



Fédération des Experts
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Press Release

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Survey Finds EU Auditor Independence Reforms Taking Hold in Member States

Regulatory pause called for as reforms are evaluated

Brussels, 17 March 2005: "The principles-based approach to auditor independence as set out in the EU Recommendation on Independence is now widely used throughout Europe. It is important that there be a regulatory pause to allow this new approach to auditor independence time to prove its worth to users of audit reports," stated FEE President David Devlin today at the launch of a new survey on the *Implementation of the EU Recommendation on Independence* by FEE, the European Federation of Accountants.

Auditor independence standards have been tightened and made more restrictive over recent years. The EU Recommendation on Independence has recently been given legal underpinning by the new Statutory Audit Directive. In addition, European auditors, as members of IFAC, have to apply the IFAC Code of Ethics, which is currently being strengthened, and there has also been new legislation in many European countries and in the US.

FEE Ethics Working Party Chairman Harald Ring noted that: "the accountancy profession has strongly supported the independence reforms. Any further regulatory initiatives must not precede an evaluation of the results of the many initiatives recently enacted and which are currently being implemented throughout Europe. A stable platform on independence is required to focus more broadly on the common goal of high audit quality."

The survey of FEE member bodies covers the status of implementation of the EU Recommendation on Independence in the 25 EU Member States and in Norway as at 1 January 2006. It found that over three quarter of EU Member States have now adopted the principles of the EU Recommendation on Independence.

President Devlin added that: "an area which merits particular attention is independence benchmarks for group audits where varying extra-territorial requirements of national independence regulation are a cause of concern for audit quality."

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Notes for Editors:

1. The **FEE Survey on Implementation of the EU Recommendation on Independence** can be downloaded free-of-charge from the FEE website (<http://www.fee.be>) or copies may be ordered from Sylvie Romancide (Fax: + 32 2 231 11 12, Email: Sylvie_Romancide@fee.be).
2. In 2002, the European Commission issued a *Recommendation on Statutory Auditor's Independence*. The new Statutory Audit Directive (awaiting publication in the EU's Official Journal) legislates the key elements of the Recommendation; it embraces a principles-based threats and safeguards approach to independence and is supplemented by specific requirements.
3. The Fédération des Experts Comptables Européens (FEE) is the representative organisation for the accountancy profession in Europe. FEE's membership consists of 44 professional institutes of accountants from 32 countries. FEE member bodies are present in all 25 member states of the European Union and three member countries of EFTA. FEE member bodies represent more than 500,000 accountants in Europe.