COMMITTEE OF
EUROPEAN
AUDITING
OVERSIGHT
BODIES

CEAOB 2022-025
Adopted on 3 November 2022

19th plenary meeting of the Committee of European Auditing Oversight Bodies (CEAOB)
Room LOI 130.A
120/130, Rue de la Loi - 1040 Brussels
Summary of operational conclusions

Chair: Patrick Parent, Senior Advisor to the Chair of H3C, France's Audit Oversight Body (H3C)

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

4 July 2022

1. Welcome

The Chair welcomed the participants to the 19th plenary meeting of the CEAOB.

2. Adoption of the agenda

Decision: The agenda was adopted.

3. Adoption of the minutes and of the summary of operational conclusions of the CEAOB plenary meeting on 8 and 9 March 2022

Decision: The minutes and the summary of operational conclusions of the previous call held on 8-9 March are approved.

4. Update from the Chair

He briefly updated the CEAOB members on developments since the latest CEAOB plenary meeting and provided them with an overview of the main topics included in the plenary's agenda. In particular, he explained the important projects that have been launched and are mobilising significant resources from the members.

5. Update from the Vice-Chair

The Vice-Chair provided members with an update on the current state of play of several activities on-going or under preparation by the Commission: the proposals for a Corporate Sustainability Reporting Directive (CSRD) and for the European Single Access Point (ESAP), the Decisions on audit US adequacy and equivalence, the public consultation on corporate reporting - improving its quality and enforcement etc.

6. Update from the ARD task force and open discussion with members about the way forward

After the presentation of the output of the phase 1 of the CEAOB ARD Task Force established at the March 2022 plenary meeting, the members of the CEAOB discussed what its key priorities should be based on a number of identified priority items in respect of which recommendations have been made.

7. Adoption of the Report on materiality and discussion about a potential public version

A presentation took place in order to recall the objectives and the scope of the work, as well as to present an overview of the report key results, the main concerns raised and the recommendations to the auditors, the audit committees and the standards setters. After a short discussion, members decided to publish the Report on materiality on the CEAOB public website.

Decision: The Report on materiality was adopted and it will be published on the CEAOB public website.

8.   Presentation of the Good repute survey

The results of a survey carried out in relation to the matter of good repute were presented. The report is intended to assist the CEAOB members by providing information on alternative or additional steps that they may wish to adopt to ensure that the good repute assessments are as effective as possible taking into account the current differences between the Member States.

The presentation was followed by a discussion session.

5 July 2022

9.   Feedback from FSB meeting in Madrid

The CEAOB Chair updated the CEAOB members as regards the FSB Roundtable on External Audit that took place in Madrid on 1 and 2 June 2022, in particular on discussions held on concerns and lessons learned, as well as goals for the next year.

The presentation was followed by a discussion session between the CEAOB members.

10.   Update on Corporate Sustainability Reporting Directive work of EFRAG. Reporting from the CEAOB's two observers. Discussion on assurance standards, and potential role for the CEAOB in the future

The Chair of the CEAOB International Auditing Standards Sub Group updated the CEAOB members on the recent developments regarding the sustainability reporting in Europe, in particular on the work of EFRAG, as the recent consultation on ESRS (European Sustainability Reporting Standards) was launched last April.

The CEAOB members were also updated on assurance on sustainability reporting issues in the framework of the Corporate Sustainability Reporting Directive (CSRD) proposal.

The presentation was followed by a discussion session.

11.   Discussion on the use of professional qualification granted by third country organisations for the approval of EU statutory auditors

The Chair of the CEAOB introduced the subject related to auditors with professional qualifications earned in third countries and explained the existing applicable legal framework.

The purpose of the discussion was to get feedback from the CEAOB members on the scenarios that they confronted with and how they were being tackled in the different jurisdictions.

Decision: The CEAOB Chair proposed the preparation of a paper collecting good practices regarding the approval of third country auditors.

12.   Update from the Sub-Group Chairs on ongoing work and discussion on the Report on the 2022 CEAOB Enforcement Questionnaire

The Enforcement sub-group Chair presented to members the information collected for the 2022 enforcement report.

The International Adequacy and Equivalence sub-group Chair updated members on the ongoing activities to support the cooperation between European and third country audit regulators.

The International Auditing Standards sub-group Chair updated members on the ongoing work streams as regards the activities of the international standards setters.

The Inspections sub-group Chair reported on the meeting of the sub-group held on 28, 29 and 30 June 2022 and announced the next joint SSG and ISG meeting that will take place from 28 to 30 November 2022 in Amsterdam.

The Market Monitoring sub-group Chair gave an update on the state of play of the 3rd Market Monitoring Report.

13. Discussion on news about plans for splitting audit and consulting

The CEAOB Chair commented the latest news about plans for splitting audit and consulting at some audit firms and invited the members of the CEAOB to share their thoughts on the matter.

14. Consequences of war in Ukraine: updates from the Colleges' chairs and from members on national publications

A presentation, based on the responses collected from major audit firms in Europe, showing the consequences for networks of the events in Ukraine was given to the CEAOB members.

15. Discussion with the Ukrainian audit NCA

The Deputy Executive Director Audit Public Oversight Body of Ukraine (APOB) gave a presentation on the public oversight of auditing in Ukraine. In particular, she explained the stages of establishment and development of auditing in Ukraine, the whole oversight system and the authorities involved and how the APOB carries out the tasks that have been assigned to it.

The presentation was followed by a discussion session with the CEAOB members.

16. Potential update of the CEAOB Work Programme and Sub-Groups' Work plans for 2022

The Chair of the CEAOB requested the CEAOB members to share their thoughts as regards the content, structure and format improvements that could be implemented for the next CEAOB Work Programme and Sub-Groups' Work plans.

17. Appointment of new Market Monitoring Sub-Group Chair

The members elected Ms Alvarez Barby, Chief of Area of the Inspections and investigations Department at the Spanish Accounting and Auditing Institute (ICAC), as new Chair of the Market Monitoring Sub-Group for a term of four-years starting in July 2022 and thanked the previous Chair for the work done since the creation of the sub-group.

18. Date and location of future Plenary and Sub-Group meetings

The next CEAOB plenary meeting will take place in Brussels on 3 and 4 November.

19. Adoption of a short summary for publication on the webpage

The Chair presented the draft text of a short summary for publication on the webpage. Some CEAOB members some additions for the text.

Decision: The draft short summary for publication on the webpage was approved with some additions suggested by the CEAOB members.

20. Any other business

The dates for next 2022 CEAOB plenary meeting are:

- 3 November PM and 4 November.