

## Summary Report

### MEETING OF THE AUDIT REGULATORY COMMITTEE

5 May 2009

Mr. Jürgen Tiedje, Head of Unit F4-Auditing, chaired the meeting.

The following items were discussed:

#### **I. Adoption of the draft agenda and approval of draft minutes of the meeting of 29 January 2009**

The agenda was adopted. The minutes of the meeting 20 February were approved.

#### **II. Situation in the United States, Japan and Canada**

The Chairman informed Member States about the state of play regarding the US, Japan and Canada.

#### **III. International Standards on Auditing**

Commission services presented a working document discussing the harmonising effects in case IASs would be adopted in the European Union and the treatment of application material should the European Commission decide to adopt the ISAs.

##### *1. Add-ons/carve outs*

##### Member States' comments:

- No Member State identified a potential for future carve-outs at this stage.
- One Member State however stressed the need to retain the ability for the Member States to consider carve-outs in the future due to national company or other law.
- Six Member States stressed the difficulty to identify what is a permissible add-on and requested further clarification from the Commission services.
- Four Member States pointed to the difficulty to limit permissible add-ons only to those stemming from legislative texts, as the auditing standards and the auditor's report may be the vehicle in certain jurisdictions to also introduce regulatory requirements.
- Three Member States reported instances, such as the Money Laundering Directive or Accounting Directives which require add-ons at EU level, and asked the Commission services to provide for an analysis.

##### *2. Application material*

##### Member States' comments:

- Three Member States supported that the Application Material within the ISAs would be adopted together with the requirements in case of ISA adoption. However, two

Member States requested clarification whether the Application Material is in the scope of Article 26(3), and invited the Commission services to reflect further on ways to ensure a specific status for the Application Material in this frame.

#### **IV. Transposition of the Directive 2006/43/EC**

##### *IV.1. Transposition Scoreboard*

The Commission services invited Member States that have not yet completed the transposition of the Directive to inform in writing about the progress of the transposition process.

##### Member States' comments at the meeting:

- One Member State informed that the Government would take a decision on the proposal transposing the Directive before the summer break and full implementation would still be in 2009.
- Four Member States reported full transposition of the Directive by 1 July.
- One Member State informed it is now in full compliance with the Directive since 31 March 2009.
- One Member State did not know when the Government would approve the draft law.
- Another Member State informed that due to national elections the law will not be adopted before October.
- One Member State reported the Directive would be fully implemented before end of June.

##### *IV.2. Practical functioning of competent authorities under the Directive*

The Chairman informed Member States that oversight bodies currently work on a common approach how to best implement Article 36 of the Directive (co-operation) in practice. Commission services reminded that in accordance with Article 33 of the Directive, there should be a single competent authority responsible for ensuring cooperation at Community level.

##### *IV.3. Recognition of professional qualifications*

The Commission Services reminded Member States about the debate on the necessity to transpose the Directive on Professional Qualifications to the statutory audits not covered by the scope of the Directive on Statutory Audit. Member States were invited to give an update on any change of their position in this matter.

- Two Member States asked to Commission to extend the scope of the Directive on Statutory Audit in order to cover all the audits.

#### **V. Audit Market**

The Commission services informed Member States on the state of play regarding the public consultation on the audit market. Over 70 replies are received so far. Member States are invited to comment.

Comments by Member States:

- One Member State informs that the joint-audits have been a major catalyst for a solid mid-tier audit market in France.
- Another Member State supports strengthening mid-tier and smaller audit firms. It considers more transparency on the structure of audit firms a useful catalyst to this purpose.

**VI. Other Business**

AUDIT REGULATORY COMMITTEE  
Meeting of 20 February 2009

## **PARTICIPANTS' LIST**

**Austria**

**Ministry of Justice, Permanent Representation**

**Belgium**

**Ministry of Economics**

**Bulgaria**

**Ministry of Finance**

**Cyprus**

**Not present**

**Czech Republic**

**Ministry of Finance**

**Denmark**

**Danish Commerce and Companies Agency, Ministry of  
Economics and Business Affairs**

**Estonia**

**Ministry of Finance**

**Finland**

**Ministry of Employment and Economy**

**France**

**Ministère de la Justice**

**Germany**

**Federal Ministry of Economics and Technology, Ministry of  
Justice**

**Greece**

**Ministry of Finance**

**Hungary**

**Ministry of Finance**

**Ireland**

**Department of Enterprise, Trade and Employment**

**Italy**

**Ministry of Economy and Finance**

**Latvia**

**Not present**

**Lithuania**

**Ministry of Finance**

**Luxembourg**

**CSSF**

**Malta**

**Ministry of Finance, Economy and Investment –Accountancy Board**

**Netherlands**

**Ministry of Finance**

**Poland**

**Ministry of Finance**

**Portugal**

**CMVM**

**Romania**

**Not present**

**Slovakia**

**Ministry of Finance**

**Slovenia**

**Ministry of Finance**

**Spain**

**Accounting and Auditing Institute (Instituto de Contabilidad y Auditoría de Cuentas) (ICAC)**

**Sweden**

**Ministry of Justice**

**United Kingdom**

**Department for Business, Enterprise and Regulatory Reform**

**CESR**

**Norway**

**Ministry of Finance**