Statutory auditor within the Union: role, position and liability. Green paper

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The Committee welcomes the Commission green paper as provoking much needed discussion on the way forward in ensuring high and compatible standards in auditing and for providing the basis for the European Union's approach towards international standards setting. The Committee emphasizes that priorities must be given to areas where current national legislation and practice is an obstacle to the operation of the Single Market. Any agreed definition of the statutory audit should not be restrictive in its application. In any event the Committee believes the focus should be on the objectives of the audit and on agreeing how auditors should report their conclusions to the users of accounts. The Committee believes the initiative for a "definition" should come from the accounting profession - rather than be based on an EU directive or recommendation. The Committee recognizes that the primary responsibility lies with the directors to prevent and to detect fraud and to establish satisfactory internal controls including internal audit procedures where appropriate. The Committee thinks that the Eighth Directive should be adapted eventually to the guidelines put forward in the green paper and the recommendations of the conference organized by the Commission in Brussels on 5 and 6 December 1996 as amended following the consultation process. However the adaptations should cover areas not covered by self-regulation. The Committee emphasizes the importance of the auditor being independent and being seen to be independent. However, the Committee recognizes - as does the green paper - that there is no clear consensus on such issues as auditors providing non-audit service.