



COMMITTEE OF  
EUROPEAN  
AUDITING  
OVERSIGHT  
BODIES

CEAOB 2020-022  
Adopted on 25 November 2020

# CEAOB International Equivalence and Adequacy

## Sub-group

### Work-Plan 2021 and Outlook 2022

## **1. Introduction**

This work plan sets out the key priorities and activities for the current period to the end of 2021 as well as the longer term as the activities of the sub-group span a number of years.

Given the interconnectivity of economies worldwide and the global operations of audit networks, the purpose of the sub-group is to ensure sound cooperation between European and third country audit regulators and to promote high-standards of statutory audit both in the EU and globally.

## **2. Objectives**

Through its ongoing work, the sub-group facilitates the aims of the CEAOB's pillar objectives and, in particular, contributes to the following objective:

3. **Interconnectivity:** Contributing to the equivalence and adequacy technical assessments of third country audit regulatory framework facilitates cooperation with third country regulators up to high audit regulatory standards. Taking into account the impact of the EU 2014 audit regulatory framework, the reassessment of third countries previously assessed equivalent is a primary focus for the sub-group without prejudice to the assessment of new possible requests from third countries. In the context of UK leaving the European Union, the sub-group will also follow-up the developments and, where necessary, adopt the necessary measures. The sub-group will continue to work on assessing the impact of the General Data Protection Regulation (GDPR) into the Data protection agreement with the view to develop a draft agreement or template that could be used by all CEAOB members. The sub-group will also continue to provide guidance to members to support them in their bilateral interactions with third countries'

## **3. Longer term outlook**

Given that a primary focus of the sub-group is to contribute to a sound cooperation between European and third country audit regulators, the sub-group's goal is to continually support this cooperation through the equivalence and adequacy assessments of third country audit regulatory framework. To this end, the sub-group will perform, as necessary, the revision of previously adopted equivalence decisions and where relevant, prepare new equivalence and adequacy technical assessments. The sub-group will also continually explore ways to support CEAOB members in their interactions with third country audit oversight authorities.

#### 4. Summary

Below is a summary of our activities for 2021-2022. The sub-group will establish priorities on the different work streams depending on resources available:

- Equivalence assessments
  - The sub-group will maintain an ongoing dialogue with those third countries under the transitional equivalence period<sup>1</sup> and launch the equivalence assessment in the short-term.
  - The sub-group will follow-up on the impact of the UK being no longer a Member State and becoming a third country from the audit oversight perspective. In this regard, the sub-group will assess the need to take appropriate measures in relation to national competent authorities tasked with audit regulation and the CEAOB.
  - Based on predetermined priorities, the sub-group will continue to assess and revise the equivalence assessments of third-country audit legal frameworks adopted on the basis of the 2006 EU Audit framework.
  - The sub-group will also set up and/or continue the dialogue with third countries that have expressed an interest to be included in the equivalence assessment programme.
- Adequacy assessments
  - The sub-group will maintain an ongoing dialogue with those third countries under the transitional adequacy period<sup>2</sup> and launch the adequacy assessment in the short term
  - The sub-group will also set up and/or continue the dialogue with third countries that have expressed an interest to be included in the adequacy assessment programme
- Implementation of the legal framework
  - The Data Protection Task Force was established to assess the impact of the General Data Protection Regulation (GDPR) and address the possible issues on the data protection agreement with third country audit regulators. The goal is to develop a draft agreement or template that could be used by CEAOB members.
  - The sub-group will explore how to provide guidelines on the content of the cooperation agreements and exchange of information with third-country competent authorities.
- Interact with Inspection and Enforcement sub-groups
- Contribute to CEAOB annual report

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<sup>1</sup> European Commission implementing Decision 2016/1155 on the equivalence of the public oversight, quality assurance, investigations and penalty systems for auditors and audit entities of the United States of America. Equivalence decision valid until 31 July 2022.

<sup>2</sup> European Commission implementing Decision 2016/1156 on the adequacy of the competent authorities of the United States of America. Adequacy Decision valid until 31 July 2022.

Further detail on the timing for each project is provided in the table below

	Q4 2020	2021	2022
<b>Set up</b>			
Finalise work plan for presentation to CEAOB			
<b>Equivalence assessments</b>			
Assessment of the United States of America public oversight, quality assurance, investigations and penalty systems			
Revision of the third-country equivalence assessments in view of the 2014 EU Audit framework based on predetermined priorities			
Follow-up developments on of the UK’s withdrawal and identification of possible necessary actions to adopt			
Identification of and set up dialogue with potential third-country audit oversight authorities			
<b>Adequacy assessments</b>			
Assessment of the United States of America competent authorities			
Identification of and set up dialogue with potential third-country audit oversight authorities			
<b>Implementation of the legal framework</b>			
Assessing the impact of the General Data Protection Regulation into the Data protection agreements and develop a draft agreement or template			
Scoping the content of the guidelines on cooperation agreements and exchange of information with third-country competent authorities.			
<b>Interaction with other sub-groups</b>			
Dialogue with CEAOB Inspection and Enforcement sub-group			
<b>Other matters</b>			
Input into annual CEAOB report			