

Basic information	
2008/2247(INI) INI - Own-initiative procedure	Procedure completed
Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts See also Directive 2006/43/EC 2004/0065(COD)	
Subject 3.45.01 Company law 3.45.03 Financial management of undertakings, business loans, accounting	

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	JURI Legal Affairs		DOORN Bert (PPE-DE)	26/02/2008
	Committee for opinion		Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs (Associated committee)		VAN DEN BURG Ieke (PSE)	22/04/2008
European Commission	Commission DG		Commissioner	
	Secretariat-General		BARROSO José Manuel	

Key events			
Date	Event	Reference	Summary
23/09/2008	Committee referral announced in Parliament		
23/09/2008	Referral to associated committees announced in Parliament		
20/01/2009	Vote in committee		Summary
26/01/2009	Committee report tabled for plenary	A6-0014/2009	
09/03/2009	Debate in Parliament		
10/03/2009	Decision by Parliament	T6-0090/2009	Summary
10/03/2009	Results of vote in Parliament		
10/03/2009	End of procedure in Parliament		

Technical information	
Procedure reference	2008/2247(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Implementation
Amendments and repeals	See also Directive 2006/43/EC 2004/0065(COD)
Legal basis	Rules of Procedure EP 55-p4 Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	JURI/6/65504

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE414.935	20/10/2008	
Amendments tabled in committee		PE416.358	26/11/2008	
Committee opinion	ECON	PE414.965	03/12/2008	
Committee report tabled for plenary, single reading		A6-0014/2009	26/01/2009	
Text adopted by Parliament, single reading		T6-0090/2009	10/03/2009	Summary
European Commission				
Document type	Reference	Date	Summary	
Commission response to text adopted in plenary	SP(2009)3244	06/10/2009		

Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts

2008/2247(INI) - 10/03/2009 - Text adopted by Parliament, single reading

The European Parliament adopted by 645 votes to 11, with 18 abstentions, a resolution on the implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts.

The resolution recalls that Directive 2006/43/EC was adopted in response to the crisis that followed the collapse of Enron. The Parliament emphasises that the current financial crisis highlights the importance of high-quality accounting and auditing practices and deplores the fact that only 12 Member States have transposed the Directive in full. It therefore urges the Commission to ensure its immediate transposition and enforcement.

Implementation of definitions: MEPs note that transposition of the crucial notions of "public-interest entity" (PIE) and "network" is leading to differing interpretations among Member States. The Directive also introduces various additional obligations for audit firms covered by the definition of "network". In order to put an end to the legal uncertainty, the Commission is called upon to undertake a comprehensive review of the implementation of the definitions and the discernible effects of their introduction, and to seek clarity regarding the long-term policy priorities for the EU in this area and the way in which these may best be achieved, in consultation with the Member States.

Audit committee: the resolution notes that many Member States have not yet implemented Article 41 of the Directive, under which Member States must require PIEs to set up an audit committee or comparable body. MEPs are of the opinion that this requirement is an important means of guaranteeing

the independence of statutory audits of PIEs' annual accounts. They stress that recent experience shows the need for frequent and high-quality interaction within audit committees and between independent directors, supervisory boards and auditors, and that non-executive board members should consider carefully the possibility of having meetings without executive board members being present.

Auditor rotation: certain Member States have implemented the Directive's requirement of auditor rotation within a maximum of seven years with a very short rotation period of as little as two or three years. MEPs doubt that such short rotation periods enhance the quality and continuity of statutory audits of PIEs, and point out that they hamper the auditors' and audit firms' sound understanding of the audited entity.

Public oversight: the resolution notes that not all Member States have introduced the system of public oversight required by the Directive. Moreover, in Member States where forms of public oversight have been introduced, there are considerable differences between them. Noting that public oversight under the Directive must be organised in such a way that conflicts of interest are avoided, MEPs wonder, in the light of this, whether oversight authorities directly linked to national governments meet that requirement. They consider it very important that the cooperation required under the Directive between public-oversight authorities should actually materialise.

MEPs recommend that national law require that parent undertakings holding listed subsidiaries be subject to statutory audits performed by auditors approved in accordance with the Directive.

Audit working papers: there is a very significant lack of clarity in relation to the implementation of Article 47 of the Directive, which deals with the audit working papers. According to MEPs, there are legal and data-protection issues to be addressed in order to ensure that the information which EU auditors receive from their client companies is kept confidential and does not get into the public domain of third countries where such companies are listed or where the parent company is incorporated.

Method of harmonisation: MEPs call on the Commission to make a careful evaluation of all national legislation transposing the Directive, to tackle resolutely the problems referred to above, and to report to Parliament on this within two years. They doubt whether the chosen method of minimum harmonisation is really the right way to realise the objectives of this and other internal-market-related directives, since the many derogations allowed by the Directive will lead to further fragmentation of the accountancy market.

The Commission is called upon to make use of clear concepts when harmonisation is being carried out.

International standards: the resolution points out that undue delay in the approval of International Standards on Auditing (ISAs) could have an adverse effect on the regulatory environment, resulting in further fragmentation, which is contrary to the general objective of the Directive. The Commission is therefore called upon to avoid unnecessary delay in the adoption of ISAs and to launch a broad public consultation on their adoption.

Recommendation on quality assurance: the Parliament welcomes Commission Recommendation 2008/362/EC on external quality assurance for statutory auditors and audit firms auditing public interest entities. In this context, it calls on the Commission to promote national quality assurance structures, in close collaboration with the Member States, which ensures independent and external quality assurance for accountancy firms.

Third-country auditors: the Parliament takes note of Commission Decision 2008/627/EC concerning a transitional period for audit activities of certain third country auditors and audit entities. It calls on the Commission to communicate to Parliament its follow-up on the question of the registration of third-country auditors.

Auditors' liability: the resolution notes that divergences between Member States' liability regimes might lead to regulatory arbitrage and undermine the internal market.

Within the context of the current economic and financial crisis, MEPs stress that Commission Recommendation 2008/473/EC concerning the limitation of the civil liability of statutory auditors and audit firms should not call into question the quality of the statutory audit or the confidence placed in the function of statutory audits. They call on the Commission to inform Parliament no later than in 2010 about the impact of, and the follow-up to, the recommendation, the important issue in this connection being, in particular, whether and to what extent the recommendation is leading to greater convergence between Member States.

In the event that further measures prove necessary, the Commission must undertake an impact study assessing the possible effects of limitation of civil liability of auditors and audit firms on the quality of audits, financial security and the concentration on the audit market.