CEAOB International Equivalence and Adequacy Sub-Group

Work Plan 2026 and Outlook 2027

1. Introduction

In order to further trust in informative, reliable, and independent audit reports, the CEAOB fosters the improvement of audit quality in Europe. The International Equivalence and Adequacy sub-group plays a vital role in this mission by contributing to EU policy on statutory audit and other assurance services. It focuses on the mechanisms for cooperation between European and third-country audit regulators and promotion audit quality and high standards of statutory audit in third countries. Additionally, the subgroup supports the development of expertise among its members, and encourages the sharing of experienced, knowledge, and best practices in the area of international cooperation, ensuring consistency in the implementation of the requirements for third-country audit entities.

This work plan outlines the key priorities and activities for the current period through the end of 2026 as well as the longer-term objective, given that the sub-group's activities extend over several years.

2. Objectives

Through its ongoing efforts, the sub-group supports the objectives of the CEAOB's mission and, in particular, contributes to the achievement of its core strategies:

Contributing to EU policy on statutory audit and other assurance:
The sub-group provides technical equivalence and adequacy assessments of third-country legal and regulatory frameworks. Equivalence and adequacy facilitate cooperation with third country regulators up to high audit regulatory standards. In this context, the sub-group also monitors audit regulatory developments in third countries and assess their impact on existing equivalence and adequacy decisions.

Harmonising regulatory approaches: The sub-group fosters a shared understanding and coordinated responses regarding the European regime on equivalence and adequacy of third-country audit regulatory frameworks.

Sharing expertise and experience: The sub-group discusses strategies related to third-country registration, cooperation and the exchange of information with third countries and while also promoting best practices, where possible.

3. Longer term outlook

Given the interconnectivity of the global economies and the worldwide operations of audit networks, the sub-group's primary focus is to ensure effective cooperation between European and third country audit regulators through the equivalence and adequacy assessments of third country audit regulatory framework. To this end, the sub-group will revise previously adopted equivalence decisions as necessary and where relevant, develop new technical equivalence and adequacy assessments. Additionally, the sub-group will continuously explore ways to support CEAOB members in their interactions with third country audit oversight authorities and foster cooperation.

The sub-group need to evaluate and if necessary, prepare for strategic changes as regards the revision of the audit directive and regulation, the amendments stemming from the corporate sustainability reporting directive and the impact on the third country regime.

4. Summary

The sub-group has identify a series of desirable activities aligned with the CEAOB's core strategies to be undertaken during 2026-2027. However, **due to resources limitations, the sub-group has also established a prioritisation of the various work streams** to ensure an efficient allocation of efforts and maximise impact. The priority level for each work stream is indicated by the number in brackets at the end of each item:

1. **Contributing to EU policy on statutory audit and other assurance:**

- The sub-group will monitor developments in third-country audit regulatory frameworks and assess potential impacts on existing equivalence and adequacy decisions. In particular, the sub-group will monitor developments and maintain dialogue with those jurisdictions operating under a time-limited equivalence and/or adequacy decision. (1).

- The sub-group will continue to monitor the implications of the UK's status as third country from an audit oversight perspective. It will track political developments and legislative initiatives assess the need for appropriate measures from both the individual EU audit oversight bodies' and the CEAOB's perspective. The sub-group will be prepared to provide input in case of the performance of a technical equivalence of the UK audit legal and regulatory framework and to develop a template for a working arrangement under article 47 of the Audit Directive (2)

- Based on priorities, the sub-group will continue assess and/or revise the equivalence assessments of third-country audit legal frameworks that are time-limited or were adopted under the 2006 EU Audit framework. (7)

- The sub-group will establish and/or continue the dialogue with third countries expressing interest in being included and/or maintained in the equivalence and adequacy assessment programme.

The sub-group will follow up on the adequacy decision concerning the South African audit regulatory framework, as necessary. (8)

2. Harmonising regulatory approaches

- The subgroup will continue monitor the negotiations of the Omnibus proposals[1] aimed at simplifying the Corporate Reporting Sustainability Directive (CSRD). It will assess the implication of these developments for the registration and oversight of third-country auditors and assurance providers, as well was for the equivalence and adequacy regime (4).

- The sub-group will continue discussions on the current third-country audit legal framework, in particular, articles 45 and 46, focusing on existing ambiguities and limitations. The objective will be to work towards a common understanding and ultimately, identify potential improvements to the Audit Directive and Regulation concerning the third-country regime (5).

- Following the adoption of the guidelines on the content of the cooperation agreements and exchange of information with third-country competent authorities under article 36 of the audit regulation, the sub-group will explore the possibility to development a template to further enhance cooperation with third countries and promote greater consistency among members. (6)

3. Sharing expertise and experience

- The sub-group will conduct a mapping exercise of third-country audit firms registered in the EEA and their audit clients, and explore the establishment of a European common data base to be regularly updated. Additionally, if feasible, the sub-group will work on developing guidelines and best practices for registration processes and maintenance of national third-country audit firms registers (3).

[1] Omnibus I - European Commission