

10 December 2019

## Auditors' involvement on financial statements in ESEF

### 1.0 Background

Earlier this year, the European Commission services issued a "Questions and Answers" document on the European Single Electronic Format ("ESEF"). Question 7 of this document specifically refers to the requirements emanating from the ESEF Regulation, a binding legal instrument, as being "statutory requirements" within the meaning of Article 28 (2)(c)(ii) of the Audit Directive. Therefore, in addition to existing requirements, statutory auditors of those companies falling within the scope of the Transparency Directive ("Issuers"), are to provide an audit opinion stating whether the corresponding financial statements comply with the requirements set out in the ESEF Regulation.

### 2.0 CEAOB guidelines

On 28 November 2019, the Committee of European Auditing Oversight Bodies ("CEAOB"), with a mandate of ensuring consistency between national audit oversight bodies at EU level, adopted guidelines ("CEAOB guidelines") on the auditors' involvement on financial statements in ESEF. Whilst the guidelines are non-binding and do not constitute an auditing standard, they are considered by the CEAOB as relevant for the auditors' work on ESEF.

Amongst other guidance, the guidelines specify that the auditor shall determine whether the marking up of information in the electronic report is in compliance with the ESEF requirements. Based on the procedures performed, the auditor should reach a conclusion and express an opinion on the compliance of the marked-up information with the ESEF requirements.

In terms of reporting, the CEAOB acknowledges that specific national legal provisions would have to be considered; however, it is recommended that the conclusion on the Issuers' compliance with ESEF requirements is provided in the audit report, albeit separate from the audit opinion. Furthermore, the Appendix, to the CEAOB guidelines, provides a summary of the ESEF requirements relevant for the auditors' work.

The full adopted CEAOB guidelines are available [here](#).

### Contacts

Should you have any queries relating to the above, kindly contact the Authority on [esef@mfsa.com.mt](mailto:esef@mfsa.com.mt).