

**EUROPEAN GROUP OF AUDITORS' OVERSIGHT BODIES (EGAOB)**

**BRUSSELS, 29 MARCH 2007**

**9.30 AM – 16.30 PM**

**CONFERENCE CENTRE A. BORSCHETTE  
RUE FROISSART 36  
ROOM AB-3C**

**SUMMARY RECORD**

**I Welcome – adoption of the agenda**

**Adoption of the summary record of the previous meeting**

Chairman (Jürgen Tiedje, Head of Unit F4) welcomed EGAOB members and asked whether the draft agenda could be adopted. As there were no objections the agenda was adopted.

**II Co-operation with the PCAOB**

The Chairman informed of the press releases from the PCAOB and the Commission on the agreement on development of a roadmap to move towards "full reliance" between the PCAOB and the EU audit regulators by 2009.

Concerning the co-operation with the PCAOB, the Chairman indicated three possible stages in dealing with the PCAOB by the beginning of 2009:

- up to October 2007: preparatory and policy making stage;
- October 2007 – June 2008: the latter date indicating that Member States shall have transposed the Directive on Statutory Audit;
- June 2008 – beginning 2009: achieving mutual reliance between PCAOB and EU regulators.

One EGAOB member emphasized that designing and establishing appropriate oversight systems of the auditors is an important step in order to achieve successful implementation of the roadmap.

Specific issues like possible differences between ISA and US GAAS, publication and exchange of individual inspection reports and the application of Article 47 in this context were also discussed.

The Chairman invited EGAOB member to provide their written comments on this point within next two weeks.

### **III Third countries**

A draft report on preliminary assessment of third countries was discussed. The EGAOB members were asked to give their views on whether the report or its part(s) should be made public. Several EGAOB members supported the approach that the report should be published as soon as practicable. Other EGAOB members counselled caution. The delegations were invited to give their written comments within two weeks from the meeting on which parts of the report should be published.

The Chairman invited the EGAOB members to give their views on whether the report should be the basis for a decision on comitology measures or whether further assessments or other action should take place before the final decision is adopted. The participants were invited to submit in writing their views on actions within two weeks from the meeting.

### **IV Quality assurance**

The Commission services presented the first ideas for a possible update of the existing Commission Recommendation on quality assurance systems in the EU. The Chairman indicated the next steps in dealing with this paper, including its further discussion at the next AuRC meeting of 3 May.

A majority of EGAOB members agreed on the need to update the 2000 Commission Recommendation in the light of the recently adopted 8<sup>th</sup> Directive as well as new international developments in the area of external quality assurance. Some EGAOB members were in favour of the idea that the Recommendation should not be limited to audits of public interest entities, but also include all statutory auditors and audit firms.

Quite a few Member States supported the possibility of a delegated inspection system subject to appropriate safeguards. Issues, such as a relationship between the public oversight and quality assurance system, the role of peer reviewers and co-operation, in particular to inspections of group audits, were also discussed.

The Chairman invited to provide their comments on the paper within the next two weeks.

### **V Possible consultation on International Standards on Auditing**

The EGAOB discussed a draft consultation paper on the adoption of international auditing standards. The Chairman explained the changes that were introduced compared to the previous draft. Participants provided oral comments on a number of items to improve the quality of the paper.

The participants were invited to give their written comments within two weeks.

## **VI Presentation by the FEE on the inherent limitations of an audit**

The Chairman welcomed Mr. Jacques Potdevin, the President of The European Federation of Accountants (FEE), Mr. Michael Gewehr and Hilde Blomme from FEE.

FEE presented their draft paper "Inherent limitations of an Audit and Related Issues", and main conclusions incorporated therein. Among other things, FEE supported the view that professional judgment is not an inherent limitation of an audit and that categorisation of inherent limitations of an audit could form the basis for a more systematic treatment of general inherent limitations of an audit in ISA 200 while IAASB is redrafting ISA 200.

The presentation was followed by a discussion with the EGAOB participants. EGAOB members emphasized that inherent limitations and its interrelationship with other fundamental concepts of an audit as well as general clarity of the concepts are important for the future ISA.

## **VII ISA 200**

The Commission services presented a draft letter for the attention of the Chairman of the IAASB. This letter is intended to ensure that the IAASB is aware of the EU policy line before they adopt the exposure draft on ISA 200. Comments therein were built upon work performed in ISA subgroup and consultations of the EGAOB and the AuRC.

Generally, the delegations supported the letter. Some EGAOB members had comments the details of which were either provided orally during the meeting or would be provided the next day in writing.

The Chairman informed that the letter would be sent shortly after receiving the final comments.

## **VIII The IAASB CAG questionnaire**

The European Commission is a member of the IAASB Consultative Advisory Group (CAG), whose chairman asked the CAG members to complete a self-assessment questionnaire before May 15, 2007. In this respect the EGAOB members were invited to give written comments by the end of April at the latest.

## **IX AOB**

With regard to the possible future translation of ISA, delegations did not oppose to the idea that experts from national professional bodies could assist the Commission (DG Translation). The delegates were invited within next two weeks to inform the Commission in writing in case they finally oppose such a possibility.

The preliminary date for the next EGAOB meeting – 7 June.