



COMMITTEE OF  
EUROPEAN  
AUDITING  
OVERSIGHT  
BODIES

CEAOB 2019-032  
Adopted on 27 November 2019

# CEAOB Inspection Sub-group

## Work-Plan 2020 and Outlook 2021

## **1. Introduction**

This work plan sets out the key priorities and activities for the period to the end of 2021. This is later than the period of 2020 stated in the CEAOB 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 CEAOB 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 CEAOB to improve audit quality and confidence in audits.

Any activity of the sub-group beyond the period covered by the 2020 CEAOB Work Programme may be subject to revision after the adoption of the 2021 CEAOB Work Programme.

## **2. Objectives**

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

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, census of specialists and opportunities of secondment. Follow up of the use of Data analytics and off-shoring by audit firms and their emerging quality initiatives. Interaction with other CEAOB 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 market-driven changes in the audit profession with the assessment of the implementation of new technologies, their related risks and the impact on audit quality, with some emerging industries (like cryptocurrency) that are bringing new audit and reporting challenges but also with the evolving investor's expectations that depend on the reliability provided by the audit and their related risks and opportunities regarding the oversight activities.

### 4. Summary

The table below sets out the proposed timings of each activity between 2019 and 2021. Further detail on each activity is provided below the table.

	November 2019 (Bucharest)	June 2020 (Brussels)	November 2020 (Amsterdam)	June 2021	November 2021
<b>Development of cooperation and consistency among the members</b>					
Update work plan					
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 (FS TF)					
Update from Smaller Regulator Inspectors task-force (SRI TF)					
Update from IT task-force (IT TF)					
	November 2019 (Bucharest)	June 2020 (Brussels)	November 2020 (Amsterdam)	June 2021	November 2021
Use of Data analytics and level of off-shoring activities undertaken by Big-4 audit firms					

Discussion of audit quality Initiatives by the firms					
Sharing of inspection approaches					
Consideration of training needs of ISG members – Specialist database – Secondment Opportunities					
<b>Interaction with other CEAOB sub-groups / other regulators</b>					
Dialogue with standards sub-group					
Joint meeting with IAASB/ IESBA					
Dialogue with market monitoring and enforcement sub-group					
Dialogue with ESMA					
<b>Communication with audit firms</b>					
Dialogue with Big-4 firms	EY	KPMG	PwC	Deloitte	EY
Dialogue with the other firms		Mazars			
Assess Mid-Tier firm to meet					
<b>Coordination with Colleges</b>					
Update from Colleges					
<b>Other communication matters</b>					
Input into annual CEAOB report					
Consideration of publication of surveys results and database findings					
	November 2019 (Bucharest)	June 2020 (Brussels)	November 2020 (Amsterdam)	June 2021	November 2021
<b>Interconnectivity</b>					
Update on interactions with PCAOB and third countries and coordinated quality assurance reviews between members					