Union programme to support specific activities in the field of financial reporting and auditing (2014-2020): co-financing of EFRAG for the period 2017-2020

2016/0110(COD) - 17/05/2017 - Final act

PURPOSE: to continue the financing of the European Financial Reporting Advisory Group (EFRAG) for the period 2017-2020.

LEGISLATIVE ACT: Regulation (EU) 2017/827 of the European Parliament and of the Council amending Regulation (EU) No 258/2014 establishing a Union Programme to support specific activities in the field of financial reporting and auditing for the period of 2014-2020.

CONTENT: this Regulation seeks to amend Regulation (EU) No 258/2014 in order to **increase the budget of the Union Programme** to support specific activities in the field of financial reporting and auditing for the period of 2014-2020 and to support the activities of EFRAG.

EFRAG's mission is to develop and promote European views in the field of financial reporting. It also tries to ensure that these views are duly taken into account within the International Accounting Standards Board, which is the independent body responsible for developing international financial reporting standards (IFRS).

On the basis of Regulation (EU) No 258/2014, the International Financial Reporting Standards Foundation (the 'IFRS Foundation'), which is the legal successor to the International Accounting Standards Committee Foundation, and the Public Interest Oversight Board (PIOB) benefit from Union co-financing in the form of operating grants until 31 December 2020.

The European Financial Reporting Advisory Group (EFRAG) benefitted from Union co-financing in the form of operating grants until 31 December 2016.

Financial provisions: under the amended Regulation, the financial envelope for the implementation of the Programme for the period 2014 to 2020 shall be **EUR 57 007 000** in current prices.

The total amount of the EU budget allocated to EFRAG will be **EUR 23 134 000** for the same period.

Evaluation: the **annual report** on the IFRS Foundation's activities regarding the development of IFRS, PIOB and EFRAG shall:

- **assess the governance of the IFRS Foundation and the IASB**, in particular in terms of transparency, the prevention of conflicts of interest and the diversity of experts, and the steps that have been taken to ensure broad representation of interests and public accountability;
- **cover, with regard to PIOB** and its successor organisation, developments in the diversification of funding and shall assess how the work of PIOB contributes to the enhancement of audit quality, including the integrity of the auditing profession;

- **examine, as far as EFRAG is concerned**: (i) the developments in the public good criterion, (ii) whether the European Parliament and the Council have been involved at an early stage when developing financial standards, (iii) whether the EFRAG financing structure is sufficiently diversified and balanced.

In addition, the report shall identify and assess the actions taken within EFRAG in order to ensure high standards of democratic accountability, transparency, and integrity.

The IFRS Foundation, PIOB and EFRAG are encouraged to participate regularly, at least annually, in hearings organised by the European Parliament in order to provide a full account of the development of international financial reporting and auditing standards.

ENTRY INTO FORCE: 19.5.2017. The Regulation shall apply from 1.1.2017.