018. A new Chair of the sub-group was appointed by the plenary.

The Chair of the sub-group **Market Monitoring** reported on the state of play of the market monitoring indicators and other ongoing projects of the sub-group.

The Chair of the **Enforcement** sub-group reported on the work done for the 2018 enforcement report and 2019 enforcement questionnaire and the sub-group's activities regarding sharing of information and best practice in the area of enforcement.

The Chair of the **International Auditing Standards** sub-group reported on the on-going work on the dialogue with the standard setters, implementation of audit reform and ESEF.

## **7. Stakeholder Outreach**

### **7.1. Report on CEAOB- ESRB meeting**

The Chair provided an update on the outcome of the CEAOB-ESRB meeting with auditors of G-SIFIs that took place on 14 and 15 November at the premises of the ECB in Frankfurt.

### **7.2. Update on this year's stakeholder invitations**

The Chair provided members with an overview of the stakeholder invitations planned for 2019.

### **7.3. Update on stakeholder outreach procedure to enhance added value, coordination and follow-up**

The Chair and another member explained to members this new approach that will involve a more extensive preparation of the stakeholder outreach presentations as well as further follow-up work for these sessions.

### **7.4. Reports from UK and the Netherlands on developments in the national audit markets**

The NL and UK representatives provided members with presentations regarding the ongoing developments taking place in their national audit markets.

Presentations were followed by a Q&A session among the members.

### **7.5. Presentation by representatives of the European Group of International Accounting Networks and Associations (EGIAN) followed by Q&A and internal discussion**

As part of its stakeholder outreach activity, the CEAOB invited representatives of EGIAN, as guest speakers on enhancing and promoting audit quality for mid-tier audit firms.

The presentation was followed by a Q&A session with the members.

## **8. Member reporting (IT, LU, PL)**

The purpose of the members' presentations is to present the main characteristics of their oversight systems, the way how they carry out their work and what kind of challenges they face, with an overall objective to encourage information sharing and dialogue between competent authorities.

This time the presentations were given by Italy, Luxembourg and Poland.

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

An updated summary document will be shared after the meeting with the members for further comments and then published.

## **10. Any other business**

The dates for CEAOB's next plenary meetings are 12 June, 27 and (possibly) 28 November 2019.