

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

**BRUSSELS, 25 JANUARY 2007**

**CONFERENCE CENTRE A. BORSCHETTE  
RUE FROISSART 36  
ROOM 2A**

**SUMMARY RECORD**

**I Welcome – adoption of the agenda**

The Chairman (Jürgen Tiedje, Head of Unit F4) welcomed EGAOB members and suggested to rearrange the items in the draft agenda. The reshuffled agenda was adopted.

**II Possible consultation on International Standards on Auditing**

The Chairman emphasized that the Directive on Statutory Audit invites the Commission to carry out a review before starting endorsing International Standards on Auditing (ISA). Therefore a public consultation might be advisable. On the basis of the working document provided by the Commission services, first ideas were presented and discussed with the delegates. It was however noted in the discussions that ISA are not the only key driver for audit quality. All EGAOB members agreed that the public should be consulted under the ISA agenda.

Concerning "on track procedure" some EGAOB members raised an issue that four weeks period before the adoption of a revised or redrafted ISA by the IAASB is too short to express concerns on draft ISA. In addition, one participant suggested for a possibility to further comment on amendments to ISA if introduced at the IAASB meeting.

Divergent views were expressed by the participants on the possible endorsement of Application Material. Enforceability of ISA as well as flexibility were raised as the main principles that should lead when taking a final decision.

This working document will be discussed with the Audit Regulatory Committee (AuRC) on 31 January.

Member States were invited to provide any comments on the document by **9 February**.

**III ISA200**

The delegates provided initial comments on the proposed revised ISA 200, some of them very critical on the proposed status of objectives and requirements of ISA.

One of the EGAOB members gave a presentation on the experience in adopting the national version of ISA 200, which according to the speaker was agreed

amongst all stakeholders and is much shorter and clearer in comparison with ISA 200.

The chairman invited participants to provide further comments by **9 February**.

#### **IV The IAASB future strategy and work program (2008-2010)**

The Commission services informed the delegates of the preparation of the IAASB future strategy and work program for 2008-2010, where contribution from the public oversight authorities are also sought by the IAASB.

The chairman suggested discussing the need for the Commission contribution on the IAASB future activities at the next meeting of EGAOB subgroup on ISA.

#### **V Co-operation with the PCAOB**

The Commission informed the Member States of the outcome of the meeting with the PCAOB that took place in mid-January 2007, followed by discussions with Member States on future co-operation with the PCAOB.

#### **VI Third countries**

The Commission services provided delegates with a draft interim report on preliminary assessment of third-country audit regulatory and oversight systems. The overall strategy as well as various options in dealing with third-country assessments were discussed with Member States. The Chairman informed that 35 draft individual country reports were already prepared with each country categorised according to the characteristics of its systems.

#### **VII Co-operation inside the EU**

##### **VII.1 Scoreboard**

The Commission presented the final draft report which describes the functioning of public oversight systems in Member States. Some Member States provided last oral comments and it was agreed that the document would remain internal and confidential.

##### **VII.2 Establishing data base for cooperation and information sharing between audit regulators in crisis situations**

The Commission provided information on the establishment of a data base for the purpose of sharing information between public oversight bodies in crisis situations. The Chairman invited Member States to provide missing information to make the data base fully operational.

### **VII.3 Inventory on the capacity of a public oversight to co-operate inside the EU**

The summary information on each Member State regarding the capacity to co-operate directly amongst European audit regulators was presented. Several Member States who had not responded were asked to provide information in order to accomplish this exercise.

## **VIII New developments**

### **VIII.1 Discussion paper: Promoting Audit Quality**

FRC gave a presentation on the objectives and status on the undergoing consultation on audit quality. In the discussion paper drivers of audit quality as well as threats to those drivers are identified. The views are sought on the actions required to reinforce the effectiveness of the drivers of audit quality. Responses to the FRC are welcomed by the end of March.

It was agreed by the EGAOB members that there were a number of factors influencing the audit quality, the quality of ISA being only one amongst many others.

The Chairman suggested that education and training of auditors could further be discussed, possibly during the next EGAOB meeting with associations.

### **VIII.2 Changes in the quality assurance system in Germany**

The Auditor Oversight Commission (AOC) gave a presentation on the foreseen future developments in quality assurance systems in Germany<sup>1</sup>. It is envisaged that with respect to auditors and audit firms of PIEs, a new inspection system will be introduced. It means that inspectors would be non-practitioners employed by the managing organisation on a permanent basis. The existing "monitored peer review" system would still be operational.

The presentation was followed by a fruitful Q&A session and discussions.

## **IX AOB**

The participants were provided a draft EGAOB work program for 2007.

The next meeting is planned for 29 March.