



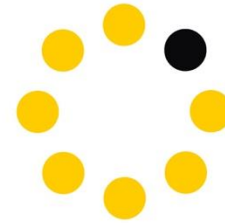
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# Member States' implementation of new EU audit rules

as of June 2017

This pdf has to be considered in full; slides cannot be seen in isolation.

This document is for general illustration purpose only. It includes information regarding 28 Member States, Norway and Iceland from different sources informally gathered up to June 2017 without any further verification. It may already be out of date and be subject to change. See our [disclaimer](#)

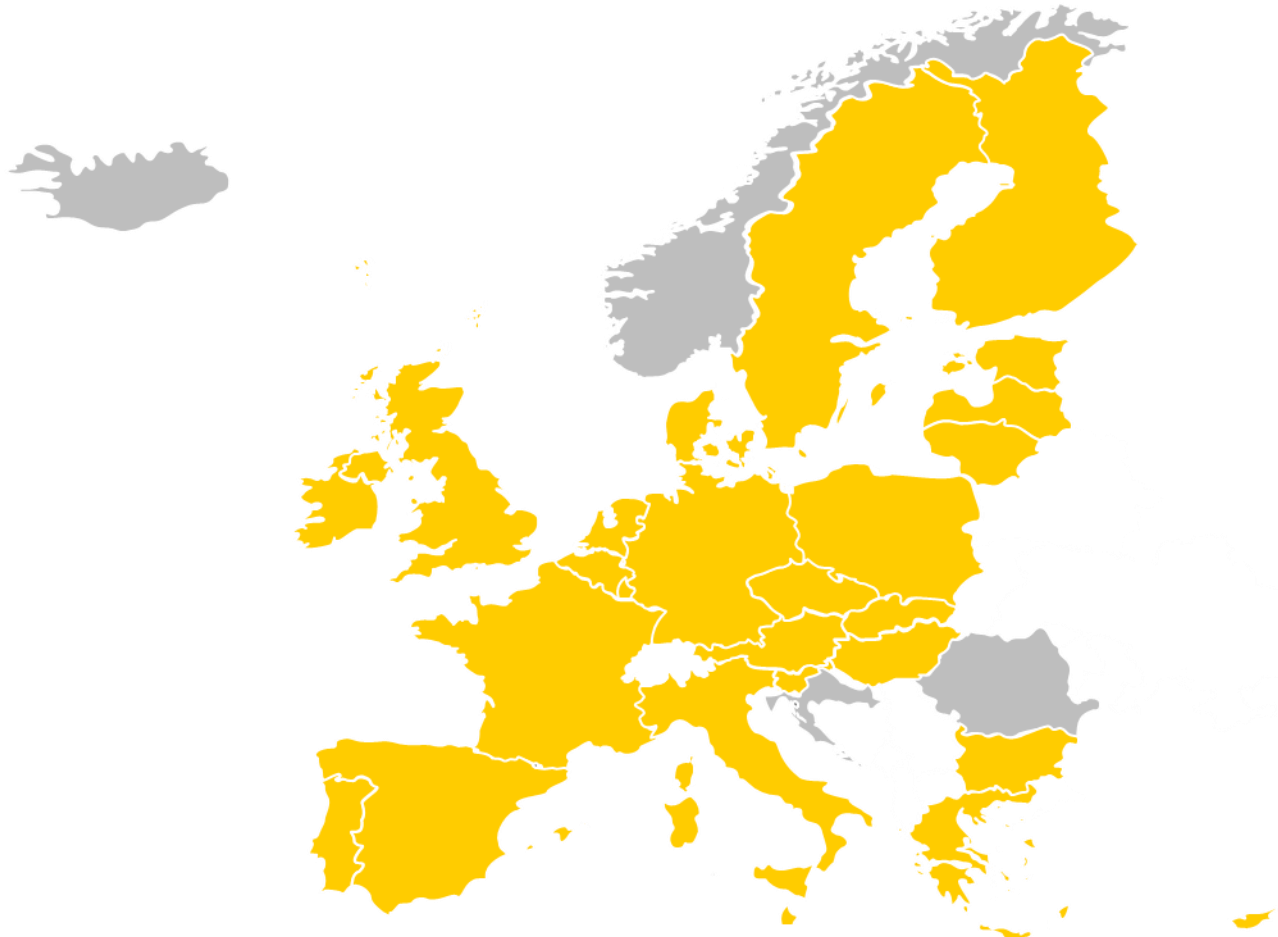
# Main topics of the new EU audit rules

- Implementation status
- Prohibition of non-audit services
- Mandatory audit firm rotation
- Public oversight and delegation of tasks to professional bodies

# Implementation status

June 2017 Update

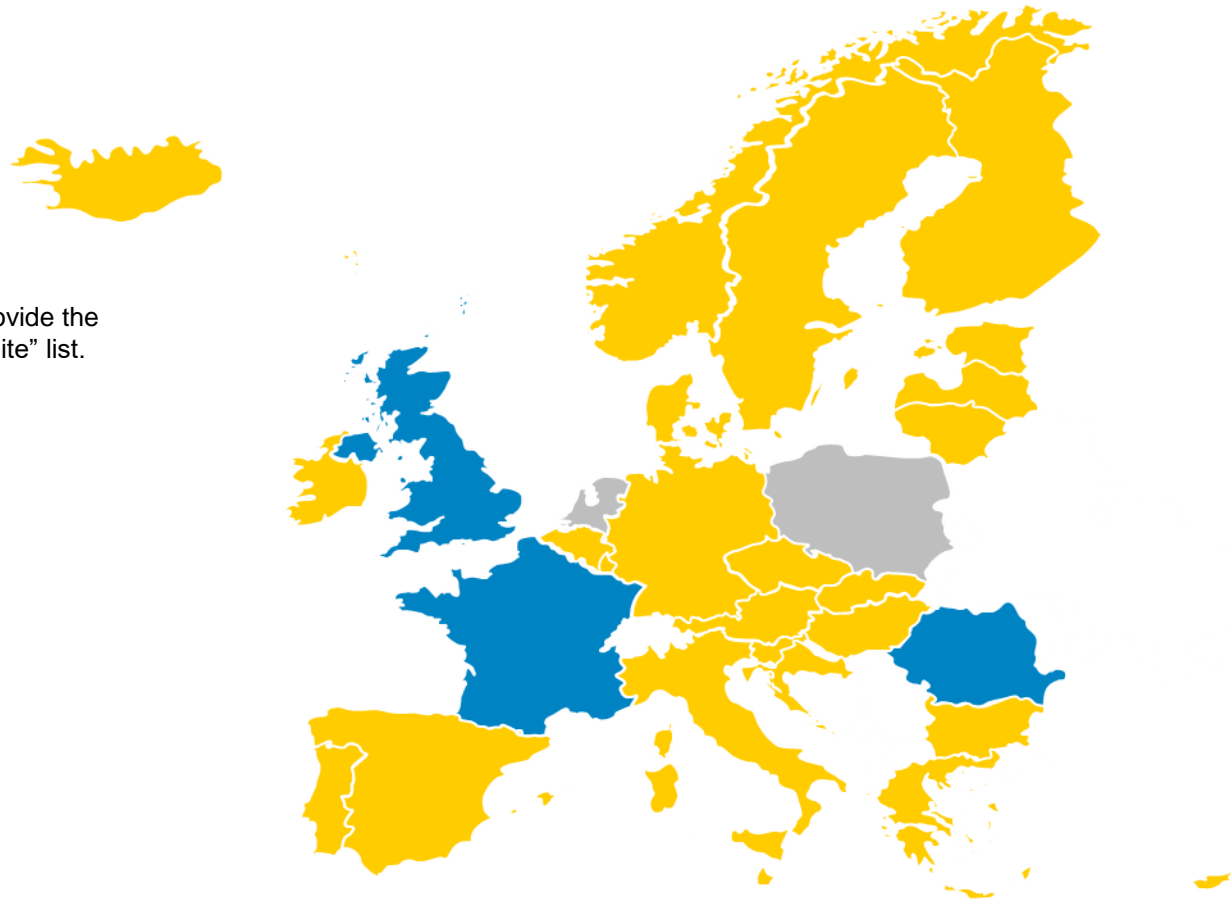
- Implemented
- Not implemented



# Non-audit services additional prohibitions

June 2017 Update

- List of prohibitions as per the Regulation
- 'White' list approach\*
- Additional prohibitions



\* Auditors and audit firms can only provide the non-audit services included in the "white" list.

# Non-audit services

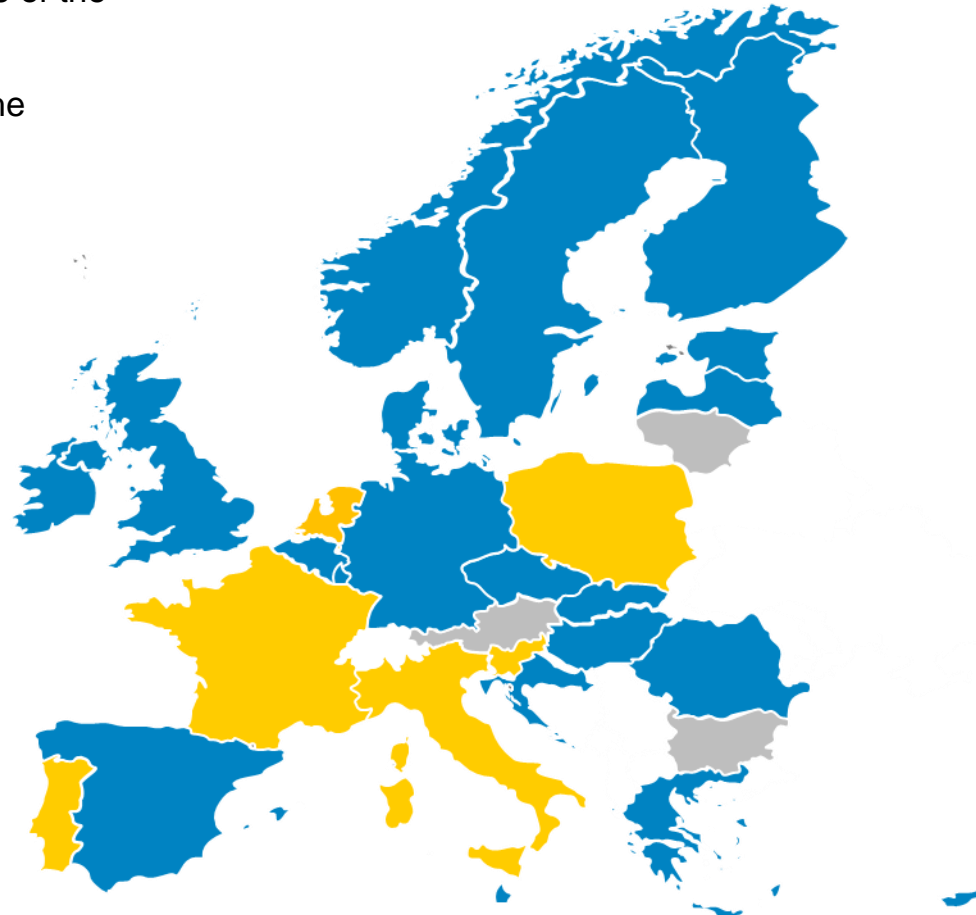
## Derogation of prohibition – Tax & valuation services

June 2017 Update

No

Certain tax services under the conditions of the Regulation

Certain tax & valuation services under the conditions of the Regulation

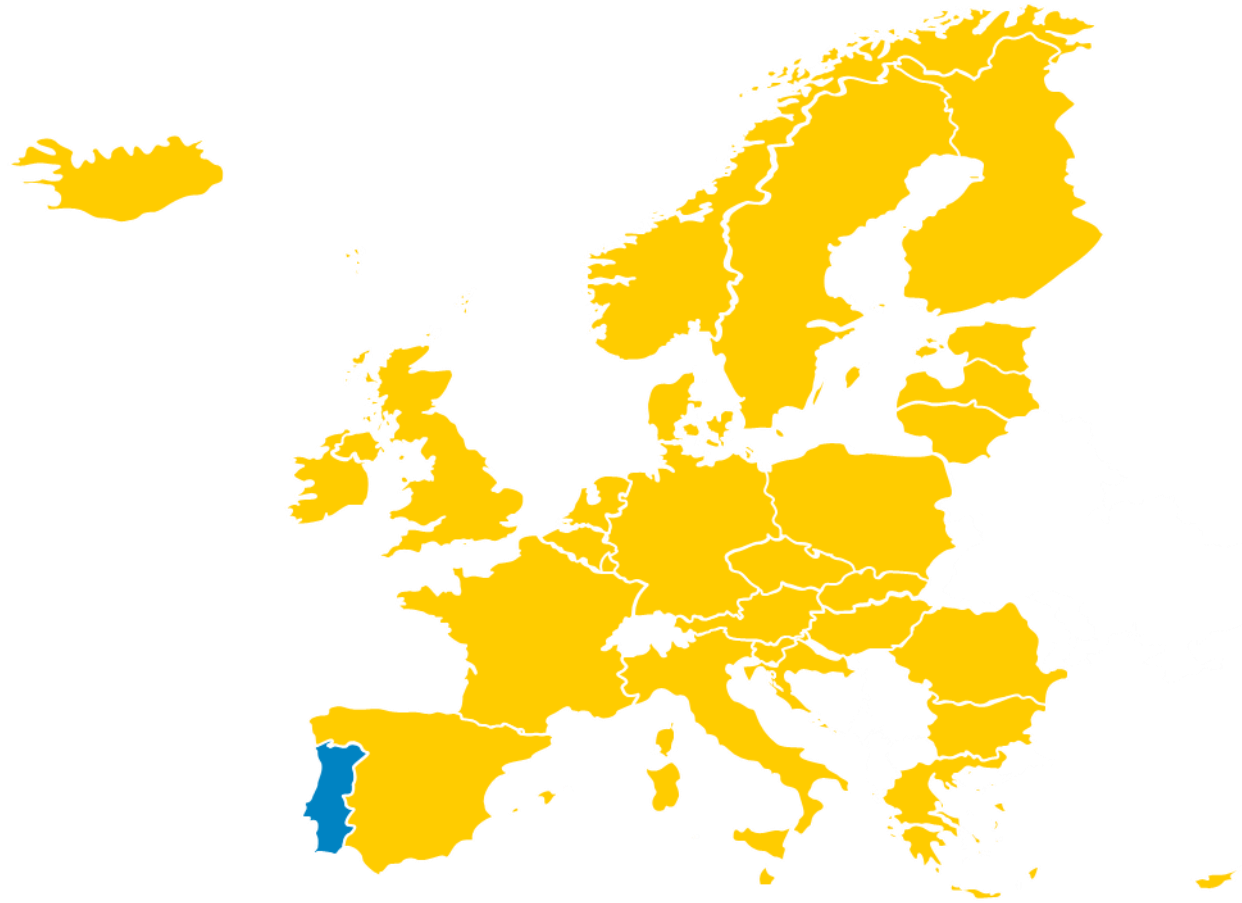
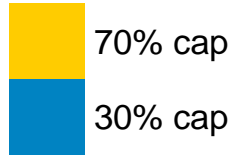


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# Non-audit services allowed NAS cap

June 2017 Update



# Non-audit services: our take

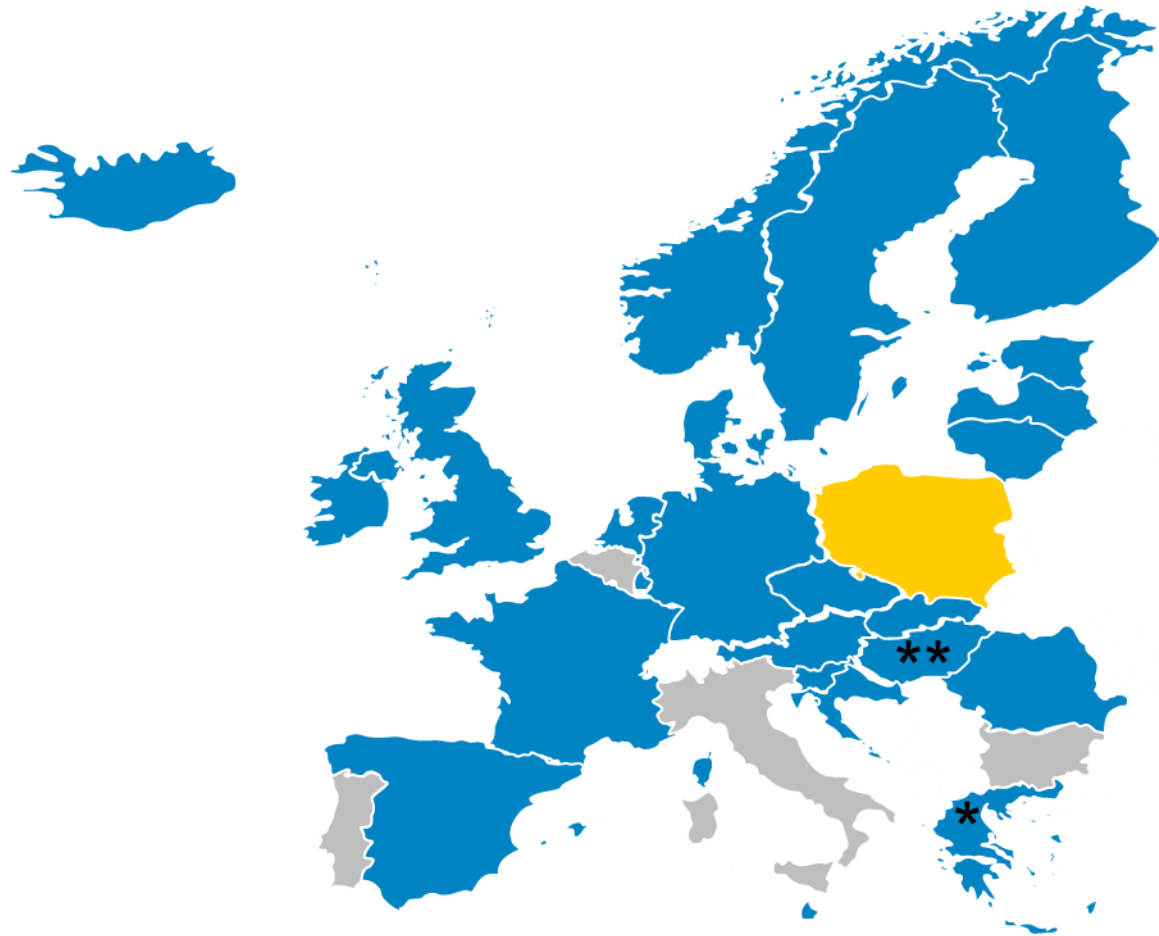
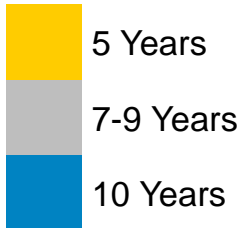
June 2017 Update

1. Clear trend to **stick to the list of prohibitions** included in the Regulation
2. The **large majority** of Member States opted for **derogation of prohibition of certain tax and valuation services** within the following conditions of the Regulation:
  - Impact on the audited financial statements is immaterial or none
  - Evaluation of this impact on the financial statements is documented in the additional report to the audit committee
  - Principles of independence, as included in the Directive, are applied by the statutory auditor
3. Only one Member State (Portugal) opted to lower the NAS cap below 70%

# Mandatory audit firm rotation

## initial duration of engagement

June 2017 Update



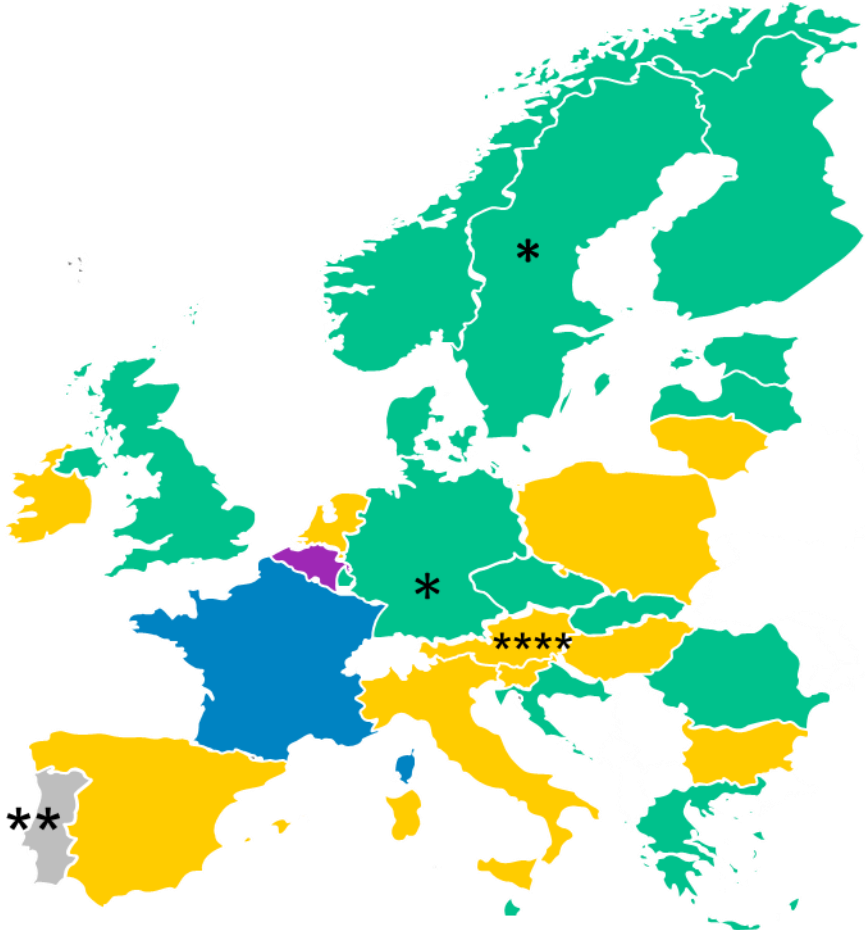
- \* 5 years for SIFIs
- \*\* 8 years for banks
- \*\*\* 9 years for banks

# Mandatory audit firm rotation tender extension

June 2017 Update



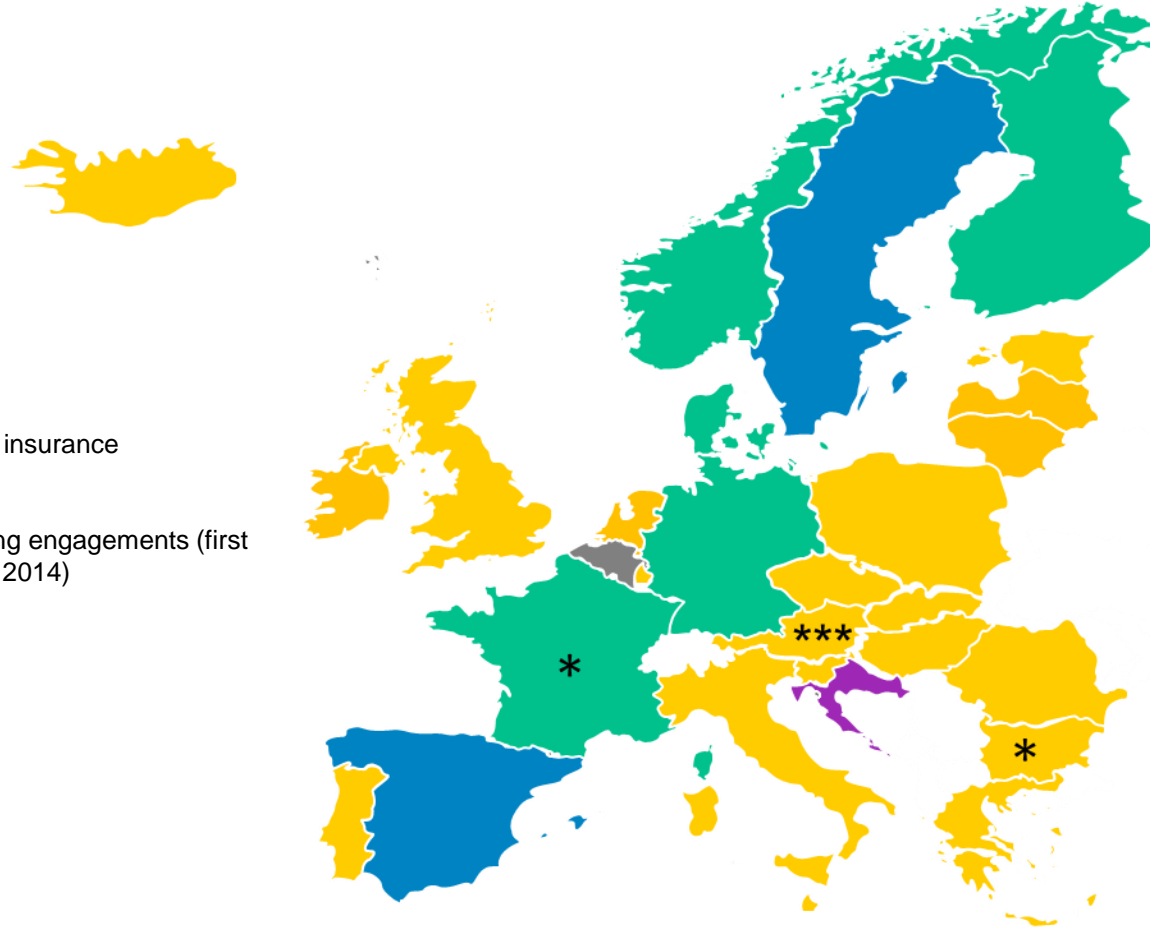
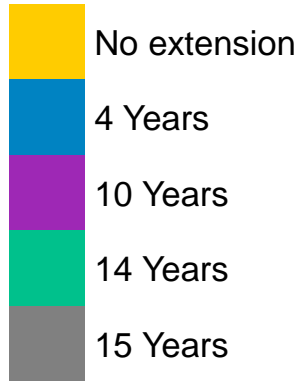
\* Extension of duration not applicable to banks and insurance undertakings  
\*\* Initial duration of engagement extendable up to 10 years  
\*\*\* No extension for banks  
\*\*\*\* 10 years extension for existing engagements (first appointment between 2003 and 2014)



# Mandatory audit firm rotation

## joint audit extension

June 2017 Update



**\* Mandatory joint audit**

For Bulgaria it is only for banks, insurance undertakings and pension funds

\*\* No extension for banks

\*\*\* 14 years extension for existing engagements (first appointment between 2003 and 2014)

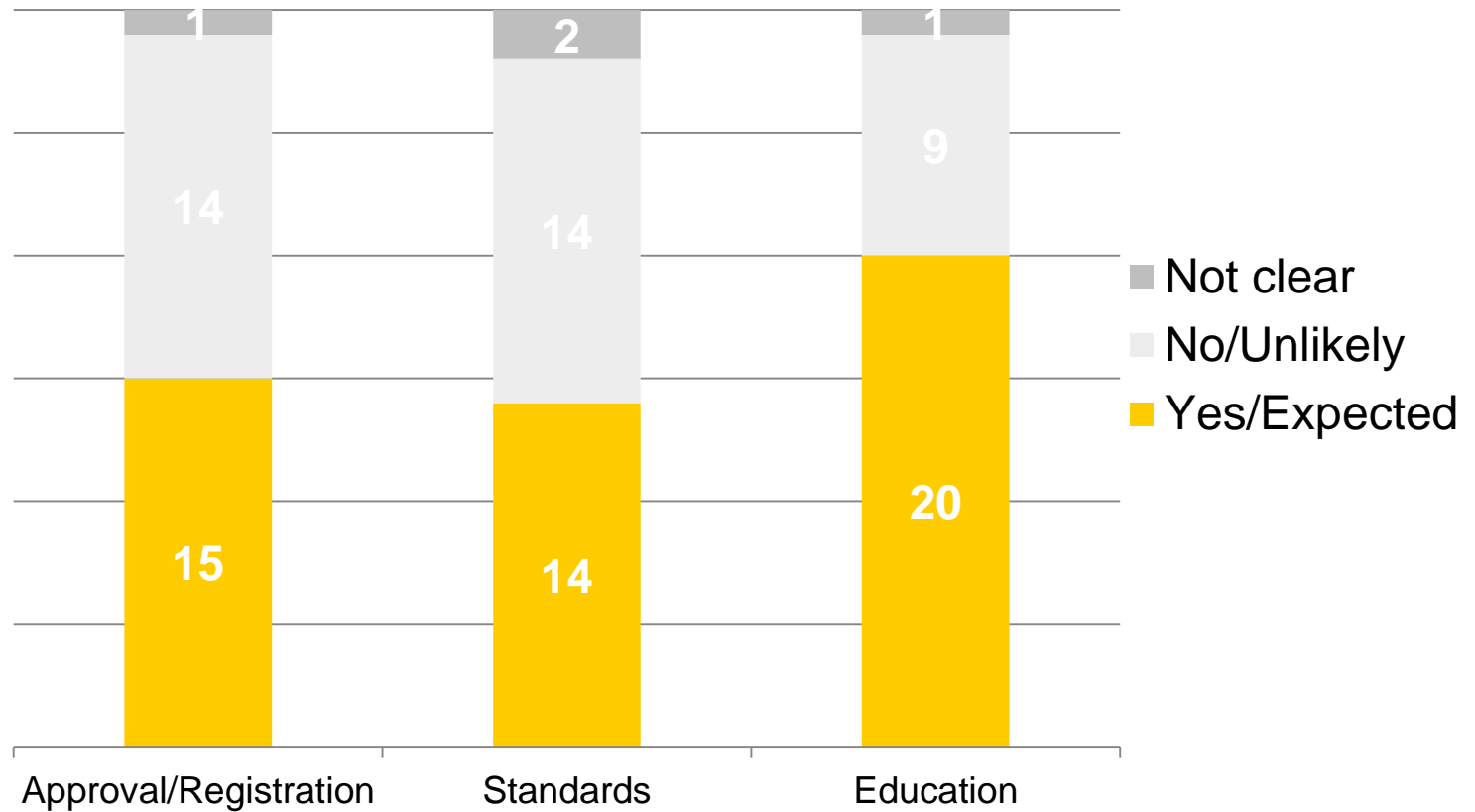
# Mandatory audit firm rotation: our take

1. **Consistency** in setting the initial duration of engagement period at **10 years**
2. **Damageable divergences** on the duration and the use of the option to allow extensions of the initial duration
  - **Tender**: 18 Member States with 4 different periods
  - **Joint audit** - 9 Member States allow it with 4 different periods
3. Overview: **17 different MAFR regimes** across the European Union

# Public oversight

## Delegation of tasks for audits of PIEs

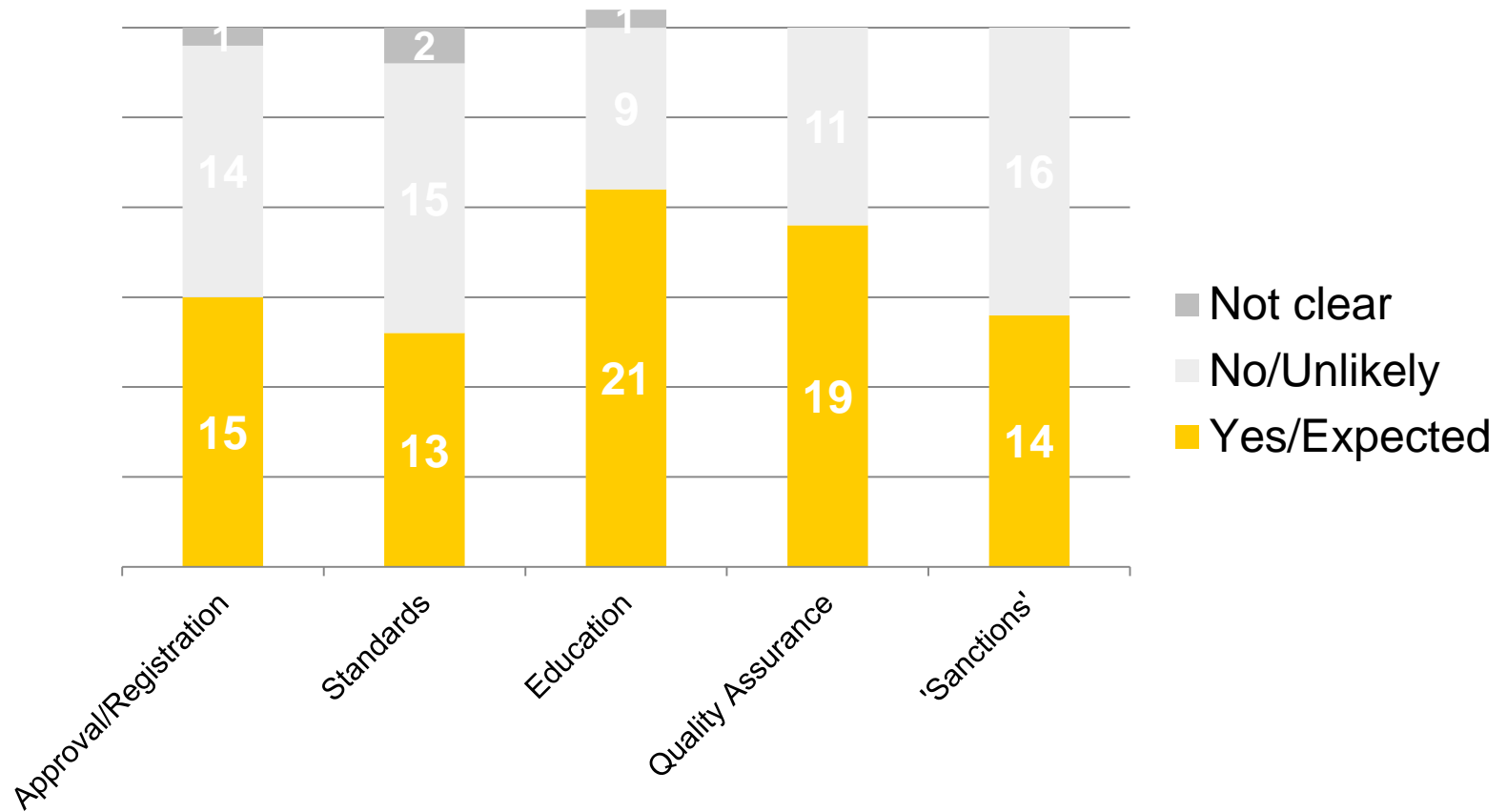
Number of countries



# Public oversight

## Delegation of tasks for audits of non-PIEs

Number of countries





# Public oversight: our take

1. Many Member States rely on a certain degree of delegation to professional accountancy bodies
2. **Education**, both for audit of Public-interest entities (PIEs) and non-PIEs, and **Quality assurance for non-PIEs** have been delegated by the majority of Member States
3. **Approval/registration**, both for PIEs and non-PIEs, have been delegated in half of the Member States
4. **Professional accountancy bodies will continue to play an important role** in this area working together with national competent authorities to enhance audit quality