

Brussels, 19 February 2009

## **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 <sup>1</sup> 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.

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<sup>1</sup> 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 repealing Council Directive 84/253/EEC.

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."