



Federation of European Accountants
Fédération des Experts comptables Européens

INFO

Standing for trust and integrity

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FEE recommends improvements to the functioning of audit committees

Brussels, 15 June 2012 – FEE (Fédération des Experts-comptables Européens – Federation of European Accountants) has today published a Discussion Paper on The Functioning of Audit Committees.

In 2010 and 2011, the European Commission took a number of initiatives to strengthen corporate governance and, in particular, audit committees. FEE generally supports the Commission's proposals, along with other proposed measures aimed at enhancing the role of the audit committee, and the FEE Discussion Paper aims at putting these initiatives into perspective.

A strong and competent audit committee is part of the overall sound corporate governance system in a company. The corporate governance system is in place to ensure the quality of the financial information provided by the company as well as contributing to minimising financial, operational and compliance risks within the company.

Experiences with the functioning of audit committees vary across Europe. This is mainly due to distinct legislative traditions in various countries which have led to differences in corporate governance structures as well as in the functioning of audit committees.

The requirements related to audit committees according to the 2006 Statutory Audit Directive have set out some common ground for audit committees and their functioning. Over the last couple of years, audit committees have found their place in the general governance structures of European public interest entities. Experience within audit committees is increasing and certain areas for further improvement are becoming apparent.

FEE President Philip Johnson says: *"FEE believes that strong audit committees are essential for the quality of financial information provided by companies. Based on national experiences, improvements could be achieved by clarifying the competences and the responsibilities of the audit committee and the reporting to and from the audit committee. This would be beneficial to companies and their stakeholders and would ensure an improvement in the quality of financial reporting, overall internal control and risk management."*

Stimulating closer cooperation throughout the audit engagement, especially the exchange of high quality information between audit committees and the external auditor, will be of great benefit to the company and to the external auditor. To this extent, and considering that one or more members of an audit committee are often trained accountants, FEE is aiming at enlarging and widening the debate regarding the functioning of audit committees.



FEE invites stakeholders' comments on any aspect of the Discussion Paper and especially on the issues raised in the questions set out in the paper. Deadline for comments is 28 September 2012.

This discussion paper is available from the FEE website at the following link: http://www.fee.be/publications/default.asp?content_ref=1525&library_ref=4

NOTES FOR EDITORS

About FEE

FEE (Fédération des Experts-comptables Européens – Federation of European Accountants) is an international non-profit organisation based in Brussels that represents 45 institutes of professional accountants and auditors from 33 European countries, including all of the 27 EU Member States.

FEE has a combined membership of more than 700.000 professional accountants, working in different capacities in public practice, small and big accountancy firms, businesses of all sizes, government and education, who all contribute to a more efficient, transparent and sustainable European economy.

About the FEE Discussion Paper on the “Functioning of Audit Committees

The information included in the FEE discussion paper is based on a survey carried out among FEE Member Bodies during 2010 and 2011. A full list of FEE Member Bodies is available on the FEE website. The total number of potential countries to respond was at the time 32 which included the 27 EU Member States, Iceland, Israel, Monaco, Norway and Switzerland. In total, contributions from 25 countries form part of the conclusions reflected in the Discussion Paper.

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