



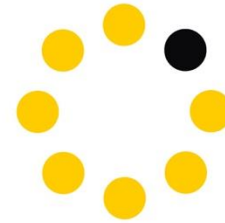
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# Member States' implementation of new EU audit rules

as of April 2018

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

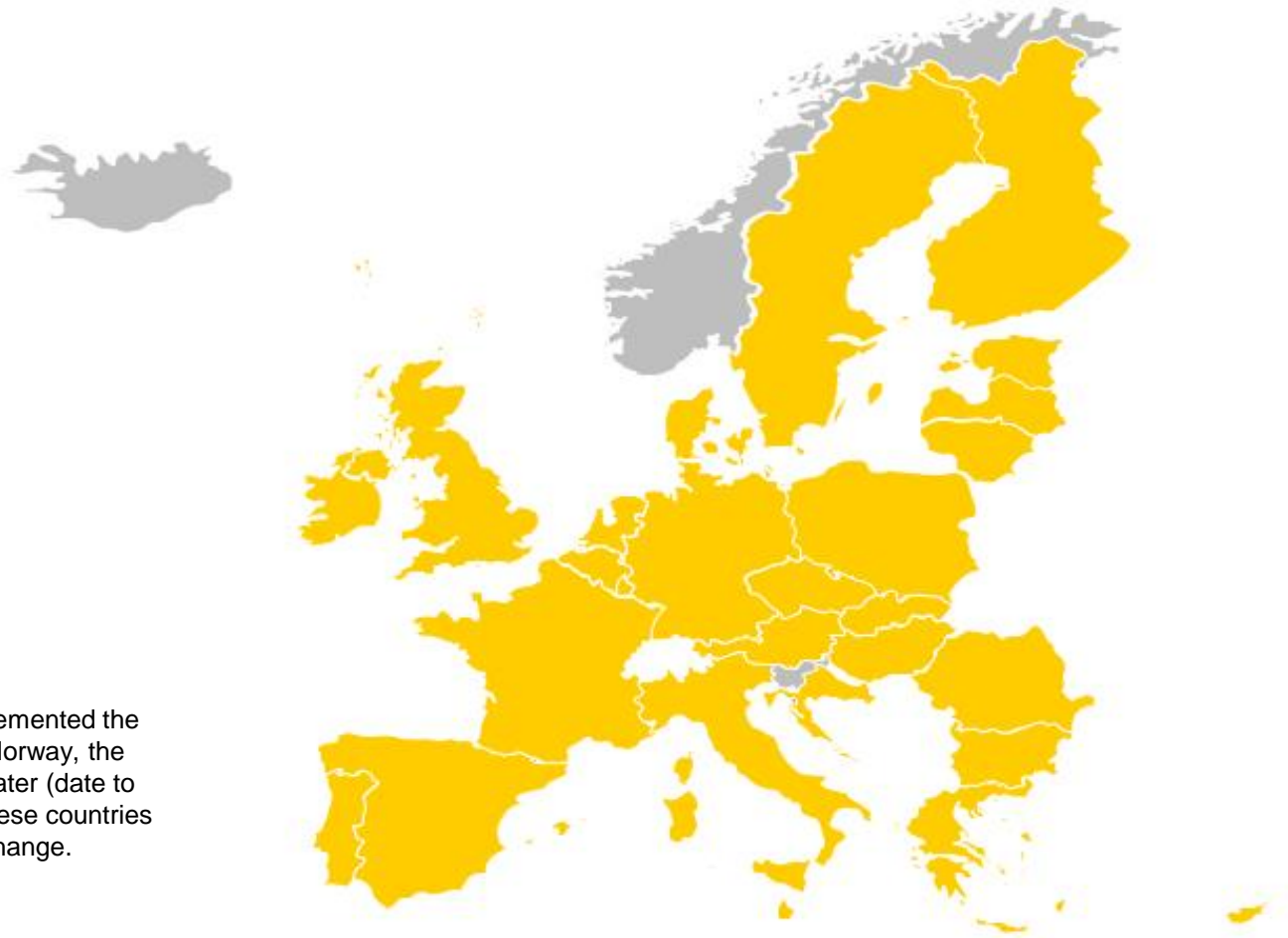
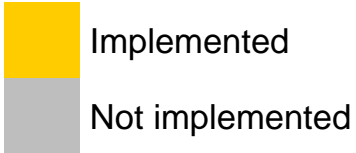
This document is for general illustration purpose only. It includes information regarding 28 Member States, Norway and Iceland from different sources informally gathered up to April 2018 without any further verification. It may already be out of date and be subject to change. See our [disclaimer](#).

# 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

April 2018 Update



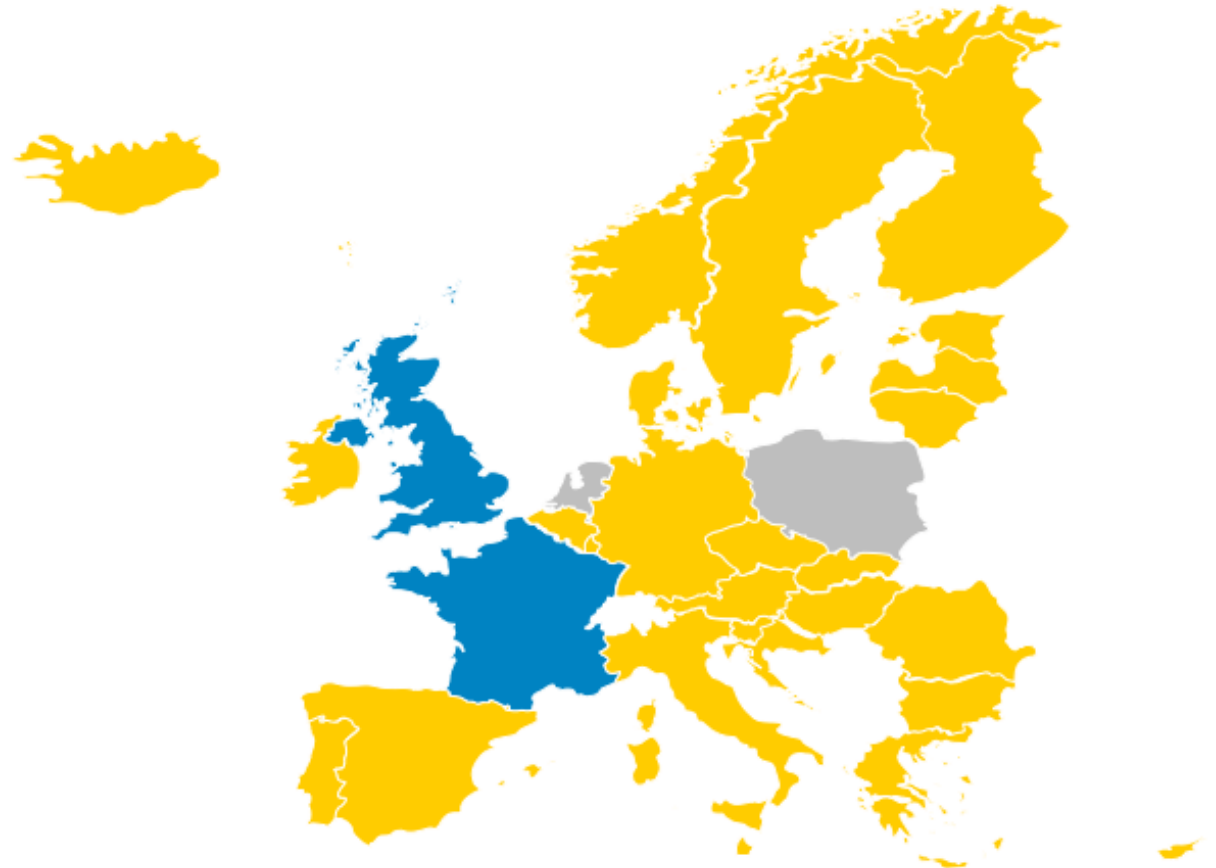
Note: Slovenia has not yet fully implemented the new EU audit rules. In Iceland and Norway, the new audit rules become applicable later (date to be set). Therefore, information on these countries in the following slides is subject to change.

# Non-audit services

## Additional prohibitions

April 2018 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

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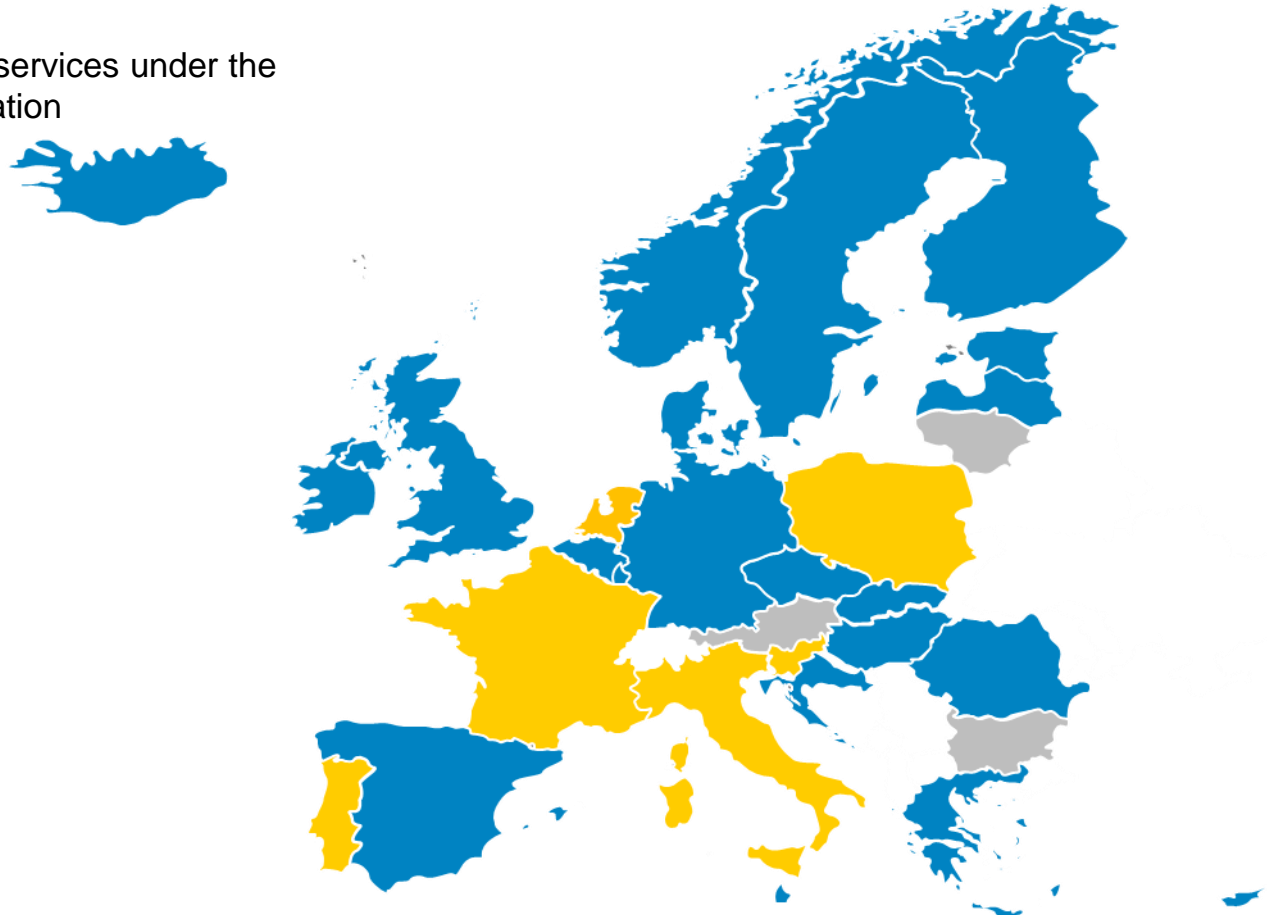
No



Certain tax services under the conditions of the Regulation



Certain tax & valuation services under the conditions of the Regulation



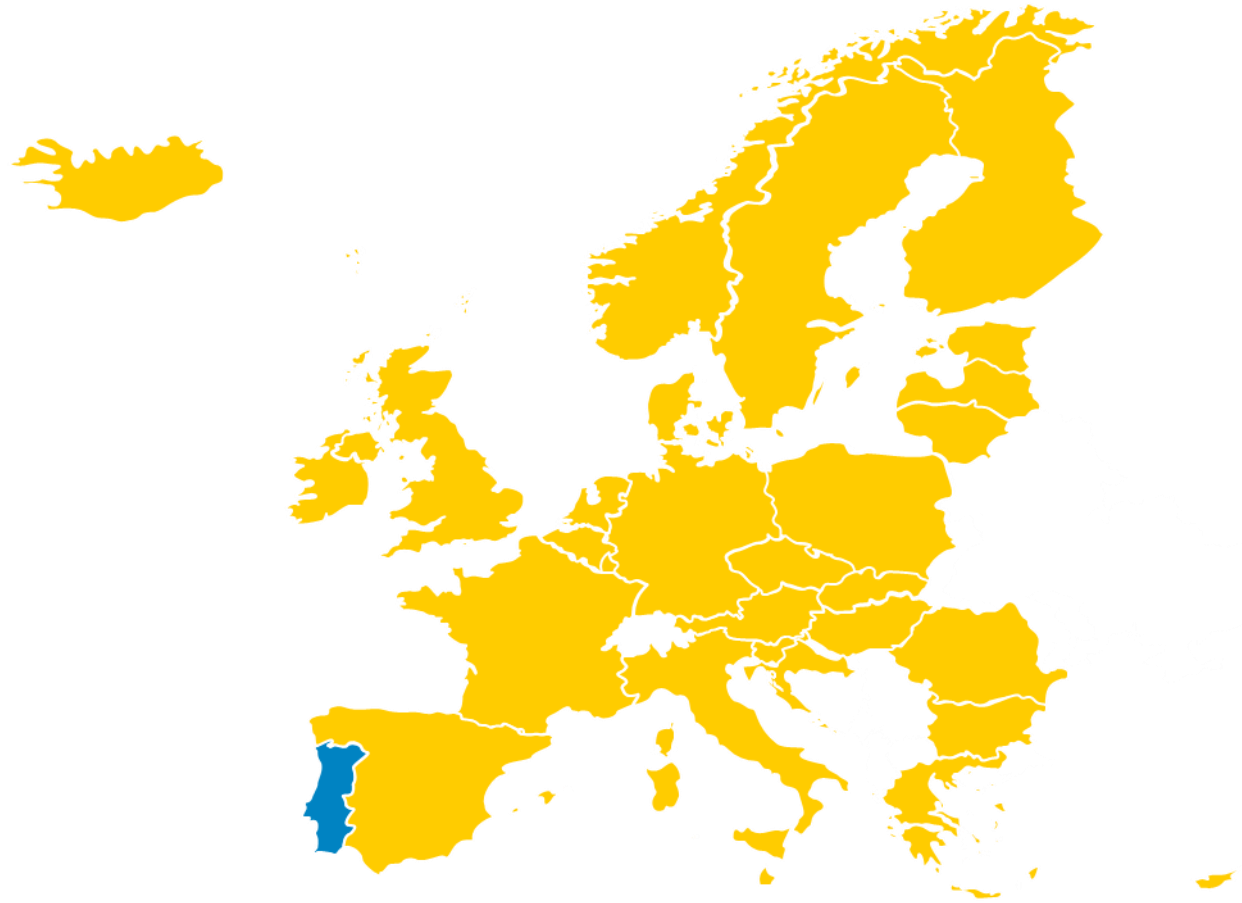
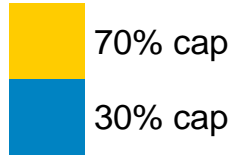
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# Non-audit services

## Allowed NAS cap

April 2018 Update



# Non-audit services: our take

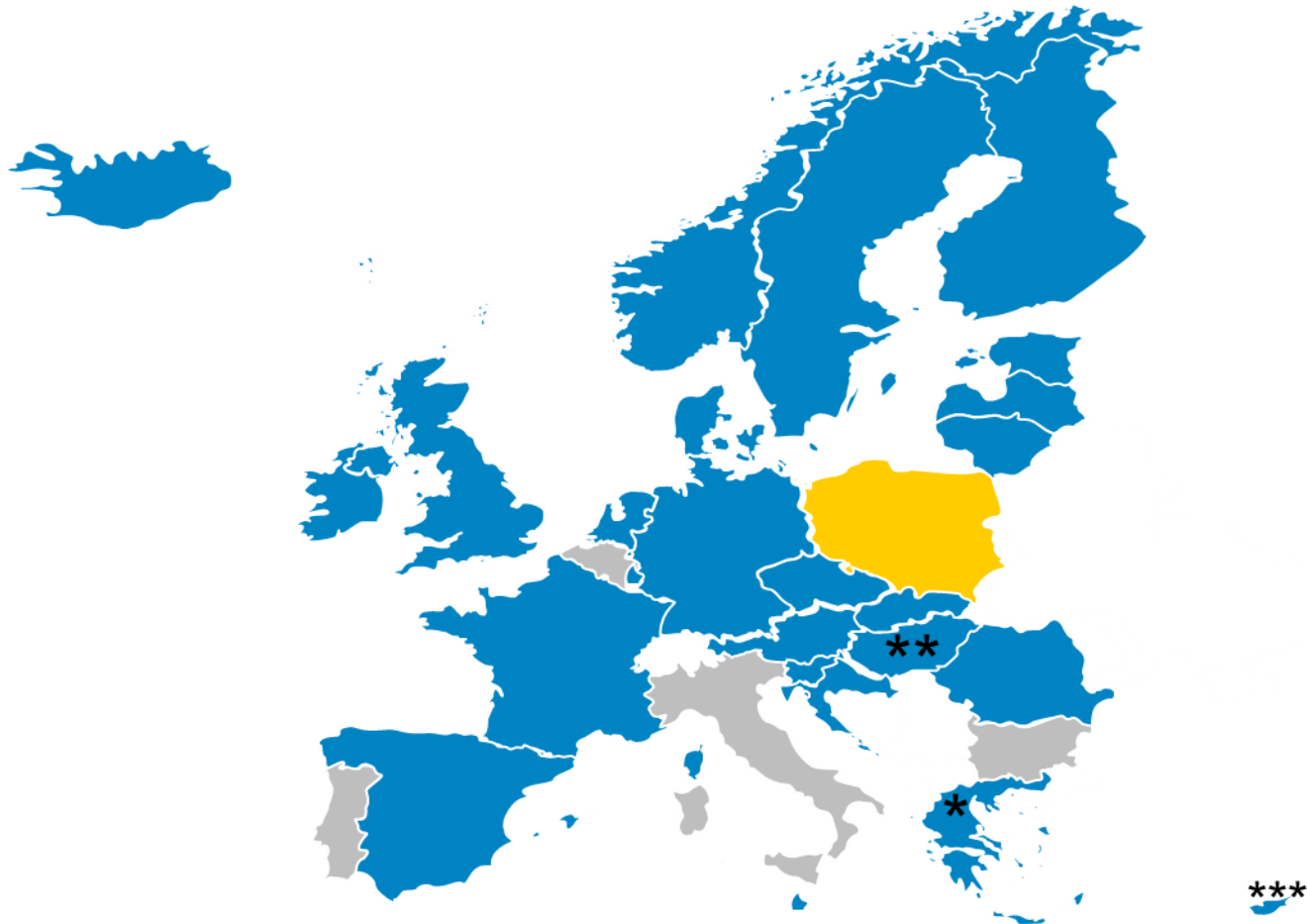
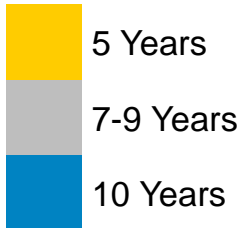
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1. Clear trend to **stick to the list of prohibitions** included in the Regulation
2. The **large majority** of Member States opted for **derogation of prohibition of certain tax and valuation services** within the following conditions of the Regulation:
  - 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

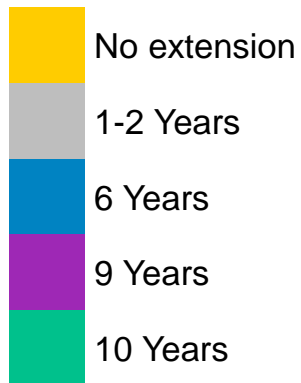
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# Mandatory audit firm rotation

## Tender extension

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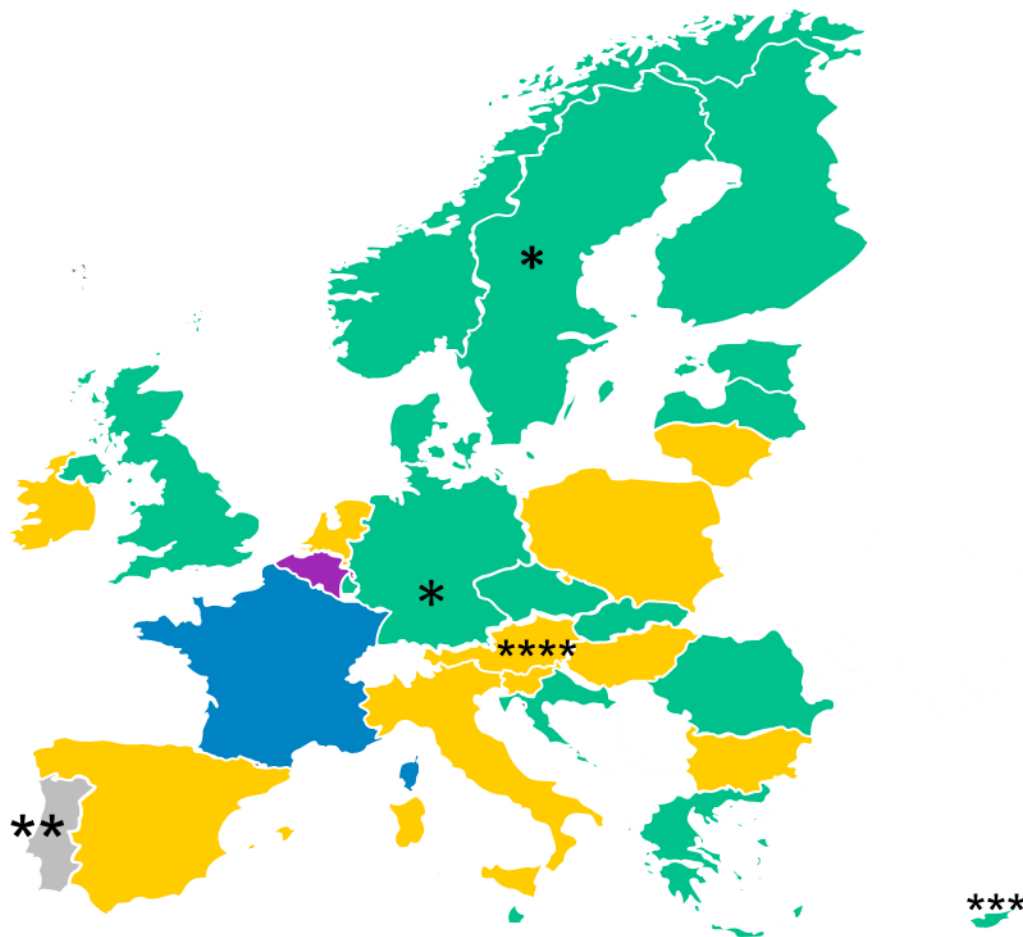


\* Extension of duration not applicable to banks and insurance undertakings

\*\* Initial duration of engagement extendable up to 10 years

\*\*\* No extension for banks

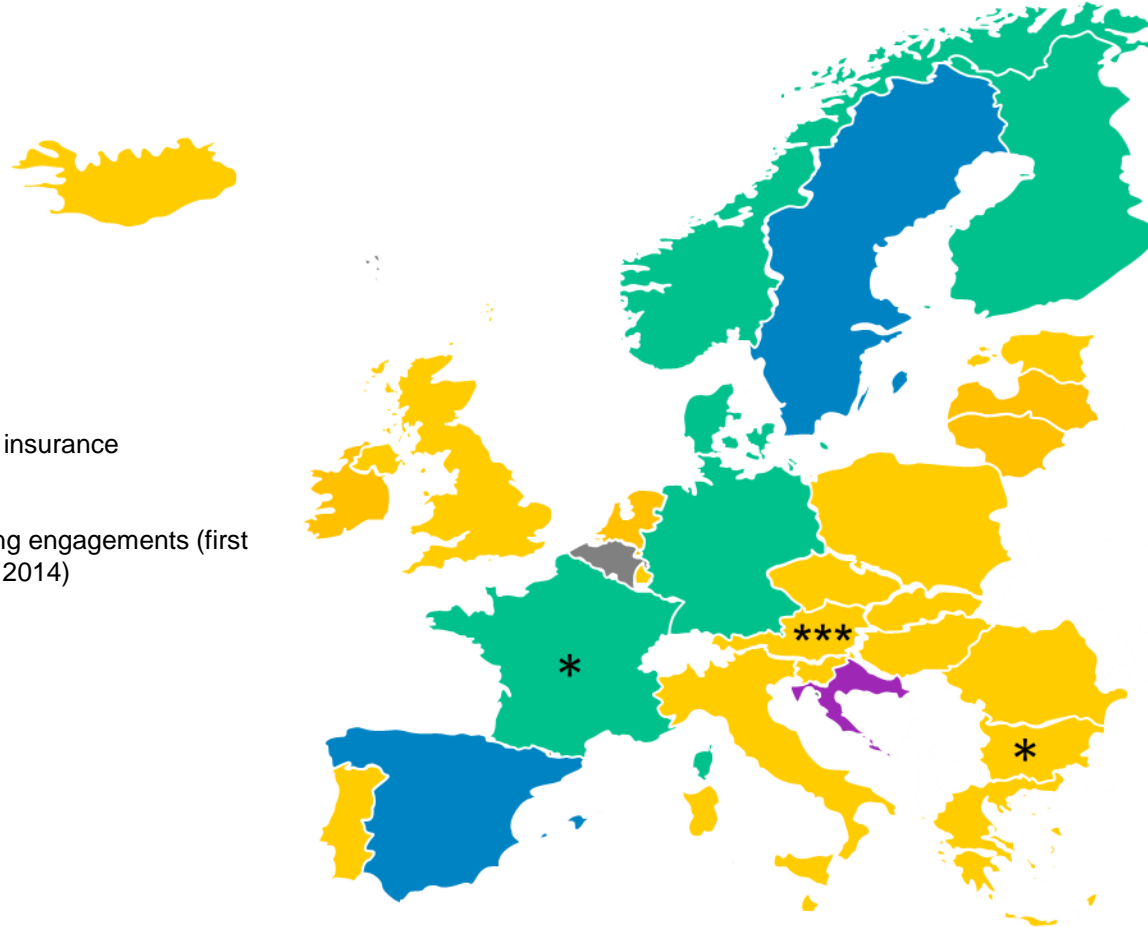
\*\*\*\* 10 years extension for existing engagements (first appointment between 2003 and 2014)



# Mandatory audit firm rotation

## Joint audit extension

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### \* 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)

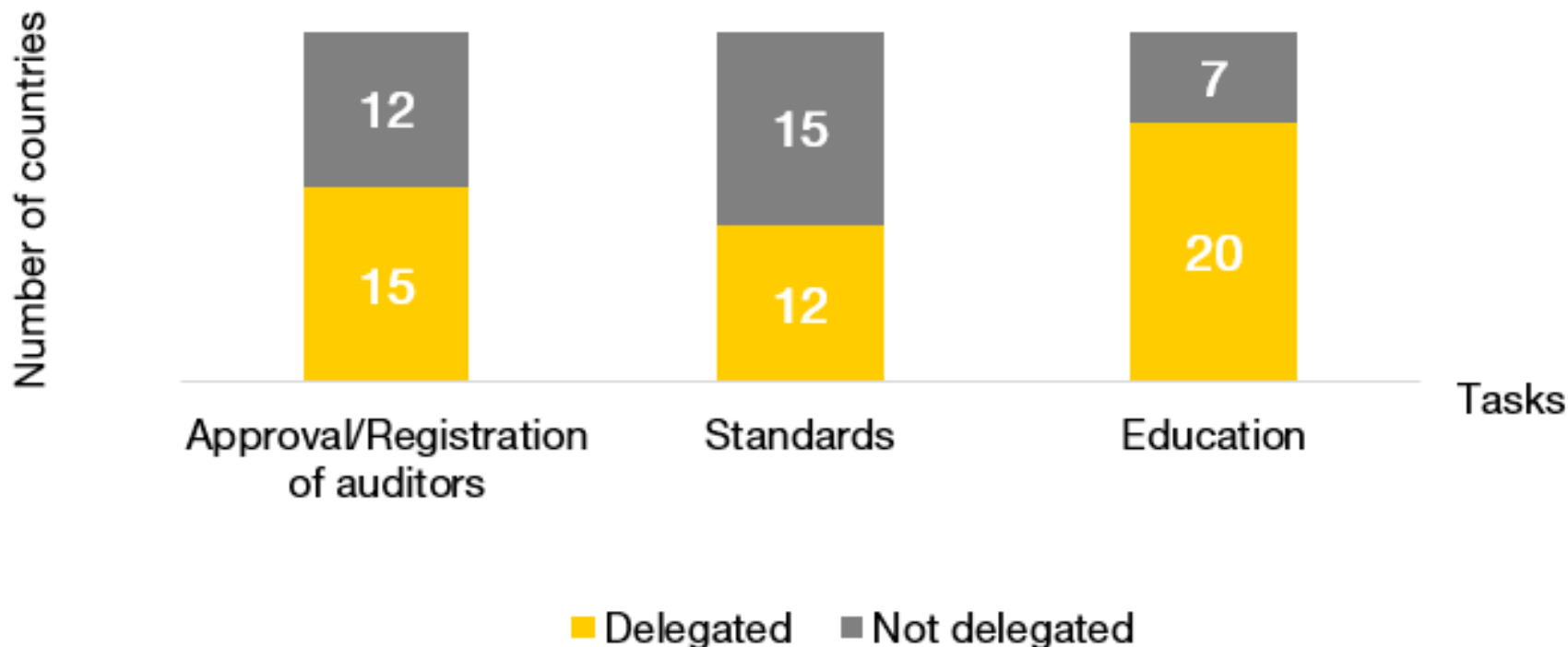
# Mandatory audit firm rotation: our take

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 mandatory audit firm rotation regimes** across the European Union

# Public oversight

## Delegation of tasks for audits of PIEs\*

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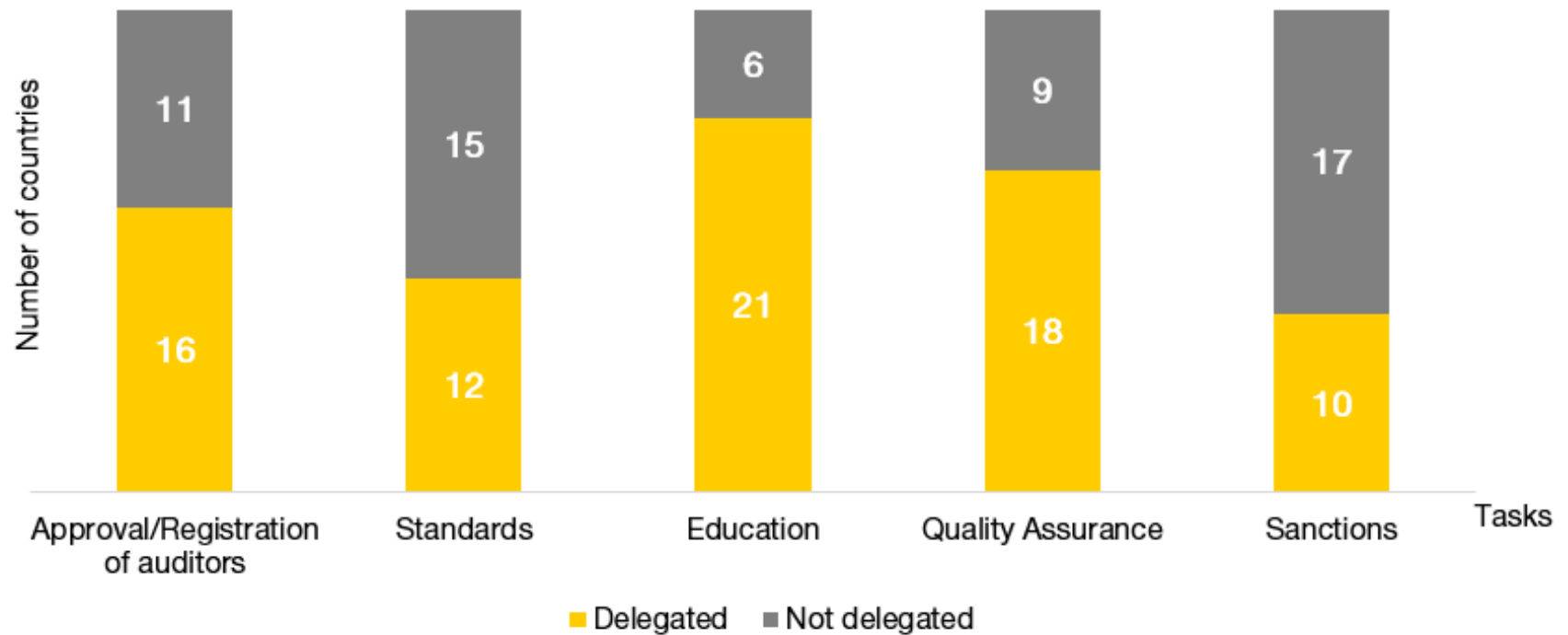
\* Includes also partial delegation. The graph presents information on 27 Member States, excluding Slovenia.

# Public oversight

## Delegation of tasks for audits of non-PIEs\*

April 2018 Update

### Public oversight Delegation of tasks for audits of non-PIEs





# Public oversight: our take

1. Many Member States rely on a certain degree of delegation to professional accountancy bodies
2. **Education and Approval/ registration of auditors**, both for audit of PIEs and non-PIEs, have been delegated by the majority of Member States
3. **Quality assurance for non-PIEs** has been delegated by the majority of 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