Audit Working papers – Statement Charlie McCreevy
Commissioner for the Internal Market and Services

"Before taking a decision on audit working papers, I think that we need more
time to ensure that the United States, in particular, is ready to cooperate with
us fully, based upon mutual trust and mutual assistance. Only then can we,
in the EU, move forward together on this issue with one approach for all our
main trading partners. I should stress that it is still my aim to move forward
on this issue.

Auditing has long moved beyond national borders and the crisis has shown how
much the markets interact with each other. However, the crisis has also highlighted
the lack of cooperation and coordination amongst authorities. Getting audit regulation
right in global financial markets requires close co-operation with our main trading
partners.

The new EU Auditing Directive introduces a system of independent public oversight
and a model of cooperation with third countries. In January, I tabled a draft decision
for discussion with our Member States with the intention of allowing EU Member
States' public oversight bodies to co-operate with their counterparts in the United
States, Japan and Canada.

The EU's aim has always been to move towards full reliance on the audit inspections
of the public oversight bodies in these third countries. In practice, this would mean
that audit firms from these countries would no longer have to be inspected by
European public oversight bodies, as we in the EU could rely on the audit inspections
that were carried out by their counterparts in these countries. In return, of
course, EU oversight bodies would expect the same treatment for EU audit firms.
Putting in place this model of cooperation would go a long way towards restoring the
confidence of investors. But of course, it has to be based upon mutual trust.

Whilst some of our trading partners, notably Canada and Japan seem to be open
towards such an agenda, the same is not true for the United States. As things stand
at the moment, the EU will commit itself to facilitate United States' inspections but we
currently have no guarantee that the United States will do the same for us. This is
not good for the confidence of our investors here in the EU. Nor does it send the right
signal for the EU's own oversight bodies which we here in the EU have worked hard
to put in place. Before taking a decision on audit working papers I would like to hear
the views of the new administration. Therefore, the Commission should not continue
discussions with our Member States on the basis of the draft decision that is
currently tabled.

1 Directive 2006/43 of 17 May 2006 on statutory audits of annual accounts and
consolidated accounts, amending Council Directives 78/ 660/EEC and 83/349/EEC and
I think that we need more time to ensure that the United States, in particular, is ready to cooperate with us fully, based upon mutual trust and mutual assistance. Only then can we, in the EU, move forward together on this issue with one approach for all our main trading partners. I should stress that it is still my aim to move forward on this issue. Cooperation with our main trading partners remains key to the future success of our public oversight regime. That is why I urge the SEC and the PCAOB to agree the draft policy statement of December 2007 on how to deal with overseas oversight bodies and resolve any further outstanding issues.

Last year's meeting of the G20 called upon regulators and other authorities to strengthen coordination and cooperation, as a matter of priority. The Commission is committed to this goal and expects the same from its counterparts. I am prepared to discuss this with our counterparts in the new administration to see how we can resolve this issue rapidly."