



Press Release

Fédération des Experts
Comptables Européens

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LEADING THE DEBATE ON ISAs IN EUROPE

The access to capital market benefits envisaged by the Lamfalussy vision of integrating European securities markets has seen unprecedented coordination of the European Commission's work under the FSAP, (Financial Services Action Plan), and has been driven by the ambitious 2005 deadline, established at the Lisbon European Council. However these advantages will be significantly reduced if audit reports only refer to national auditing standards. Which is why FEE is now leading the debate about the future of auditing standards in Europe with the launch of its new paper.

This insightful FEE discussion paper is the first such paper from a major stakeholder in the financial markets arena. Entitled **"Proposal on International Standards on Auditing in the EU"**, the paper provides clear evidence of the European accounting profession's commitment to harmonised auditing standards for all audits.

Currently, differences in Member States' national auditing standards are neither transparent nor clearly identifiable. As a result, users of audit reports have to invest extra resources to understand the precise nature of the assurance that is being given. This contributes to the fragmentation of Europe's markets and raises the cost of doing business. By enhancing cross-border confidence in audited financial statements, the proposal will better facilitate cross-border capital flows, and promote the internal market for goods and services across all sectors.

This proposal to enhance audit quality also supports the Lamfalussy Report's vision for the swift integration of European capital markets and the adoption of International Accounting Standards, or IAS, by all EU listed companies from 2005.

It is envisaged that implementation of this proposal on International Standards on Auditing (ISAs) in the EU will be possible without new legislation. It could be co-ordinated by a forum of European national auditing standard setters. Such a forum would allow key stakeholders to provide input.

Robert Hodgkinson, Vice-President & Chairman of FEE's Auditing Working Party, presented the discussion paper to the November meeting of the European Commission's Committee on Auditing. This was the first public airing of the FEE proposal. Commenting on the meeting and the reaction to the FEE proposal, Mr Hodgkinson stated:

"Auditing standards have now become a major priority on the European internal market agenda. FEE has developed the discussion paper to provide a practical vision for the future of auditing standards in Europe."

FEE will continue to consult actively on its proposal prior to the next European Commission Committee on Auditing meeting in March 2002. Written comments would be welcome by Friday 8th of March, 2002.

- Ends -

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Notes for Editors:

1. FEE proposes that:

By 2005 national auditing standards in the European Union should require auditors of financial statements to:

- *perform audit procedures that comply with International Standards on Auditing (ISAs);*
 - *report on financial statements in accordance with ISAs; and*
 - *perform additional audit procedures and report on additional matters in response to specific legal, regulatory or other needs established at a national level.*
2. ISAs are developed by the International Auditing and Assurance Standards Board, (formally IAPC), the audit standard setting committee of the International Federation of Accountants, IFAC (www.ifac.org).
 3. The **Fédération des Experts Comptables Européens (FEE)** is the representative organisation for the accountancy profession in Europe. It groups together 38 professional bodies from 26 countries, including all 15 Member States of the European Union and the 3 main member countries of EFTA. Between them, these bodies have a combined membership of 400.000 individuals, of whom approximately 95% are from EU countries.
 4. Copies of the FEE discussion paper can be downloaded from the FEE website: www.fee.be

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