

# Directive 2006/43/EC on statutory audits

Explanatory meeting with Croatia and Turkey

Gintaras Griksas  
National Expert

Directorate General Internal Market and  
Services  
European Commission

# The Eighth Directive

- A comprehensive, principles based Directive
- Timing:
  - Published in the Official Journal on 9 June
  - Transposition by Member States into national law by 29 June 2008 (2 years)

# Main features of new Directive on statutory audit

1. Approval, ownership and registration of statutory auditors and audit firms
2. How an audit should be performed
3. Audit infrastructure
4. Internal Market aspects
5. Specific requirements for Public Interest Entities
6. International dimension

# 1 Approval, ownership and registration of statutory auditors and audit firms

- Liberalised ownership and management requirements for audit firms approved in the EU (Majority and Nationality)
- Enhanced public registration of statutory auditors and audit firms  
(Electronic, accessible to public, Information about shareholders, management, membership of a network, name and address of competent authorities).

# 2 How a statutory audit should be performed

- Adoption of International Standards on Auditing
- Group auditor bears the full responsibility for the group audit report
- Rules on Audit of components by other auditors (review and documentation)
- Audit report to be signed by an individual, not the audit firm
- Independence: documentation of threats and safeguards, audit fees, provision of additional services
- Internal quality control

# 3 Audit infrastructure

- Public registration
- Appointment and dismissal
- External Quality Assurance (every 6 years)
- Public Oversight (Governed by a majority of non-practitioners; scope and competence)
- Sanctions (no specific listing of sanctions)

# 4 Internal Market aspects

- Mutual recognition of qualifications of statutory auditors between Member States (aptitude test)
- Recognition of regulatory equivalence within the EU with regard to oversight, quality assurance, registration and standards (« home country control »)
- Cooperation of Public Oversight bodies
  - Investigation and exchange of information
  - Participation in investigations in another Member State

# 5 Specific requirements in relation to Public Interest Entities

- What are public interest entities?
- Transparency report by audit firm  
(Published on web site, Information inter alia about the audit firm's practice, turnover, internal quality control and events, etc.)
- Audit Committee  
(Composition rules and responsibilities, selection of the auditor, reporting)
- Additional rules on independence  
(disclosure to Audit Committee and fees in annual accounts, written confirmation, rotation)



# 6 International dimension

- Approval of auditors from third countries
- Registration of audit firms process applies to a certain extent (Derogation in the case of equivalence)
- Access to audit working papers
  - Transfer via the national competent authorities only
  - Equivalence assessed by the Commission
- Cooperation between competent authorities of a Member State and third countries

# Further information

Visit us!

[http://ec.europa.eu/internal\\_market/auditing/index\\_en.htm](http://ec.europa.eu/internal_market/auditing/index_en.htm)