



CEAOB INSPECTION SUB-GROUP

Work Programme

Work Plan 2022 and Outlook 2023



1. Introduction

This work plan sets out the key priorities and activities for the period to the end of 2023. This is later than the period of 2022 stated in the CEOB work programme, because this way a full cycle of meetings with the audit firms can be planned.

The purpose of the sub-group is to further enhance the cooperation and consistency among CEOB members on the subject of inspection activity and to have effective communications with the audit firms (through the coordination with the Colleges of Regulators) and other third parties, with the aim of supporting the objective of the CEOB to improve audit quality and confidence in audits.

Any activity of the sub-group beyond the period covered by the 2022 CEOB Work Programme may be subject to revision after the adoption of the 2023 CEOB Work Programme.

2. Objectives

Through its ongoing work, the sub-group facilitates in particular the aims of the following pillar objectives of the CEOB:



- 1. Cooperation:** Increase consistency among the members through sharing and discussing inspection findings in the Findings Database from different analysis perspectives (standard setting, practices relating to audits of Financial Services entities, IT), sharing inspection approaches and development of the Common Audit Inspection Methodology (CAIM). Identifying training needs for inspectors. Follow up of the use of Data analytics and off-shoring by audit firms and their emerging quality initiatives. Interaction with other CEOB sub-groups and with other regulators (ESMA).
- 2. Communication:** Aim for transparency regarding the activities of the sub-group. On-going dialogue with the audit profession, with a particular focus on the largest European networks of audit firms. Discussion topics will include the networks' initiatives in improving audit quality and the presentation of findings and observations from inspections in relation to the networks, using the Findings Database. The Colleges will contribute to the organisation of the meetings with each Big-4 firms invited to attend a meeting every two years. Meetings with other largest audit firms (actually BDO, GT, Mazars given the significant number of PIEs they audit in several member jurisdictions) will take place every three years. Liaison with standard setters in collaboration with the International Auditing Standards sub-group through the organisation of a joint meeting with IAASB and IESBA is scheduled to take place every year.
- 3. Interconnectivity:** Coordinate on interactions with third country regulators and between ISG Members. Regular sharing of information of joint inspections with the PCAOB and consideration of joint inspections with other third countries, given the benefits of understanding the different approaches adopted. For joint inspections between Member States, sharing experience and considering whether more co-ordinated reviews can be carried out between inspection teams of ISG members.



3. Longer term Outlook

Given that the primary focus of the sub-group is to improve audit quality and confidence in audits, the sub-group goal is to drive sustainable solutions to enhance the quality of audit services and to better communicate its assessment of the quality observed through dialogue with the largest networks, but also by publishing infographics, for instance based on the analysis of the Findings Database.

The sub-group should also prepare for strategic changes in the audit profession with the European Commission proposals as regards the revision of the audit directive and regulation and the corporate sustainability reporting and the additional role auditors may have to play in relation. The sub-group will evaluate the impacts for auditors and inspectors in terms of knowledge, competency, training needs, audit services to be provided and related inspection procedures.

4. Summary

The table below sets out the proposed timings of each activity between 2021 and 2023.

During the pandemic, challenges never before faced by auditors in performing audits emerged and more than ever, auditors might rely on technology in performing audit procedures. A special focus was put in 2021 on the increased audit risks and how the audit firms have taken actions to respond to these risks. In 2022, the sub-group will focus on the challenges returning to a “new normal” as we tentatively edge toward a post-pandemic world.



	Nov. 2021 virtual meeting	June 2022 Brussels	Nov. 2022 Amsterdam	June 2023	Nov. 2023
Development of cooperation and consistency among the members					
Update work plan					
Discussion on potential challenges establishing a new normal in a post-pandemic world					
Follow up of CEOB ad-hoc TF proposals if relevant					
Follow up on CSRD developments and discussion on potential challenges					
Consider any proposal coming from the EC to modify the Audit Directive and Regulation from an inspection perspective					
Sharing and discussing inspection findings through analysis of the Findings Database					
Consistency of inspection methodology: CAIM development and update (CAIM TF)					
Update from Financial Services task-force (FSTF)					
Update from Training task-force (TTF)					
Update from IT task-force (ITTF)					
Follow up on development of Data analytics and of off-shoring activities at Big-4 audit firms					
Discussion on new audit quality Initiatives by the firms					
Sharing of inspection approaches					
Interaction with other CEOB sub-groups / other regulators					
Dialogue with standards sub-group					
Joint meeting with IAASB/ IESBA					
Dialogue with market monitoring and enforcement sub-group					
Dialogue with ESMA					
Communication with audit firms					
Dialogue with Big-4 firms	EY	KPMG	PwC	Deloitte	EY
Dialogue with the other firms		BDO		Mazars	
Assess the main firm/network to monitor					
Coordination with Colleges					
Update from Colleges					
Other communication matters					
Input into annual CEOB report					
Consideration of publication of surveys results and database findings					
Interconnectivity					
Update on interactions with PCAOB and third countries and coordinated quality assurance reviews between members					