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

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OBJECTIVE: the general objective of the Green Paper is to contribute to a wide-ranging debate with all interested parties on the issues surrounding the role, the position and the liability of the statutory auditor. In particular, the aim is to help the Commission to identify any areas or subjects where action at EU level may be needed, especially with a view to bringing about a single market for audit services and to continuing the improvement in the quality of financial reporting in the EU. SUBSTANCE: the Commission believes that the regulatory framework that surrounds the statutory audit at EU level is incomplete. There is therefore a risk that differing approaches will be taken at the level of Member States, which can have a negative impact on audit quality and on freedom of establishment and freedom to provide services in the audit field. Accordingly, the Green Paper examines those issues which are not appropriately covered by the 'Company Law' Eighth Directive (84/253/EEC), on the qualifications of persons responsible for carrying out a statutory audit of accounting documents, or by other Community legislation, namely: - the role of the statutory auditor in the assessment, inter alia, of the accuracy of the financial statements, the solvency of the company, the possible existence of fraud, the respect by the company of its legal obligations, and the responsible behaviour of the company with regard to environmental and societal matters; - the contents of the audit report; - the independence of the statutory auditor; - rules concerning the appointment and dismissal of the statutory auditor; - the level of the audit fee; - the small company audit and the audit in groups of companies; - the desirability of limiting the statutory auditor's liability; - application to the profession of the Community provisions relating to the freedom of establishment and the freedom to provide services. It is intended to discuss the issues raised in the Green Paper and the comments received (by 18 October 1996), at a conference which the Commission is holding on 5 and 6 December 1996 concerning the role, the position and the liability of the statutory auditor.