



CEAOB Annual Report 2024



COMMITTEE OF
EUROPEAN
AUDITING
OVERSIGHT
BODIES

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Welcome to the 2024 Annual Report of the CEAOB

Created in June 2016 by Regulation (EU) No 537/2014 of the European Parliament and of the Council, the CEOB brings together the competent authorities of the Member States responsible for audit oversight. It organises cooperation between them and, as required, advises the European Commission as well as its members. Through its Subgroups and task forces, which bring together experts from national authorities, it contributes to improving the effectiveness of audit oversight in Europe, disseminates best practices, shares knowledge and represents the voice of its members to international standard-setters.

CHAIR'S FOREWORD



We are also pleased with our ongoing close collaboration with standard setters, including the IAASB and IESBA, and we recognise their efforts to strengthen the foundations of sustainability reporting.

I am deeply honored to have taken up the baton as Chair of the CEAOB since July 2024. It is a privilege to continue the excellent work initiated by my predecessors and to contribute to the ongoing development of our committee.

As in previous years, challenges have been ever-present. However, if we were to characterise 2024, it would undoubtedly be described as a year marked by significant challenges for all stakeholders. Each stakeholder faced the task of navigating the newly introduced sustainability standards and managing the complexities these changes brought.

In this context, the CEAOB played a vital role in supporting audit oversight bodies as well as the entities within the scope of the first wave of the Corporate Sustainability Reporting Directive (CSRD). One of our key contributions was the issuance of non-binding guidelines on limited assurance on 30 September 2024. These guidelines were designed to serve as a helpful reference alongside the national laws of each country, providing much-needed clarity and support during this critical period.

I would like to extend my sincere gratitude to everyone who contributed to the development of these guidelines. The feedback provided during the

consultation process was invaluable and played a crucial role in shaping a comprehensive and practical resource. Your support enabled us to deliver the best possible outcome for all stakeholders.

Following our strategy and goals, we also managed to engage and maintain dialogue with several stakeholders, facilitating knowledge exchange on sustainability to enable further growth and to better understand the needs and concerns of the profession. Along these lines, the CEAOB participates as an observer on EFRAG's Sustainability Reporting Board and Technical Expert Group (TEG).

We are also pleased with our ongoing close collaboration with standard setters, including the IAASB and IESBA, and we recognise their efforts to strengthen the foundations of sustainability reporting. Notable developments include the issuance of the International Standard on Sustainability Assurance (ISSA) 5000 and the establishment of a comprehensive ethical and independence framework for sustainability reporting and assurance. We all share the common goal of fostering integrity, transparency, and trust in the sustainability ecosystem, which underscores the significance of our relationship.

This is a continuous endeavor, and further involvement is expected over time. This is also reflected in the request from the European Commission for providing technical advice on assurance on CSRD-related requirements at the EU level. We cannot overstate how grateful we are for the support and trust that the European Commission has placed in the CEOB.

Beyond the topic of sustainability reporting, the CEOB has also focused on another key area: innovation in digital technologies, particularly artificial intelligence (AI). In recent years, AI has garnered increased interest from a variety of stakeholders, especially in relation to the audit profession. We also recognise the AI Act, which entered into force in 2024 as the first legal framework on AI globally. As mentioned last year, the CEOB is supported by the IT Task Force, which analyses the consequences of these developments on auditing and their impact on regulators, thereby enabling our members to adapt their inspection methodologies accordingly. A special thanks also goes to the Task Force team for preparing and publishing the insight paper "Challenges and Applications of Advanced Technologies in Audit Firms", which provides an overview of the current development and use of advanced technologies, along with trends, challenges, and risks associated with their implementation, with a particular focus on local audit firms in Europe.

I would like to express my sincere gratitude for the outstanding collaboration with the European Supervisory Authorities (ESAs). Our work is made possible through the strong engagement

of stakeholders, whose insightful contributions are invaluable to our efforts. I would also like to highlight the great collaboration and continuous communication established with several stakeholders this year, including the European Contact Group (ECG), Public Company Accounting Oversight Board (PCAOB), Accountancy Europe, Forum of Firms, European Confederation of Directors' Associations (ecoDa), European Systemic Risk Board (ESRB), and Accounting and Financial Reporting Council (AFRC). Our gratitude also extends to other European public oversight authorities, particularly the Commission for Public Oversight on Statutory Auditors (CPOSA), for their warm hospitality and constructive dialogue. We had the opportunity to attend various events and panels organised by these stakeholders, facilitating valuable exchanges of insights.

Before concluding, I wish to extend my appreciation to my colleagues in the Consultative Group, the dedicated Chairs of the Subgroups, and the leaders of the task forces focused on specific subjects. On behalf of the members of the CEOB, I would also like to congratulate Ms. Marjolein Doblado, Chair of the International Standards Subgroup, along with the members of the subgroup, for their excellent work and the considerable hours dedicated to delivering the non-binding CSRD guidelines on limited assurance. A special note of thanks goes to the International Equivalence and Adequacy Subgroup (IEA SG), and in particular to its Chair, Mr. Eduardo-Javier Moral-Prieto, for preparing and submitting the final technical assessment report on the adequacy of the legal and regulatory audit framework of one of the third countries. I also extend my gratitude

Ms. Agathe Pignon, Chair of the Inspection Subgroup, for organising successful training sessions during the year and coordinating with the IT Task Force on the preparation of the Insight Paper on the challenges and applications of advanced technologies in audit firms. Furthermore, I would like to thank Ms. Agnieszka Koprowska, Chair of the Enforcement (ENF) Subgroup, for preparing the Report on the 2024 CEOB Enforcement Questionnaire, and presenting the ENF Webinar on the Wirecard case. My appreciation also goes to Mr. Francisco Javier Puente Berdasco, Chair of the Market Monitoring Subgroup, for developing the Market Monitoring reporting template, which will assist in drafting the upcoming 4th Market Monitoring Report. Lastly, I would like to congratulate the College Facilitators for their outstanding collaboration with the four colleges. Their efforts in maintaining a constructive relationship and fostering two-way communication with audit firms, have been invaluable.

Finally, and certainly not least, I extend my sincere gratitude to all CEOB members and colleagues for their hard work and unwavering commitment throughout the year. It is essential to remember that the CEOB's ability to fulfill its mission, as mandated by the European Regulation, relies on the resources that its members willingly provide.

Panos Prodromides
Chair of CEOB

VICE-CHAIR'S FOREWORD

This report shows again the wide range of the CEOB's activities and responsibilities. The CEOB is the European Commission's main interlocutor in audit and assurance. From the side of DG FISMA, we are in frequent – if not daily – contact with colleagues of the national audit regulators and members of the CEOB. I would like to thank each of them for their contribution and expertise. But special thanks go to Patrick Parent, who has successfully chaired the CEOB the full term of four years. We are also pleased with the election of Panos Prodomides, who took over the chairmanship on 12 July 2024.

2025 promises to be another challenging year, also because of the need to reduce the administrative burden of companies significantly to make the EU more competitive. Statutory auditors and other assurance providers play a pivotal role in financial markets. They know their clients and their opinions matter. They bring confidence to the markets. Our main common objective is to promote audit and assurance quality in the public interest. I look forward to our continued cooperation!

Martin Merlin
Vice Chair of CEOB



Our main common objective is to promote audit and assurance quality in the public interest.

CEAOB'S MISSION AND CORE STRATEGIES

CEAOB's mission

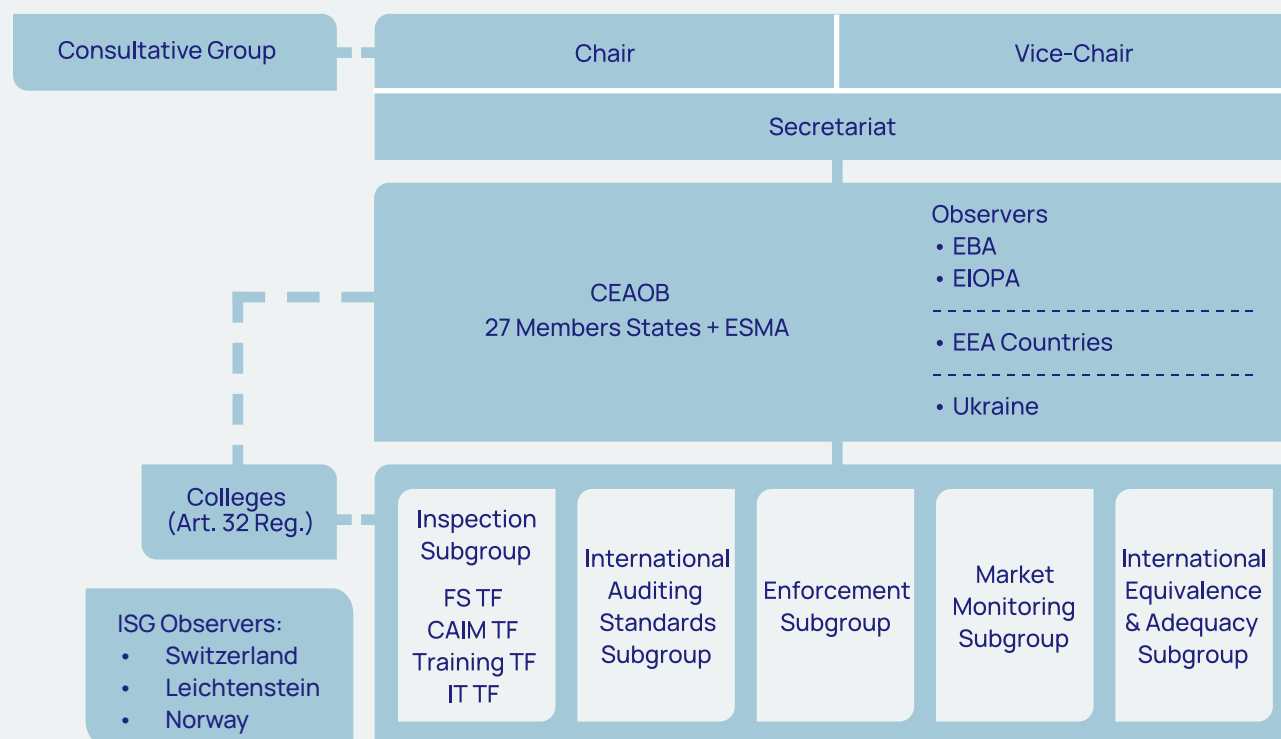
The CEAOB fosters convergence of practice by European audit regulators and the improvement of audit quality in Europe in order to further trust in informative, reliable, and independent audit reports.

In order to fulfil this mission, the CEAOB supports the development of expertise in its members, it fosters sharing of experience and expertise, and it contributes to EU policy matters involving audit firms and audit quality.

CEAOB's core strategies

- Harmonising regulatory approaches
- Sharing expertise and experience
- Contributing to EU policy on the future of statutory audit and other assurance
- Contributing to policy making via regular dialogue with international standard setters

CEAOB organisation



CEAOB OUTREACH

Public supervision requires the organisations to which it is entrusted to exchange with the various stakeholders in order to refine their understanding of information needs, to better appreciate the impact of normative or regulatory developments, to identify emerging risks and, thanks to this, to adapt the supervision of the supervised entities or persons.

The CEOB, fulfilling its mission to optimise the effectiveness of the European audit system, organises exchanges with different stakeholders during its plenary meetings. In 2024, such exchanges were organised with:

March's Plenary Meeting

- The Director of the Office of International Affairs of the PCAOB along with other staff members of the Office presented an overview of the current cooperation with the EU audit oversight bodies, results and trends from PCAOB oversight, and updates on US standards and rules
- The Head of Policy Engagement at Norges Bank Investment Management (NIBM), discussed perspectives on sustainability reporting and assurance

June's Plenary Meeting

- The Chair of the EFRAG Sustainability Reporting TEG, informed the members about the conceptual foundations of ESRS, the implementation guidance and the ESRS Q&A platform, the use of estimates, and the next steps for EFRAG
- Representatives from ESMA discussed with members the different greenwashing concepts, the various risk areas and underlying drivers across the sustainable investment value chain (SIVC)
- Representatives from the European Banking Authority (EBA) provided members with a presentation on the state of play of sustainability reporting and disclosures, the Pillar 3 data hub project, IFRS 9 benchmarking, and the prudential measurement and loss absorbency of capital instruments
- Representatives from European Contact Group (ECG) provided members with a presentation on the assurance of sustainability reporting
- Representatives from the European Confederation of Directors' Associations (ecoDa) presented the current activities and their views on how to improve corporate reporting

November's Plenary Meeting

- The Deputy Chief Executive of Accountancy Europe (ACE), gave a presentation to the members on various current topics, specifically focusing on CSRD implementation issues and potential solutions, ACE's work on automation and AI, the development and usage of AQIs, challenges faced with regards to the attractiveness of audit profession, data regarding private equity investment in audit firms and its potential impact

INTERCONNECTIVITY

The following is a chronological overview of the meetings and events organised throughout the year, where the CEOB Chair had the opportunity to contribute and engage with stakeholders:

Commission for Public Oversight of Statutory Auditors (CPOSA)

From 25 to 27 September, the Chair of the CEOB undertook a series of high-level meetings in Sofia, hosted by the Commission for Public Oversight of Statutory Auditors (CPOSA). These engagements included discussions with the Management Board of the Institute of Certified Public Accountants (ICPA) and representatives of Bulgaria's leading audit firms.

The meetings provided an opportunity to exchange insights on the strategic vision regarding the future direction of the CEOB. Discussions also focused on strengthening cooperation with the European Commission, National Competent Authorities (NCAs), and the audit profession. In addition, representatives of the Bulgarian government shared their perspectives on aligning the national legal framework with pan-European audit legislation.

The Chair met with members of the professional community and representatives of the auditing

profession to discuss their perspectives on CEOB's future development and the implementation of the Corporate Sustainability Reporting Directive (CSRD). The visit concluded with a meeting with Bulgaria's Deputy Minister of Finance.

Accountancy Europe – Audit and Assurance Policy Group (AAPG)

On 9 October, the Chair of the CEOB presented at the Accountancy Europe – Audit and Assurance Policy Group (AAPG) meeting. He outlined the current and upcoming initiatives of the CEOB and addressed key inquiries from participants.

The European Confederation of Directors Associations (EcoDa)

On 18 October, CEOB Chair participated as a speaker at the European Board Diploma (EDB) Day on Audit Committees, organised by EcoDa in Brussels, covering the CEOB's current and upcoming priorities and providing insights into key regulatory developments. He also discussed the role of materiality in audit committees, drawing on findings from the CEOB materiality survey, and addressed provisions related to mandatory auditor rotation.



Public Company Accounting Oversight Board (PCAOB)

The Chair of CEOB participated in the 2024 PCAOB International Institute on Audit Regulation, held in Washington, D.C., from 29 to 30 October. Under the theme "Raising the Bar for Audit Quality".

The Chair presented the CEOB's oversight pillars, mission, and strategic priorities, while emphasising key considerations for audit regulators when assessing audits that increasingly integrate artificial intelligence (AI).

Forum of Firms

On 5 November, the CEOB Chair, together with the Chair of the CEOB International Auditing Standards Subgroup, participated in the Forum of Firms meeting.

During the session, they provided insights into CEOB's current and future priorities, with a particular focus on the Corporate Sustainability Reporting Directive (CSRD) implications and the CEOB guidelines on the sustainability assurance. The discussion highlighted key regulatory developments and the role of oversight in ensuring high-quality sustainability reporting.

European Systemic Risk Board (ESRB)

On 6 and 7 November, the ESRB and CEOB held their 8th annual meeting with auditors. Representatives of the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Securities and Markets Authority (ESMA), also participated in the meeting. The meeting had five key topics:

- Systemic risk in an environment of heightened uncertainty;
- Interest rate risk in the balance sheets of banks: the role of deposits and derivatives;
- First implementation of European Sustainability Reporting Standards;
- Asset-intensive reinsurance; and
- Other risks – the auditor's view

The head of the ESRB Secretariat, as a co-chair of the meeting, reminded participants of the main

features of the ESRB General Warning issued in September 2022. He highlighted the three key objectives of the warning: (i) warning about severe and heightened financial stability risks, (ii) calling for the resilience of the EU financial system, and (iii) requesting coordinated policy responses. He noted that the warning was addressed to EU and national supervisory authorities and, indirectly, to financial institutions. The ESRB General Warning was issued in an environment of elevated and intertwined risks to financial stability, including (i) the deterioration of the macroeconomic outlook, (ii) potential sharp asset price corrections, and (iii) implications for banks' asset quality.

He shared additional insights on the macroeconomic environment and systemic liquidity. Regarding the assessment of systemic liquidity, he mentioned work on a set of indicators to monitor systemic liquidity risks in the financial system, including funding and market liquidity. Additionally, he referred to published work on interconnectedness and deposit runs. He added that the ESRB prepared an Occasional Paper identifying relevant areas for systemic liquidity based on sectoral balance sheet data from national accounts.

He then referred to the ESRB's response to the consultation launched by the European Commission in May 2024 on macroprudential policies for non-bank financial intermediation.

He also mentioned other ESRB activities, including:

- Scenarios for the stress tests of money market funds and insurance corporations and the ongoing work on the adverse scenario of the EU-wide banking stress test conducted by the

European Banking Authority.

- The submission of a letter by the ESRB to European co-legislators on reporting requirements in financial services and investment support.
- The publication of the ESRB's January 2024 assessment results on residential real estate.
- The ESRB report on cyber resilience, focusing on tools for gathering, coordinating, sharing, and managing information, as well as emergency and backup systems.
- Climate risks, the macroprudential stance, and liquidity management tools for investment funds.

From the CEOB side, the Chair presented CEOB's current and upcoming priorities and initiatives, outlining its main activities over the past year, and explaining its mission and core strategies.

Also, the Chair of the CEOB Financial Services Task Force presented the work done by the Task Force over the previous year, the Inspection Findings Database, findings related to the Audit of Accounting Estimates (ISA 540) and the two thematic reviews conducted by the Financial Services Task Force on real estate and crypto assets.



Accountancy Europe and International Federation of Accountants (IFAC)

On 12 November, the Chair of the CEOB International Auditing Standards Subgroup was invited to present key highlights from the CEOB guidelines on limited assurance in sustainability reporting at the webinar “Shaping the Future of Sustainability Assurance Engagements”, organised by Accountancy Europe and IFAC, provided an opportunity to engage with experts from the International Auditing and Assurance Standards Board (IAASB) and the Nordic Federation of Public Accountants. Discussions focused on the evolving landscape of sustainability assurance, the role of regulatory guidance, and emerging best practices.

Accounting and Financial Reporting Council (AFRC)

As part of CEOB's ongoing commitment to advancing governance, regulatory excellence, and sustainable financial reporting, the CEOB Chair participated in the Regional Regulatory Forum organised by the Accounting and Financial Reporting Council (AFRC). Themed “Transforming Regulation, Governance, and Development for a Resilient and Sustainable Future”, the Forum was held on 2 December in Hong Kong, bringing together industry thought leaders to discuss pressing issues in financial oversight and market integrity.

Key topics such as policy, regulatory, and governance frameworks, global coordination of standards,



technological disruption, sustainability reporting and assurance, and talent management strategies for the future of auditing were discussed.

Also, the CEOB Chair delivered a keynote address on “Strategies to Sustain Governance, Accountability, and Reporting Excellence”, highlighting the pivotal role of high-quality financial reporting and audit oversight. He also participated in the panel discussion titled “Strengthening Trust: Accounting, Accountability, and Governance”, reinforcing the importance of transparency, ethical leadership, and sustainable regulatory practices.

ABR International Accounting Policy Forum

On 6 and 7 December, the ABR International Accounting Policy Forum was held in Berlin, bringing together academics and professionals to discuss key accounting policy issues. The CEOB Chair participated in a panel discussion on ‘How High-Quality Corporate Governance Can Reduce the Risk of Surprise Failure.’

He shared insights from his experience, evaluating the feasibility, effectiveness, and potential risks of the proposed policy recommendations aimed at reducing audit failures.

Ministry of Finance of Ukraine

On 12 December, CEOB Chair participated as a speaker in the online event “Sustainability Reporting Implementation: Challenges and Opportunities,” organised by the Ministry of Finance of Ukraine. The event marked the formal adoption of the Ukrainian Government's Strategy for implementing sustainability reporting, bringing together key stakeholders, including representatives from government ministries, the audit and accounting professions, and other critical partners involved in advancing sustainability reporting in Ukraine.

Mr. Prodromides presented the perspectives on the challenges and opportunities in implementing and assuring sustainability reporting in the EU, sharing insights into regulatory developments, best practices, and key considerations for effective implementation.



PLENARY

Sharing of experience

One of the core strategies of the CEAOB is the active sharing of experiences among its members. This objective is achieved through various means, including collaboration within subgroups and working groups, as well as open communication with stakeholders.

Plenary meetings

During the year, three plenary meetings were conducted, two of these meetings were held in person, while one was conducted online.

March 2024 Plenary Meeting

During the March 2024 plenary meeting, members engaged in a productive discussion on emerging trends in the audit market and their potential implications for enforcement. Key topics included the Artificial Intelligence Act (AI Act), Shared Services Centers (SSC), the Digital Services Act (DSA), and the challenges associated with the use of advanced technologies.

June 2024 Plenary Meeting

The June 2024 plenary meeting facilitated an exchange of information regarding the transposition status of the Corporate Sustainability Reporting Directive (CSRD). Members shared updates on their respective countries' approaches and progress in integrating the directive into local law. This exchange provided insights, deepened mutual understanding, and highlighted best practices among members.

November 2024 Plenary Meeting

At the November 2024 plenary meeting, experiences and lessons learned during the enforcement process of a specific case were presented. The presentation detailed collaboration with a third party regulator, illustrating how cooperation was implemented and the valuable outcomes it yielded for future enforcement strategies.

Observer status

In June 2024, the CEAOB Observer Task Force presented their proposed guidelines on observer admission and assessment criteria to the CEAOB Plenary meeting. These guidelines, addressing the conditions for CEAOB observership, were subsequently adopted.



PUBLIC COMMUNICATIONS

In 2024 the members of the plenary approved the publication of various documents intended to respond to requests for opinions or to consultations:

- On **8 April 2024**, the CEOB published its comment letter to the IAASB in relation to the IAASB's Exposure Draft on Proposed Narrow Scope Amendments as a result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code.
- On **7 May 2024**, the CEOB published two comment letters to the IESBA in relation to the:
 - IESBA's Exposure Draft on Using the Work of an External Expert
 - IESBA's Exposure Draft on International Ethics Standards for Sustainability Assurance (including International Independence Standards)
- On **3 June 2024**, the CEOB published its comment letter to the IAASB in relation to the IAASB's Exposure Draft of Proposed ISA 240 (Revised) The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.

- On **30 September 2024**, the CEOB published guidelines for limited assurance on sustainability reporting (CSRD), after a public consultation organised prior to approval.
- In **September 2024**, the CEOB published the (2024) Enforcement Report done by the Enforcement Subgroup on the Enforcement Questionnaire for 2024.
- As approved at the CEOB Plenary meeting on 20 November 2024, the CEOB published common audit inspections methodology questionnaire (CAIM) on ISA 600, which was prepared by the Inspection Subgroup.

The CEOB further established a [LinkedIn account](#) in 2023. During 2024, a total of twenty-two publications were issued, authored either by the Subgroup Chairs or the CEOB Chair to reflect the commitment to increase the visibility of the CEOB through the use of social media.



INSPECTION SUBGROUP

The Inspection Subgroup (ISG) comprises 28 members (the 27 EU Member States National Competent Authorities (NCAs) and ESMA) and three observers (Liechtenstein, Norway and Switzerland). The Chair of the Subgroup is Agathe Pignon from the Commission de Surveillance du Secteur Financier (CSSF), Luxembourg. She is assisted by an Organising Committee composed of representatives from NCAs of Austria (from 2025 onwards), Cyprus, France, Germany, Ireland and the Netherlands. In 2024 the Inspection Subgroup held two in-person meetings in Riga (12 and 13 June) hosted by the Ministry of Finance of the Republic of Latvia (MOF) and in Chania (16 to 18 October) hosted by the Hellenic Accounting and Auditing Standards Oversight Board (HAASOB), and one virtual meeting (5 November).



1. Dialogue with the largest European networks of audit firms

The Inspection Subgroup met three audit firms in 2024:

- Grant Thornton (June 2024);
- KPMG (June 2024);
- PwC (October 2024)

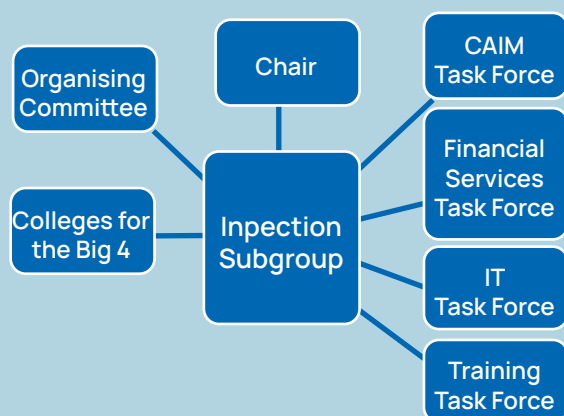
During these three meetings, there were presentations and discussions with the firms about:

- Inspection findings (internal and external) and their root cause analysis;
- Other quality initiatives notably the implementation of ISQM and the use of technology and its impact on the audit approach;
- The implementation of CSRD and the assurance on sustainability reporting; and
- Recent developments relating to their network structure and governance

Meetings with the Big 4 audit firms are organised in coordination with the Colleges of competent authorities (Art. 32 of the Audit Regulation).

The Colleges (for the Big 4 audit firms) met with the respective firms at separate virtual or physical meetings (between one and three meetings per Colleges in 2024). In addition, there were numerous meetings and calls between the College members to share experiences on inspections. The activities and plans of the Colleges were communicated to Inspection Subgroup members at the meetings in June and November 2024. At the October meeting, Inspection Subgroup members received a presentation on the outcome of the Colleges Independence and Resources thematic review performed both at Firm and NCA levels.

Additionally, in June 2024 the Inspection Subgroup met with representatives of the EGIAN (European Group of International Accountancy Networks and Associations) organisation to discuss findings on their member firm's quality management systems including ISQM, and the development of Generative Artificial Intelligence and its potential impacts on audit.



2. Sharing, discussing, and analysing inspection findings and inspection approaches

Sharing and discussing inspection approaches including innovative approaches to performing inspections has been achieved thanks to a series of presentations by individual members:

- H2A from France presented its inspection approach;
- The AFM from the Netherlands and IAASA from Ireland gave an overview on private equity investments and ownership of audit firms and the regulator approach dealing with this topic.

In addition, a panel discussion was organised on CSRD implementation and its impact on the oversight activities of NCAs, in particular the preparations being undertaken for sustainability inspections.

Sharing and discussing inspection findings:

The Inspection Subgroup performed one analysis based on inspection results (“findings”) which have been entered by NCAs into the CEOB inspection results database. This analysis was focused on the component of the system of quality management Acceptance and Continuance and the transition to ISQM1 on this topic.



Sharing inspection practices regarding Financial Services and IT:

The Financial Services Task Force presented the output of a survey performed on crypto assets across NCAs.

The IT Task Force prepared a [paper](#) analysing the challenges and applications of advanced technologies in audit firms including status, trends, examples, and tools.

Further developing the Common Audit Inspection Methodology (CAIM):

As part of the ongoing enhancement of the CEOB inspection methodology, the ISG members adopted the revised [CAIM work program on ISA 600 \(revised\)](#). The revision to the work program was driven by the risk based approach introduced in the revised standard and the interactions with the component auditors.

3. Collaboration with the other CEOB Subgroups and task forces and with other regulators

A joint meeting was held with the International Auditing Standards Subgroup in October 2024 with leadership of the IAASB and of IESBA in attendance. The meetings covered the draft international assurance and ethical standards for sustainability engagements and the CEOB guidelines on limited assurance on sustainability reporting, the CEOB responses to the exposure drafts released in 2024 by the standard setters, and an overview of the IAASB and IESBA projects close to finalisation and future projects.

ENFORCEMENT SUBGROUP

1. Leadership and information on the Enforcement Subgroup

The Enforcement Subgroup (ENF SG) is composed of representatives from 18 supervisory authorities. The chair of the Subgroup is Agnieszka Koprowska from the Polish Agency for Audit Oversight (PANA), Poland.

The Enforcement Subgroup supports the development of expertise of its members, and it fosters sharing of experience, expertise and best practices in the area of investigations and sanctions.

In 2024, the Enforcement Subgroup held eight meetings, seven of which were held online and one in the form of an in-person meeting in Cyprus (on 23-24 May) hosted by the Cyprus Public Audit Oversight Board (CyPAOB).



The main objectives of the Cyprus meeting were:

- to discuss findings and conclusions gathered in the 2024 Enforcement Questionnaire,
- to work on the preparation of the 2024 Enforcement Report,
- to discuss case studies in the context of the findings made by NCAs, investigation steps, sanctions and current legal framework,
- to discuss the implementation of CSRD directive in areas linking ESG and enforcement,
- to address the topic of temporary prohibitions and ENF database.

2. Activities in 2024

The Enforcement Subgroup compiled a questionnaire concerning specific issues, including administrative measures and sanctions, as well as the state of administrative and disciplinary regimes in the EU and in EEA countries.

Since the beginning of 2024 the CEAOB Enforcement Subgroup has worked on drafting the questions for the 8th annual Enforcement Subgroup survey. The questions are slightly different each year, because the Subgroup wishes to analyse and to emphasise various aspects related to administrative and disciplinary systems in member countries.

In February, the questionnaire was sent to all EU NCAs and EEA Authorities. This year's questionnaire focused primarily on collecting statistical data on administrative measures and sanctions (Audit Directive chapter VII) taken in 2023. Respondents were also asked to provide data on the level of pecuniary sanctions imposed in 2023 on natural or legal persons in their jurisdiction. The questionnaire also included questions:

- for extended information on how the declaration that the audit report does not meet the requirements indicated in article 30a (1d) AD (article 28 AD or, where applicable, Article 10 AR) has been implemented in the various jurisdictions,
- about Corporate Sustainability Reporting,
- on the type of breaches on the basis of which sanctions were imposed, e.g. which auditing standards were most frequently violated.

Improving the understanding of the investigation and sanctioning regimes in EU Members States through regular information exchanges and case studies.

The [8th CEA OB Enforcement Report on Sanctions and Administrative measures imposed by NCAs and EEA authorities and delegated bodies in EU/EEA States](#) was adopted by CEA OB in August 2024.

The Report presents an overview of the data prepared on the basis of 30 responses, thereof 27 responses from EU Member States and 3 from EEA States.

The data collected for 2023 shows that the most frequently chosen administrative measures and sanctions for non-compliance with ARD obligations (related to the audit of PIE, non-PIE and others) were pecuniary sanctions, which were imposed in 24 states, with a total number of 463. In the second place administrative measures and sanctions were notices, which were imposed by 14 states, with a total number of 276.

Data collected in relation to Corporate Sustainability Reporting informed the readers about the role of the NCA in the ESG area, the level of the implementation of the CSRD and future plans about the oversight of assurance of the sustainability reporting.

The number of administrative measures and sanctions imposed on auditors and audit firms in all states

	PIEs	Non-PIEs	Others	Total
2023	195	730	184	1109
2022	195	808	307	1310
2021	190	788	341	1319
2020	137	510	251	898
2019	136	945	269	1350

In November 2024 the Enforcement Subgroup organised an online webinar for the CEA OB members and their enforcement and inspection staff on the topic of Wirecard Case. The case was presented by SG members from Germany, and moderated by Ireland. 150 participants took part in this webinar.

3. Collaboration with the other CEA OB Subgroups and task forces, and with other regulators

During 2024 members of the Enforcement Subgroup:

- contributed to the work of the CEA OB International Auditing Standards Subgroup by providing information on Corporate Sustainability Reporting,
- discussed how the Wiki on-line platform could be used for informing members about temporary prohibition measures imposed on auditors,
- discussed opportunities for cooperation with the CEA OB Inspection Subgroup,
- continued exploring the possibility of implementing an Enforcement data base.

INTERNATIONAL EQUIVALENCE AND ADEQUACY SUBGROUP

1. Leadership of the International Equivalence and Adequacy Subgroup

The International Equivalence and Adequacy (IEA) subgroup is chaired by the European Securities and Markets Authority (ESMA), with Eduardo Moral-Prieto serving in this role.

In 2023, the IEA subgroup held five virtual meetings and includes representatives from eight Audit Oversight Authorities (AOBs).

The IEA subgroup focuses on the mechanisms to enhance cooperation between European and third-country audit regulators by, among other activities, assessing the equivalence and adequacy of the third-country audit legal and supervisory frameworks, which form the basis for EU-level equivalence and adequacy decisions. It also plays a key role in building expertise and promoting the exchange of knowledge, experiences and best practices in international cooperation. These efforts support a common understanding and consistent implementation of registration and supervisory requirements for third-country audit entities.

2. Activities in 2024

2.1 Conducting equivalence and adequacy assessments of third-country audit regulatory frameworks.

A key priority of the IEA subgroup is to foster effective cooperation between European and third-country audit regulators by conducting equivalence and adequacy assessments of third-country audit legal and supervisory frameworks.

The United Kingdom

The 2023 IEA subgroup survey on third-country audit firms registered in the EU/EEA Member States (MS) highlighted the challenges faced by EU Audit Oversight Bodies (AOBs) in supervising UK-registered audit firms and auditors following the UK's transition to third country status on January 31, 2020.

To enable EU AOBs to fully exercise their oversight responsibilities regarding third country auditors – such as obtaining audit working papers or inspection reports from UK authorities – the IEA SG conducted a technical adequacy assessment of the UK's legal and

regulatory audit framework. The technical adequacy report concluded on the alignment of the UK's legal framework with EU standards. This assessment serves as an input for a potential European Commission adequacy decision as provided by Art. 47 of the Audit Directive, aimed at facilitating the establishment of cooperative arrangements with UK authorities.

The People's Republic of China

The EU adequacy decision in China was limited in time and expired on November 14, 2024. As a result, in 2024, the IEA subgroup initiated an adequacy re-assessment of the Chinese audit legal framework. The IEA subgroup has engaged in information exchanges with Chinese authorities and aims to finalise its adequacy assessment report in 2025.

2.2. Assessment of the Corporate Sustainability Reporting Directive (CSRD) impact on the audit legal framework: Registration and supervision of third-country entities providing sustainability assurance services

The IEA subgroup reviewed and assessed the CSRD requirements applicable to cases where a third-country issuer is required to report sustainability information and obtain independent third-party assurance of its sustainability report.

In such cases, the amended Statutory Audit Directive replicates the third-country auditors regime to the assurance of sustainability reporting. This means that third-country audit entities and auditors providing assurance reports on the annual or consolidated sustainability reporting of an entity incorporated outside the EU—whose transferable securities are traded on an EU-regulated market—must undergo full registration, and subsequent supervision, by the relevant EU authorities.

Failure to comply with these registration requirements will render assurance opinions on sustainability reporting signed by third-country audit entities and/or auditors with “no legal effect” in the EU.

These requirements apply from the outset, as the CSRD does not contain any transitional period or initial exemptions for these third-country audit entities and/or auditors. AOBs currently assessed that third-country auditors do not comply with the conditions of the registration requirements.

Based on the IEA subgroup's analysis and the current legal framework and registration requirements, the CEOB expressed that, at this stage:

- Third-country audit entities and auditors cannot be registered or have their registration extended for sustainability assurance purposes.
- As a result, assurance opinions on sustainability reporting issued by third-country audit entities and auditors have “no legal effect” in the EU.
- Potentially third-country issuers listed in the EU could engage an EU-registered sustainability assurance provider to obtain a sustainability assurance opinion.

In light of the above, the CEOB engaged with the European Commission to provide assistance in interpretation and guidance and to find possible solutions for implementing the current third-party legal framework during the first years of application.

Number ¹ of third-country audit entities and their audit Clients (issuers), including those from the UK			
Member-State of registration		Number of registered third-country audit entities ²	Number of third-country audit clients
1	Austria	3	0
2	Belgium	1	1
3	Czech Republic	1	0
4	Denmark	6	4
5	Finland	4	1
6	France	24	17
7	Germany	18	29
8	Ireland	12	33
9	Italy	8	16
10	Luxembourg	24	53
11	Netherlands	15	33
12	Norway	29	12
13	Poland	1	2
14	Spain	3	3
15	Sweden	9	25
Total		158	229

1. Data from September 2023. Bulgaria, Cyprus, Croatia, Estonia, Hungary, Iceland, Latvia, Lithuania, Portugal, Slovakia and Slovenia (11 countries) did not report any registered third-country audit entity/auditor. In this list was not possible to differentiate between size (< 500 employees)

2. The number of individual third-country auditors is higher as some firms have more than one auditor registered

2.3 Monitoring developments on third countries' audit regulatory frameworks

The IEA subgroup also continuously monitors regulatory and supervisory developments in third countries that have been declared equivalent and/or adequate and assess their potential impact on EU equivalent and adequacy decisions.

In 2024, the IEA SG closely followed US PCAOB activity, particularly the fines imposed on Indonesian and Philippine audit entities and auditors and the ongoing audit oversight relationship with China.



MARKET MONITORING SUBGROUP

1. Leadership and information of the Market Monitoring Subgroup

The Market Monitoring Subgroup (MM SG) is composed of members from 15 National Competent Authorities. The chair of the subgroup is Francisco Javier Puente Berdasco, from the Instituto de Contabilidad y Auditoría de Cuentas (ICAC), Spain.

In 2024 the Market Monitoring Subgroup (MMSG) held five virtual meetings.

The purpose of the sub-group is to facilitate the monitoring of the quality and competition of the market for providing statutory audit services to public-interest entities, relating to assisting the Commission in preparing the joint report regulated in article 27 of the Regulation.

The sub-group will contribute to the convergence and coordination of the monitoring carried out by national authorities.

2. Market Monitoring Report

In the beginning of 2024, the third Market Monitoring Report covering the period 2019-2021 was published by the European Commission in compliance with Article 27.2 of Regulation (EU) 537/2014.

During the year, the Market Monitoring Subgroup began its job on fourth Market Monitoring Report which covers the period 2022-2024.

Activities were carried out aimed at improving the data indicators, updating the template used to elaborate the National Competent Authorities reports and its guidance to perform the data collection. In addition, an online training session was held on the main updates and practical aspects to be covered in relation to the audit committees survey.

The objective for 2025 is the collection and consolidation of all the reports drafted by National Competent Authorities on developments in the market for providing statutory audit services to public-interest entities, on data from Member States in respect of audit market and audit quality as well as information on audit committees' adherence to the requirements of the audit Regulation and Directive. Indicators of particular relevance to the report were those regarding:

- Market concentration;
- Risks arising from audit quality deficiencies;
- Performance of their duties by Audit Committees.



Continuous dialogue with National Competent Authorities was key to check quality. This also contributed to the different members having provided comments, suggestions, and improvements in the preparation of the report. It helped reaching agreed conclusions.

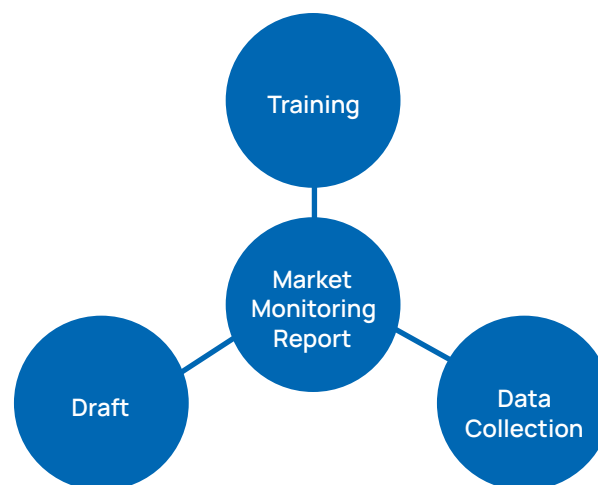
Greatest challenges:

- Enhance comparability: adapting data included in the previous report will be necessary in order to allow comparisons and to draw reliable conclusions.
- Consolidating data at EU-level remains a difficult challenge due to the fact that some Member States lack legal provisions that would enable the National Competent Authority to collect national data on audit turnover and revenues, and to impose specific reporting requirements to audit firms.
- Comparability in quality assurance indicators remains a challenge, due to the use of different methodologies by NCAs.
- Collecting and analysing information on audit committees remains a challenge, as most NCAs do not have local oversight powers and the information to be analysed is obtained on a voluntary basis.

The preparation of the report is divided into five phases:

- Checking the understanding of the information collected;
- Data compilation;
- Quantitative draft;
- Qualitative draft;
- Conclusions.

Continuous communication with all the National Competent Authorities and all the members of the MMSG is needed.



3. Other tasks:

- The Subgroup has discussions regarding the Market Monitoring Report format in order to identify potential enhancements and improvements

4. Next steps:

- The Subgroup will start the process for the data collection and data compilation needed for the 4th Market Monitoring Report.
- The Subgroup will further cooperate with the Inspection Subgroup to refine market monitoring indicators and identify new market monitoring indicators, collaboration with the Inspection Subgroup will be key to collect data on risks arising from audit quality deficiencies.

INTERNATIONAL AUDITING STANDARDS SUBGROUP

The International Auditing Standards Subgroup (SSG) comprises members from 16 EU Member-States. The chair of the subgroup is Marjolein Doblado, from the Haute Autorité de l'Audit (H2A), France.

In 2024, the SSG organised 12 online meetings and one in-person meeting in Chania, Greece.

1. CEAOB guidelines on limited assurance on sustainability reporting

Following the European Commission's request to the CEAOB, guidelines on sustainability reporting assurance were prepared by the SSG in 2024 and were adopted and published by the CEAOB on 30 September 2024.

Draft guidelines were published on 21 June 2024, for a public consultation organised by the CEAOB. 62 responses were received, stemming from a variety of stakeholders groups including auditors, and assurance services providers, preparers, standards setters and non-governmental organisations.

The SSG analysed the responses over the summer and amendments were included in the final guidelines before the CEAOB approved the final

version. A feedback statement on the consultation was prepared and published with the adopted guidelines.

The guidelines cover:

- The approach to the limited assurance engagement, including the objective of the engagement, material misstatement for practitioners, fraud, risk identification and assessment, process carried out and described by the entities preparing the sustainability statement, forward-looking information, estimates and communication between professionals,
- The assurance procedures regarding the disclosures provided to address taxonomy regulation,
- The assurance report, including format, content and conclusion,
- Other provisions, such as the representation letter, use of expert's work, documentation, information incorporated by reference and value chain information.

The [CEAOB guidelines](#) are non-binding; they are meant to pave the way to a future EU-standard for limited assurance on sustainability reporting which is foreseen by the CSRD. Member-States may adopt national provisions on assurance pending the adoption of standards by the European Commission.



The SSG will work in 2025 on the preparation of the CEAOB advice on limited assurance on sustainability reporting.

2. Harmonising regulatory approaches and monitoring of the CSRD transposition

The SSG continued to monitor during the year the steps taken in Member States to transpose and implement the CSRD provisions, including the choice made by Member States regarding the CSRD option to allowing independent assurance services providers outside the audit profession to perform assurance engagements on sustainability reporting.

The SSG also monitored whether the CEAOB members will be responsible for the oversight of assurance engagements on sustainability reporting in their respective Member States.

In addition to the issuance of the CEAOB guidelines, national pronouncements on the performance of

limited assurance engagements were also discussed within the SSG during the year, along with plans to use the CEOB guidelines.

3. Dialogue with international standard-setters

The SSG organised and maintained regular dialogue with the international standard-setters, IAASB and IESBA, to discuss their projects and CEOB's contributions. Additionally, two meetings were held with the representatives of the Public Interest Oversight Board (PIOB) to discuss the oversight activities, conclusions of the PIOB on IAASB and IESBA progress, and the implementation of international standard setting governance reforms.

In October 2024, face-to-face meetings were held in Chania, Greece, with the Chairs and leaderships of the IAASB and IESBA. The meetings covered the draft international assurance and ethical standards for sustainability engagements, the CEOB guidelines on limited assurance on sustainability reporting, the CEOB's responses to the 2024 exposure drafts issued by the standard setters, and an overview of the IAASB and IESBA projects nearing completion as well as future projects.

During the meetings with the PIOB representatives, the SSG explained the areas scrutinised by European audit regulators, and discussed the resources and financing of the standard setting system. Feedback was also received about, among others, the implementation of the Monitoring Group's reform of the standards setters' governance.



4. Input to initiatives of the international standard setters in the field of auditing

In 2024, the SSG prepared the CEOB's responses to four exposure drafts issued by the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) on audit and sustainability assurance matters.

8 April 2024 – Response to the IAASB exposure draft on narrow scope amendments after revision of the definitions of PIEs and listed entities in the IESBA code”

In its response, the CEOB welcomed the initiative of IAASB to coordinate with IESBA to achieve convergence in the concepts used in their respective pronouncement, including Public Interest Entity and Publicly Traded Entity.



The CEOB stressed the need to further align the proposed revised list of public interest entities with the one used in EU law, as well as the definition of publicly traded entities with the corresponding category set out in EU regulation, in relation to the amendments to the ISQMs and ISAs.

The CEOB also recommended that the required communication between the auditors and those charged with governance should be in writing, and that the statement that the auditor has complied with relevant ethical requirements regarding independence should be included in all examples of the independent auditor's reports.

The CEOB also suggested that the auditor should obtain the other information before the date of the audit report and should not be required to perform additional procedures on information obtained after that date.

7 May 2024 – Response to the IESBA exposure draft “Using the Work of an External Expert”

The CEAOB agreed with IESBA that using external experts can threaten compliance with fundamental principles for ethics, such as integrity and objectivity, and consequently suggested to incorporate specific threats in the IESBA Code to aid practitioners in understanding the risks.

The CEAOB stressed the need for clear definitions and distinctions between internal, external, and management experts in both the IESBA Code and the IAASB standards. It recommended emphasising the necessity of evaluating the competence of the external expert.

The CEAOB called for written and signed terms of engagement with external experts and for comprehensive documentation. The CEAOB emphasised that provisions should be mandatory to ensure practitioners recognise and mitigate self-interest threats effectively.

[Comment letter relating to the IESBA's Exposure Draft on Using the Work of an External Expert](#)

7 May 2024 – Response to the IESBA exposure draft IESBA “International Ethics Standards for Sustainability Assurance”

The CEAOB encouraged and supported the IESBA initiative to develop profession-agnostic ethics standards related to preparation and assurance of sustainability information, and expressed support

for the IESBA premises that the same high standards of ethical behavior and independence that apply to audits of financial information should be complied with in sustainability assurance engagements.

The CEAOB agreed on the importance that IESBA continue to engage with a broad range of stakeholders, including those outside the accounting profession, in the course of the development of the new standards, and advised IESBA to plan the conduct of post-implementation reviews to get an understanding how the IESSA is applied.

Regarding improvements areas, the CEAOB called for the introduction of communication requirements about instances of non-compliance with laws and regulations between sustainability assurance practitioners and statutory auditors. It also called to limit the provision of non-assurance services that create self-review threats.

[Comment letter relating to the IESBA's Exposure Draft on International Ethics Standards for Sustainability Assurance \(including International Independence Standards\)](#)

3 June 2024 – Response to the IAASB exposure draft “ISA 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements”

The CEAOB widely supported IAASB's suggested improvements regarding, amongst others, better alignment of ISA 240 with other standards, the objective added regarding reporting, the emphasis

on qualitative materiality and the actions to be taken when fraud occurs. The CEAOB expressed its support for the proposal to clarify that difficulty in detecting material misstatements resulting from fraud does not reduce the auditor's responsibilities and that audit procedures should be performed in a manner not biased towards obtaining corroborative or excluding contradictory audit evidence.

Additional enhancements were recommended by the CEAOB, such as:

- further clarity on the role of the auditor;
- further strengthening of professional skepticism requirements;
- the inclusion of corruption, bribery and money laundering in the definitions as fraudulent acts;
- less room for rebutting the risk of fraud in revenue recognition;
- information to be provided by the auditor to the relevant authorities in case of suspected fraud; and
- the provision of further explanation of the extent to which the audit was considered capable of detecting fraud in the audit report

[Comment letter relating to the IAASB's Exposure Draft of Proposed ISA 240 \(Revised\) The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements](#)

CEAOB AT A GLANCE

COMMITTEE OF
EUROPEAN
AUDITING
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Bulgaria CPOSA	Croatia REPUBLIKA HRVATSKA MINISTARSTVO FINANCIA	Cyprus CyPAOS
Czech Republic RADA PRO VEŘEJNÝ DOHLED NAD AUDITEM	Denmark DANISH BUSINESS AUTHORITY	Estonia AJN Auditoritegevuse järelevalve nõukogu
Finland PRH	France H2A HAUTE AUTORITÉ DE L'AUDIT	Germany Auditor Oversight Body AOB at the Federal Office for Economic Affairs and Export Control
Greece HAASOB Hellenic Accounting and Auditing Standards Oversight Board	Hungary MINISTRY OF FINANCE	Ireland IAASA Irish Auditing & Accounting Supervisory Authority
Italy CONSOB Commissione Nazionale per le Società e la Borsa Autorità Italiana per la vigilanza del mercato finanziario	Latvia Ministry of Finance Republic of Latvia	Lithuania AMNT
Luxembourg CSSF	Malta Accountancy Board	Netherlands AFM
Poland PANA POLISH AGENCY FOR AUDIT OVERSIGHT	Portugal CMVM COMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS	Romania AFM
Slovakia UDVA Ústredný orgán štátnej výkonnej audítorskej činnosti Auditing Oversight Authority	Slovenia ANR Agencija za javni nadzor nad revidiranjem	Spain ilc/lalc Instituto de Contabilidad y Auditoría de cuentas
Sweden Revisorsinspektionen Swedish Inspectorate of Auditors		