



Federation of European Accountants
Fédération des Experts comptables Européens

INFO

Standing for trust and integrity

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FEE comments on the announced agreement on European audit reform

Following yesterday announcement by the Lithuanian Presidency and the European Commission that the member states and the European Parliament had reached a compromise on the controversial audit reform proposed by the European Commission in 2011, the COREPER confirmed today its agreement on the audit reform. A formal approval in the Council and a plenary vote in the EP are expected shortly and will finalise the legislative process.

It is good that this debate comes to an end as it has delayed firms' decisions on strategy, business model, investment and recruitment for three long years. However we note that a number of significant question marks remain outstanding.

In particular, it is disappointing that, for the sake of reaching agreement, the European Institutions failing to agree on truly European solutions adopted a regulation (i.e. an instrument that is directly applicable in the member states without transposition) that contains many options including on major issues such as the list of prohibited non audit services and the duration of mandatory rotation: leaving the member states free to diverge on such matters is a significant step backwards for the furtherance of the internal market; moreover this will add unnecessary costs to the European economy. The adoption of the principles and list of prohibited non audit services of the IESBA Code could make the prohibitions more efficient and internationally workable.

FEE has long promoted and continues to support a European adoption of ISAs that is instrumental to sustain audit quality. This could have been achieved seven years ago should the European Commission have used the powers that the 2006 Statutory Audit Directive was granting it. It is regrettable that there will be no European adoption involving the main stakeholders and that this could result in carve-ins and carve-outs at the detriment of the internal market and an international level playing field.

FEE will analyse in detail the provisions once finally approved and available. The profession will take stock of the changes that are being put forward and engage on how they can be best implemented in practice while working to preserve audit quality. Business, national legislators and regulators and the profession will have to work together to limit unnecessary administrative costs for the European economy and audit firms.

Once these proposals become the future framework, the European accountancy profession is committed to meet the resulting requirements while continuing to enhance quality and to work to the highest standards.

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NOTES FOR EDITORS

About FEE

FEE (Fédération des Experts-comptables Européens – Federation of European Accountants) is an international non-profit organisation based in Brussels that represents 48 institutes of professional accountants and auditors from 36 European countries, including all of the 28 EU member states.

FEE has a combined membership of more than 800.000 professional accountants, working in different capacities in public practice, small and large accountancy firms, businesses of all sizes, government and education – all of whom contribute to a more efficient, transparent and sustainable European economy.

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