8th plenary meeting of the Committee of European Auditing Oversight Bodies (CEAOB)

Centre Albert Borschette (Room 5B)
Brussels, 24 October 2018

Summary of operational conclusions

Chair: Ralf BOSE, Chief Executive Director, Germany’s Audit Oversight Body (AOB)
Vice-Chair: Dorota ZALIWSKA, Head of Unit 'Audit and Credit Rating Agencies', DG FISMA replacing Director of Investment and Company Reporting, DG FISMA

1. Adoption of the agenda

Decision: The agenda was adopted without changes.

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 14 June 2018 were approved.

3. Chair’s introductory remarks

The Chair briefly updated the CEAOB members on developments since the last CEAOB plenary meeting. One Consultative Group meeting and one sub-group Chairs meeting were held in September. Main topics of discussion covered the CEAOB and sub-groups' 2019 work programmes, possible areas of interaction between the sub-groups, stakeholder representatives to be invited to CEAOB’s plenaries in 2019 and preparatory work for the plenary meeting.

4. Vice-Chair’s introductory remarks

The Vice-Chair updated the members on the state of play and next steps of the reform of the standard setting governance that was launched by the Monitoring Group last year.

The Vice-Chair also informed the members about the on-going 'Fitness Check on the EU framework for public reporting by companies'. The Commission is organising a high-level conference on 30 November 2018 in Brussels on "The future of corporate reporting in a digital and sustainable economy". It will gather senior representatives from business, the financial industry, the investor community, civil society, the audit sector and public administrations.

5. Main business

5.1. Adoption of the 2019 work programme and discussion of potential topics for non-binding guidelines

Pursuant to Rule 3 (5) of the Rules of Procedure the CEAOB is required to adopt an annual work programme including work plans for its sub-groups. These work plans are adopted in the last plenary of the year.

Decision: The 2019 work programme was adopted.
The Chair presented some suggestions on topics for non-binding guidelines or opinions that the CEAOB could potentially develop in 2019.

**5.2. Adoption of sub-group work plans and terms of reference**

The work plans of each sub-group need to be adopted together with CEAOB's work programme.

The Chair mentioned that during the previous sub-group Chairs meeting it was decided to separate the annual work plans from the sub-groups' terms of reference. The terms of reference do not usually require an annual updating compared to the work plans.

The sub-group Chairs provided with a brief summary of the content of the 2019 work plans.

**Decision:** The 2019 sub-groups' work plans and terms of reference were adopted.

**5.3. Adoption of Market monitoring indicators**

The Market Monitoring sub-group Chair briefly presented the indicators and the process behind their development and finalisation.

**Decision:** The 2019 market monitoring indicators were adopted.

**5.4. Adoption of Comment letter relating to the IAASB's exposure draft on ISA 315**

The International Auditing Standards sub-group Chair briefly presented the letter and the process behind its development and finalisation. The IAASB recently issued (in July 2018) an exposure draft regarding the revision of the international standard on auditing ISA 315 (Identifying and Assessing the Risks of Material Misstatement), requesting for feedback from stakeholders on the revised standard proposed, with a deadline to provide responses by 2 November 2018.

**Decision:** The comment letter relating to IAASB’s exposure draft on ISA 315 was adopted.

**5.5. Adoption of China adequacy assessment**

The International Adequacy and Equivalence sub-group Chair briefly presented the country report and the process behind its development and finalisation.

The Commission briefly presented the next steps in the process of adopting an adequacy decision for China.

**Decision:** The China adequacy assessment was adopted pending further clarifications to be provided by the sub-group on the recommendation included in the report's executive summary.

**5.6. Wrap up discussion regarding the written procedure on the fee cap guidelines and possible amendment of Rule 12 of the Rules of Procedure**

The Chair thanked the task force for their work on the fee cap paper that was adopted in September through written procedure and published on the CEAOB’s website.

A proposal to change the wording of Rule 12 of the Rules of Procedure in order to clarify the steps of the written procedure was presented and discussed.

**Decision:** The amended Rules of Procedures were adopted.

**5.7. Update on ESEF and discussion on way forward**

The ESMA representative made a presentation on the European Single Electronic Format (ESEF).
It was followed by a discussion regarding its potential implications for the work of auditors.

5.8. Brexit

The Chair, Vice-Chair and representatives of three Member States provided with a brief update on the current state of play in the area of Brexit.

6. Stakeholder outreach

6.1. Presentation by Nic van der Ende, followed by Q&As

As part of its stakeholder outreach activity the CEAOB invited Mr. Nic van der Ende (Dutch Central Bank), as a guest speaker on the global banking regulators’ priorities and activities in relation to auditors and audit regulation.

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

6.2. Update on CEAOB-ESRB meeting

The Chair provided an update on the planning of this year's CEAOB-ESRB meeting with auditors of G-SIFIs that will take place on 14 and 15 November at the premises of the ECB in Frankfurt.

6.3. Update on next year's stakeholder invitations

The Chair presented the list of suggestions for stakeholder invitations for the plenary meetings in 2019 and encouraged members to provide suggestions for the future.

7. Sub-group reporting

The sub-group Chairs presented the activities of their respective sub-groups since the previous plenary meeting held on 14 June 2018.

The Chair of the sub-group Market Monitoring reported on the work done on market monitoring indicators and their related guidelines to be provided to the Member States.

The Chair of the Enforcement sub-group reported on the work done on the 2017 enforcement questionnaire and the sub-group’s activities regarding sharing of information and best practice in the area of enforcement.

The Chair of the Inspections sub-group reported on the preparation of the sub-group's meeting scheduled end of November in Vienna.

The Chair of the International Auditing Standards sub-group reported on the on-going work on the analysis of the differences between the ISAs, the ARD provisions and the national provisions in the EU Member States as well as the work done on the dialogue with the standard setters.

The Chair of the International Adequacy and Equivalence sub-group presented to the plenary the current state of play of the ongoing assessments of third countries under transitional regime and announced the future release of a survey among the members regarding the relevance of those third countries assessed equivalent according to the Audit Directive 2006.
8. **Member reporting (ES, LV, SK)**

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 Slovakia, Latvia and Spain.

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

Several members suggested some changes and additions in the summary document. The updated version of the document will be re-circulated to the members and published.

10. **Any other business**

The dates for next year’s CEAOB plenary meetings are 4 March, 24 June *[since changed to 12 June]*, 27 and (possibly) 28 November 2019.