

## Summary Report

### MEETING OF THE AUDIT REGULATORY COMMITTEE

17 July 2009

Mr. Ulf Linder, Acting 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 5 May 2009**

The agenda was adopted. The minutes of the meeting 5 May were approved.

#### **II. Audit working papers - Situation in the United States, Japan, Canada and Switzerland**

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

##### US

The Commission Services updated Member States on the latest developments regarding co-operation on audit oversight with US. They informed that no satisfactory solution has been found yet regarding the exchange of audit working papers with the US. The Commission Services clarified that reciprocity was a key requirement under Article 47 of the Statutory Audit Directive to allow a third country audit oversight body access to audit working papers held by an EU audit firm.

Member States supported the Commission Services.

One Member State expressed that reciprocity and confidentiality represent key requirements for international co-operation.

Another Member State welcomed the progress the Commission had made with the USA, asked for swift progress on a possible Commission decision on Article 47, but would need to revert on the legal issues.

The Commission Services informed that at the AuRC meeting of 11 September the discussions with Member States will continue on the preparation of a comitology decision on the adequacy of competent authorities from certain third countries.

##### JAPAN

The Commission Services informed MS about the legal framework for international co-operation presented by Japan.

## CANADA and SWITZERLAND

The Commission Services updated Member States on the situation regarding reciprocal access to audit working papers in Canada and Switzerland.

One Member State expressed concerns about the issue of the right of appeal and about the double step approach for the transfer of audit working papers in cases of legal assistance in tax or political offences.

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

The Commission Services presented the results of study carried out by the University of Duisburg on the costs and benefits of a possible introduction of ISAs in the EU.

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

The issue of SME audits using ISA is seen as sensitive. Regarding future possible add-ons by Member States to ISA in the case of the adoption of ISA by the EU, Member States thought that the Commission's approach should focus on those add-ons that have an impact on the core mission of the statutory auditor, and, in particular, should have clear views on the acceptability of add-ons.

#### *Translation of ISA*

Commission Services invited Member States that have not yet provided the planning for the translation of ISA to do so. The Commission Services stressed the importance of receiving all translations in time, otherwise the whole process might be delayed.

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

#### *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:

- Three Member States informed that full implementation is still expected in 2009.
- One Member State informed that a new draft law will be discussed in the government as of August 2009.
- One Member State informed that the draft law will be transmitted to the Parliament by late October 2009.

#### *Implementation of Article 36 (co-operation on exchange of confidential documents)*

The Commission Services presented Member States a Paper drafted by the competent authority of the Netherlands on practical aspects of co-operation between competent authorities of Member States. Member States were invited to comment.

Four Member States expressed that they supported the paper.

One Member State informed that it supported the idea of a single contact point in Member States.

Another Member State supported the idea that the transfer of information for the exercise of its functions under the directive by the receiving competent authority has to be possible without the consent of the requested competent authority.

The Chairman informed that the paper is still a draft and therefore it does not represent the final views of the EGAOB members.

#### *Treatment of confidential information in the Member States*

The Commission Services invited Member States to confirm the accuracy of the information already provided on the treatment of confidential information under their domestic laws. The Commission Services invited Member States that have not provided such information to do so.

Seven Member States informed that they would send additional information.

One Member State enquired if it would be possible to use of the internal market information system (IMI) in relation to article 36 of the directive.

Another Member State asked the Commission to clarify how the PCAOB and the SEC treat confidential information that Member States and/or their authorities provide to them, especially with respect to the persons or authorities to whom they pass on or legally may pass on said information.

#### **V. Other Business**

The Commission Services informed Member States on the results of the public consultation on the audit market.

The Commission Services also informed Member States on the financing decision establishing a Community programme to support specific activities in the field of financial services, financial reporting and auditing.

## **PARTICIPANTS' LIST**

**Austria**

**Ministry of Justice**

**Belgium**

**Ministry of Economics**

**Bulgaria**

**Ministry of Finance**

**Cyprus**

**Permanent Representation**

**Czech Republic**

**Ministry of Finance**

**Denmark**

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

**Estonia**

**Permanent Representation**

**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**

**Not present**

**Italy**

**Ministry of Economy and Finance**

**Latvia**

**Not present**

**Lithuania**

**Ministry of Finance**

**Luxembourg**

**Ministry of Justice**

**Malta**

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

**Netherlands**

**Ministry of Finance**

**Poland**

**Ministry of Finance**

**Portugal**

**Permanent Representation**

**Romania**

**Ministry of Finance**

**Slovakia**

**Ministry of Finance**

**Slovenia**

**Not present**

**Spain**

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

**Sweden**

**Ministry of Justice**

**United Kingdom**

**Department for Business, Innovation and Skills**

**CESR**

**Norway**

**Ministry of Finance**