



21st plenary meeting of the Committee of European Auditing Oversight Bodies (CEAOB)

WebEx call

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

20 March 2023

1. Welcome and introduction

The Chair welcomed the participants to the 21st plenary meeting of the CEOB.

2. Adoption of the agenda

Decision: The agenda was adopted.

3. Adoption of the minutes and of the summary of operational conclusions of the CEOB plenary meeting on 3 and 4 November 2022

Decision: The minutes and the summary of operational conclusions of the previous meeting held on 3-4 November 2022 were approved with some editorial suggestions.

4. Update from the Chair

The Chair updated the CEOB 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. He also thanked them for their work in the CEOB and highlighted two important topics for the committee: external communication and sustainability.

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 next steps as regards the adoption of European Sustainability Reporting Standards (ESRSs), the ongoing proposal for the European Single Access Point (ESAP), the initiative related to corporate reporting - improving its quality and enforcement, the ESG ratings proposal and the development of sustainability assurance standards at EU level.

6. Update on EY's EVEREST project

Members discussed about plans for splitting audit and consulting services at EY with a view towards any impacts on audit quality and oversight matters and shared their thoughts on the matter.

7. Sharing of experience on assurance related to non-financial reporting

Representatives of IT, ES and FR provided a presentation on their experience on assurance related to non-financial reporting. They are the EU jurisdictions that require an assurance opinion on the information reported by companies under the Non-Financial Reporting Directive (NFRD).

This was followed by a questions and answers session with the other members. The sharing of this experience is very useful in view of the assurance requirement brought in by the CSRD for sustainability reporting.

8. Discussion on suggestion from one member to amend the CEAOB strategy to add Sustainability assurance

Members discussed the suggestion from one member to amend the CEAOB strategy to add sustainability assurance.

Decision: Given that there is no legal mandate yet for the CEAOB in the area of sustainability assurance, it was concluded not to amend the CEAOB strategy. It was also noted that the mission statement of the CEAOB as adopted by the plenary covers “assurance”, with the perspective to allow for dealing with all kinds of assurance, including sustainability or any potential future topic for assurance provision if need be.

9. Discussion on Accountancy Europe’s position paper “Key factors to develop and use audit quality indicators” (13 January 2023) and the role the CEAOB could play on this matter

Members discussed Accountancy Europe’s position paper “Key factors to develop and use audit quality indicators” and the role that the CEAOB could play on this matter.

Decision: The ISG will perform an inquiry with the members to determine if there is any interest to further pursue work on this topic.

10. Follow-up on proposals resulting from the strategic review performed in 2021: developing common inspection priorities, harmonising interpretation of ISAs, developing common understanding on matters entered in the wiki

The management of questions posted on the wiki was discussed.

11. Approval of the Inspections Sub-Group Chair mandate renewal

Decision: members voted in favour of renewing the mandate of the ISG Chair and they thanked her for the work performed during the first mandate.

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12. Outreach session with ESMA

ESMA representative provided the members with a presentation on ESMA’s strategy 2023-2028, main priorities for 2023, findings on 2022 supervision, activities in sustainability reporting and possible topics of cooperation between ESMA and the CEAOB. The presentation was followed by a questions and answers session with the members.

13. Outreach session with Finance Watch

Finance Watch representative provided members with a presentation on the challenges of sustainability reporting. The presentation was followed by a questions and answers session with the members.

14. Updates from the Subgroups

The Enforcement sub-group Chair presented the activities of the sub-group: a meeting held on 24 and 25 November 2022 in Warsaw to share best practices on sanctions and discuss changes on the enforcement questionnaire as well as a webinar on 16 December 2022 to discuss enforcement practices of two members. A meeting of the sub-group is scheduled on 22 and 23 May in Vienna to discuss the outcome of the enforcement questionnaire and to draft the report.

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

The Inspections sub-group Chair reported on the outcome of the sub-group meeting held on 30 November – 2 December 2022 in Amsterdam. A joint meeting with the International Auditing Standards sub-group took place at the same time in Amsterdam. During the joint meeting, members of the two sub-groups had a discussion with the IAASB on topics such as CSRD developments, ISA 600, audit of less complex entities, fraud and going concern. The main messages of the materiality survey were presented to the IAASB representatives. A virtual discussion with IESBA was held on 6 December 2022. The next meeting of the sub-group is planned on 21 and 22 June in Ljubljana.

The Market Monitoring sub-group Chair gave an update on the state of play of the 3rd Market Monitoring Report. The sub-group is also planning to work on the refinement of existing market monitoring indicators and the creation of new indicators. Input from other sub-groups will be sought for this workstream.

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 Chair provided an overview of the comment letters sent to the IAASB on recent initiatives, the dialogue held with the IAASB and IESBA, the dialogue with ESMA as regards the CEAOB guidelines on ESEF and the workstream on the assurance of sustainability reporting.

The Chair also updated members on the recent developments regarding sustainability reporting in Europe, on the work of EFRAG on the development of ESRs (European Sustainability Reporting Standards) where CEAOB is an observer.

15. Approval of the 2022 Annual Report

Decision: The CEAOB 2022 annual report was approved with some editorial suggestions.

16. Decision on whether APOB (Ukrainian NCA) should be granted observer status

Decision: Members approved APOB's request to become an observer at plenary level.

17. Debriefing on outreach sessions with ESMA and Finance Watch

Members exchanged views on the two outreach sessions held with ESMA and Finance Watch.

18. Sharing of information on initiatives from the Commission and Member States in the area of assurance on sustainability reporting

EC representatives provided the members with an overview of its objectives as regards the development and adoption of assurance sustainability standards at EU level following CSRD's requirement on this topic.

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

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

Decision: The draft short summary for publication on the webpage was approved with some changes suggested by the CEAOB members. It will be published on CEAOB's website.

20. Any other business

The dates and location of the remaining 2023 plenary meetings were reminded to the members:

- 29 and 30 June 2023, physical meeting
- 23 and 24 November 2023, physical meeting.

The Chair presented members with the intention to create a CEAOB LinkedIn account where further external communication could be done.