



23rd plenary meeting of the Committee of European Auditing Oversight Bodies (CEAOB)

Room 130.A

RUE DE LA LOI 120/130 - 1040 Brussels

Summary of operational conclusions

Chair: Patrick Parent, Director in charge of prospective and international affairs, 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

23 November 2023

1. Welcome and introduction

The Chair welcomed the participants to the 23rd plenary meeting of the CEOB and he updated members on some last-minute changes to the initial agenda.

2. Adoption of the agenda

Decision: The agenda was adopted with a change. Members decided to vote on the adoption of CEOB's comment letter on ISSA 5000 initially submitted to approval by written procedure.

3. Adoption of the minutes and of the summary of operational conclusions of the CEOB plenary meeting on 29 and 30 June 2023

Decision: The minutes and the summary of operational conclusions of the previous meeting held on 29-30 June 2023 were approved.

4. Update from the Chair

The Chair updated members on developments since the latest CEOB plenary meeting and provided them with an overview of the main topics included in the plenary's agenda (e.g., CSRD implementation and adoption of sustainability assurance standards, third country relations, the organisation of the elections for the next CEOB Chair).

5. Update from the Vice-Chair

The Vice-Chair provided members with an update on the current state of play of several activities ongoing or under preparation by the Commission: the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRSs), the European Single Access Point (ESAP) and the ESG ratings proposal.

6. Update from the IEA Sub-Group Chair about third country developments Report on third country audit firms registered in the EU and their audit clients – for review and approval

The International Adequacy and Equivalence sub-group Chair presented members the letter drafted by the sub-group to Commissioner McGuinness as regards relationships with third countries.

Decision: Members expressed support for the letter and adopted it subject to one amendment. Once the letter will be updated accordingly, it will be signed by the Chair and sent to the Commissioner.

The International Adequacy and Equivalence sub-group Chair presented members the third country auditors report drafted by the sub-group as well as the next steps for this work stream.

Decision: Members expressed concerns about the resources that might be needed to achieve these objectives but supported the sub-group's plans to continue working towards more streamlining on this topic.

The International Adequacy and Equivalence sub-group Chair discussed with members another topic: the renewal of time limited decisions.

Members discussed on the need for renewed decisions and the resources needed for such an exercise.

Decision: It was decided to start working on this task.

7. Update on the work of the Monitoring Group (MG)

The Vice-Chair provided members with an update on the work of the Monitoring Group and the conclusions of the latest meeting held on 16 November 2023 in Basel.

8. CEAOB observers TF: (CEAOB Members only)

Approval of the Chair and members of the CEAOB task force in charge of:

- preparing criteria for assessing requests from non-EU/EEA countries to become observers,
- providing the Plenary with an assessment of such requests based on the criteria adopted at CEAOB level

Information from the Chair on application received since the June plenary

The Chair presented the members of the task force that will be in charge of setting criteria for assessing requests from third countries to become CEAOB observers to ensure a consistent approach towards all observer requests. The task force will start its work on the development of criteria in 2024. The observer requests received by the CEAOB will be analysed after the development of criteria is finalised.

Decision: Members agreed with the suggested way forward.

9. Update on the development of ESRS

The Chair of the CEAOB International Auditing Standards sub-group updated members on the recent developments regarding sustainability reporting in Europe, on the adoption of ESRSs by the Commission in July 2023, EFRAG's next workstreams and the update of the Accounting Directive thresholds. This was followed by a discussion with the members.

10. Sharing of information on developments on CSRD related matters:

Assurance standards

Transposition and options

Input from Members on transposition and other CSRD related initiatives in Member States

The discussion on CSRD related matters started with a tour de table where members presented the state of play and challenges identified in their jurisdictions during the transposition work.

The second topic of discussion was related to the adoption of EU limited assurance standards for sustainability reporting. The Vice-Chair presented members with its plans as regards the adoption of

such standards at EU level, explained the work that was already done on this topic together with the CEAOB, other relevant EU stakeholders and the IAASB and provided an overview of the main steps and challenges for the future.

Decision: Members decided to do a stock taking exercise and have an overview of what is already in place in this area and then decide on the specificities of the next steps.

The CSRD discussion continued with a presentation done by the Vice-Chair representative on the areas of focus identified during the CSRD transposition workshops held in 2023.

11. Sharing of information on a sanction decision which is postponed until the Court of Justice of the European Union has ruled on the matter

The Chair presented members the case of a sanction decision taken in France and that is currently under the ruling of the European Court of Justice.

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12. Update from the Sub-Group Chairs on ongoing work Approval of the Sub-Groups' work plans for 2024

The International Auditing Standards sub-group Chair updated members on the ongoing work streams as regards the activities of the international standards setters for both statutory audit and assurance of sustainability reporting. The plenary discussed the CEAOB comment letter on ISSA 5000 and voted on its adoption.

Decision: Members adopted the comment letter subject to one amendment.

The Enforcement sub-group Chair presented the activities of the subgroup: two virtual meetings on 6 and 31 October to share best practices. An enforcement webinar will be organised on 18 December on the topic of effective application of sanctions. The subgroup has started work on the 2024 enforcement questionnaire and the organization of the next meeting, which will take place in Cyprus on 23 and 24 May 2024.

The Inspections sub-group Chair reported on the outcome of the sub-group meeting held on 11-13 October in Brussels. The sub-group had a meeting with EY and a joint meeting with the International Auditing Standards sub-group, IAASB and IESBA. Other topics of discussion included the Colleges Work Plan for 2024, adoption of the revised CAIM work programs on IT inspection and IT and Cybersecurity and an update on the development of ESRS followed by a discussion on the plan for the implementation of CSRD and its impact on the oversight activities.

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 besides the ones already presented and discussed under agenda point 6, mainly monitoring audit developments in third countries.

The Market Monitoring sub-group Chair presented the main activities of the sub-group: the appointment of the new Chair and the finalisation of the work on the 3rd Market Monitoring Report (this will be discussed in the next agenda point). In the future, the sub-group is planning to work on the refinement of existing market monitoring indicators, the creation of new indicators and the revision of the templates. Cooperation with other sub-groups will be sought for this workstream.

Decision: Members adopted the sub-groups' work plans for 2024 without changes.

13. Approval of the proposals of the MM Sub-Group for the 2023 Market Monitoring Report

Decision: Members adopted the Market Monitoring Report without changes and thanked the sub-group, especially the Chair, for the hard work done on this project.

14. Follow-up on work of the ARD TF. Discuss timing and proposals that the CEAOB might want to follow up with regard to improvements to the supervision of audit in the EU

The Vice-Chair provided members with a presentation on the current state of play and next steps of a potential review of the current statutory audit legal framework.

Members discussed about the future work of the ARD task force based on the information above.

Decision: Members agreed to wait for further clarity on this workstream before starting further work.

15. Follow-up on the proposals made by the CEAOB's ad-hoc task force in 2021

Discuss the use of the Wiki for the communication of temporary prohibitions

Approval of a procedure for questions raised through the Wiki which are neither related to the Audit Directive nor to the Regulation

Members discussed the use of wiki in the future for two topics: the communication of temporary prohibitions and the questions raised by members which are neither related to the Audit Directive nor to the Regulation. Members supported these initiatives; thus, further work will be done on these topics to find the best practical solutions for their implementation.

16. Approval of the CEAOB work programme for 2024

Given that the final version of the work programme was provided to the members close to the meeting date, it was decided to adopt it by written procedure.

17. Discuss the timeline and process for the 2024 election of a new CEAOB Chair

Members discussed a paper describing the timeline and procedure for the election of the new CEAOB Chair due in June 2024.

Decision: The paper was adopted without changes.

18. Outreach session with EGIAN

EGIAN representatives discussed with members several topics of common interest such as changes in the PIE statutory audit market, follow up on the audit reform.

19. Debriefing from the outreach session

Members exchanged views on the outreach session held with EGIAN.

20. Stakeholder outreach: Agree on organisations to which members would like to reach out in 2024

Members exchanged views on stakeholder organisations and topics that could be covered in the 2024 stakeholder outreach sessions.

21. Adoption of a short plenary meeting summary for publication on the CEAOB webpage

The Chair presented the draft text of a short summary for publication on the webpage.

Decision: Several changes were needed to the draft; thus, an updated version will be circulated to the members for approval by written procedure. Afterwards, it will be published on CEAOB's website.

22. Any other business. Dates and locations for plenary meetings in 2024

The date and location of the 2024 plenary meetings was presented to the members:

- 12 and 13 March (online)
- 18 and 19 June (physical in Paris)
- 19 and 20 November (physical).