



Federation of European Accountants
Fédération des Experts comptables Européens

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The Challenges for Auditing in a Time of Financial Crisis

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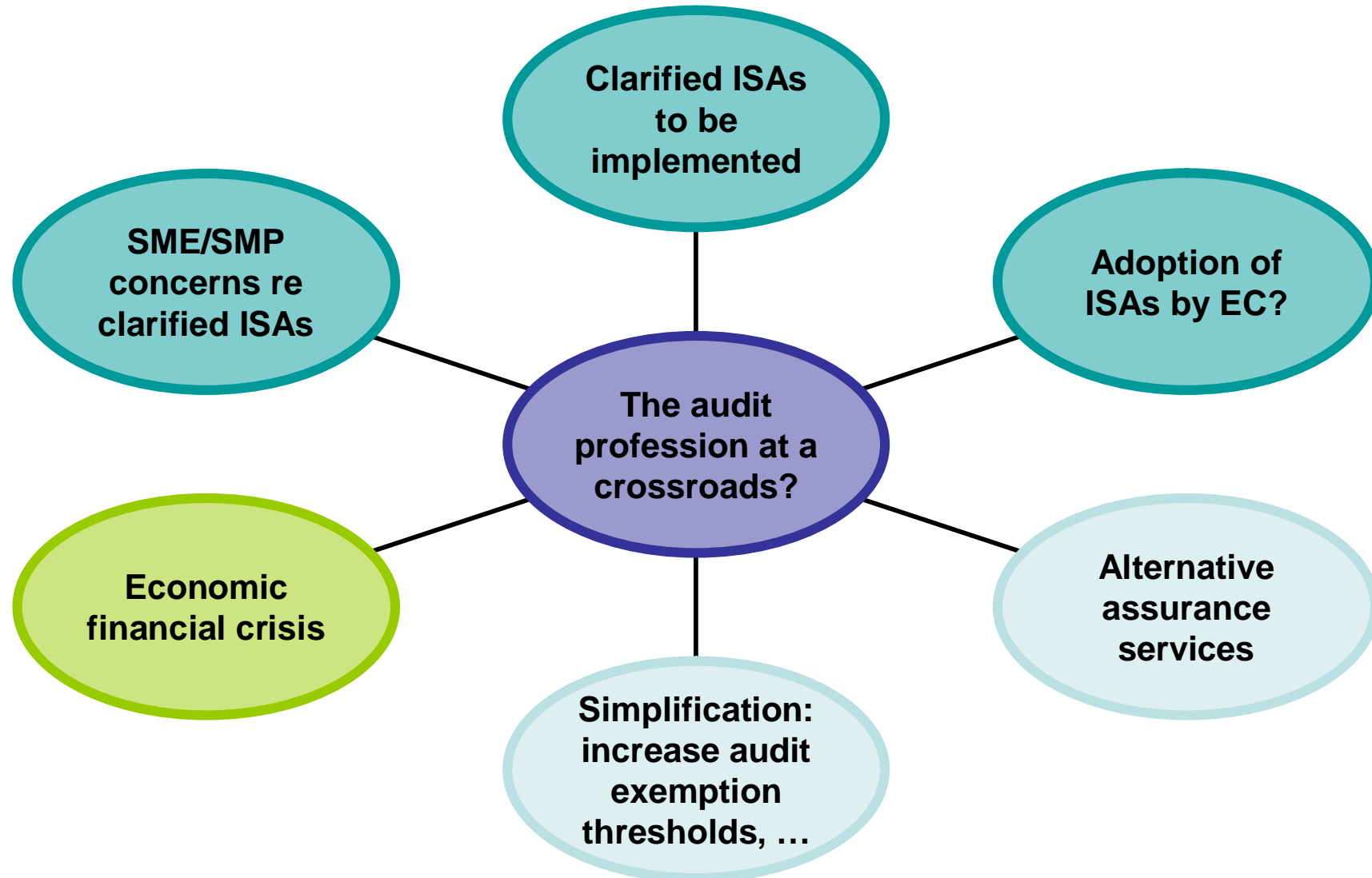
FEE Director of Practice Regulation

Federating Member Bodies



- Ø 43 professional institutes of accountants
- Ø 32 European countries, including all 27 EU
- Ø > 500.000 professional accountants

The Audit Profession at a Crossroads?





IAASB Clarity Project on ISAs

- ∅ Response to 2002 crisis
- ∅ Includes drafting and structural improvements:
- ∅ Increase from 366 to 619 requirements in 36 clarified ISAs + 1 ISQC
- ∅ Clarified ISA 540 on estimates/fair value and clarified ISA 570 on going concern are tools for incremental focus of profession in current economic financial crisis
- ∅ Implementation challenges, i.e. SME and SMP concerns



Statutory Audit Directive Including EC Adoption of ISAs

- Ø Response to 2002 crisis and action in US
- Ø EC awaits results of studies:
 - Ä Duisburg University on costs and benefits of clarified ISAs adoption for companies
 - Ä Maastricht University comparing ISAs and PCAOB auditing standards
- Ø Translation of ISAs by end of 2009
- Ø EC public consultation on adoption of ISAs in second quarter of 2009



Current Adoption of (unclarified) ISAs for ALL Audits in the 27 EU MS + Norway (early 2009)

	countries	%
Unamended ISAs (incl. ISA +): (Bulgaria, Cyprus, Denmark, Finland, Hungary, Ireland, Italy*, Latvia, Luxembourg, Malta, Netherlands**, Norway, Romania, Slovak Republic, Slovenia, Sweden, United Kingdom**)	17, including 1 for PIEs only	60
Transposed ISAs (incl. ISA + and -): (Austria, Belgium, Czech Republic, Estonia, France, Germany, Greece, Lithuania, Portugal, Spain)	10	36
Principles-based national auditing standards (Poland)	1	4
	28	100

* For Public Interest Entities (only recommended standards for other audits)

** Expected to adopt clarified ISAs in a timely fashion



The Audit Profession at a Crossroads

- ∅ More regulatory pressure
- ∅ Clarified ISA audit more demanding and more costly
- ∅ An audit is an audit
- ∅ Increase in audit exemption thresholds
- ∅ ...
- ∅ Alternative assurance services
- ∅ Addressed on national, FEE & IAASB level
- ∅ Divergent views in different countries
- ∅ Desire to arrive at positive audit opinion with less work
- ∅ FEE survey paper by mid 2009



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