



EUROPEAN PARLIAMENT

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Committee on Economic and Monetary Affairs

2011/2037(INI)

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DRAFT OPINION

of the Committee on Economic and Monetary Affairs

for the Committee on Legal Affairs

on Audit Policy: Lessons from the Crisis
(2011/2037(INI))

Rapporteur(*): Kay Swinburne

(*) Associated committee – Rule 50 of the Rules of Procedure

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SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- A. whereas the audit profession is concentrated at the large end of the spectrum, smaller firms are diverse and their growth and expertise should be encouraged through increased opportunities to compete,
- B. whereas, following the financial crisis, auditors have been identified as being able to play a key role in strengthening the risk management oversight of Systemically Important Financial Institutions (SIFIs),
- C. whereas the role of the audit committees within SIFIs has not been fully utilised,
 - 1. Calls for the provision of increased opportunities for smaller firms by preventing internal audit services being carried out by the same company as the external audit; notes that areas of audit services which are deemed to incur a conflict of interest should be carried out by different companies, including evaluations of complex structured products;
 - 2. Believes companies should conduct a compulsory open tendering process for statutory appointments of external auditors every eight years, on a renewable basis; notes that for SIFIs this should be reduced to every four years;
 - 3. Calls for enhanced, two-way communication between auditors and financial supervisors of SIFIs, especially in relation to specific areas of concern, including the interaction between different financial products;
 - 4. Calls for the auditors of SIFIs to report periodically, on a collective basis, to the ESRB;
 - 5. Calls for the role of the audit committees of SIFIs to be strengthened by requiring them to approve a risk model assessment which includes firm-specific comparisons to benchmarks; demands that this assessment be presented to the boards of SIFIs, along with the full audit report, annually for consideration and approval.