



# Board Meeting Summary Paper

**Subject:** Report *Audit Policy: Lessons from the crisis*  
**Date:** 6 June 2011

<b>AUASB AGENDA ITEM NO. 9(f)</b>
<b>Meeting Date: 14 June 2011</b>

**Action Required**

**For Information Purposes Only**

## Agenda Item Objectives

To distribute a copy of the European Parliament Report *Audit Policy: lessons from the crisis* for the Board's information.

## Background

The European Commission issued the Report on 30 May 2011. The Report seeks to examine the role of auditors as a component of possible financial market reforms. It welcomes the fundamental issue raised in the Green Paper, namely that of how auditors can do more to report what they do and explain their opinions. A company's audit committee already plays a vital role and its importance should be emphasised. The Report then goes on to suggest that independence rules might be changed regarding who appoints auditors, audit firm rotation, how long an auditor can remain in office, providing non-audit services and limiting total fees from any one client. Such proposals also represent mechanisms to decrease audit market concentration. The Report then raises the question as to whether there needs to be transparency of the financial statements of audit firms and whether further measures could be envisaged in the governance of audit firms. It also suggests that supervision of audit firms in the EU could be more integrated, with a firmer base to ensure closer cooperation between the national audit oversight systems. Finally, the Report exposes ideas for a 'statutory review' as an alternative to an audit and proportionate rules on quality control and oversight by audit regulators.

## Matters to Consider

The Report is provided for information and discussion purposes only.

## Material Presented

Agenda Item 9(f)	Board Meeting Summary Paper
Agenda Item 9(f).1	European Parliament Report <i>Audit Policy: lessons from the crisis</i>

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