

EN
E-005081/2020
Answer given by Ms McGuinness
on behalf of the European Commission
(7.1.2021)

The market position of the ‘Big Four’ in most Member States combined with high revenues from non-audit services has the potential to affect the independence of auditors and audit quality. One objective of the 2014 audit reform was to increase competition. The Commission Market Monitoring Report of 2017 concluded that there were no changes as regards market concentration. The upcoming second Market Monitoring Report will confirm this trend. Audit quality, auditor independence and enhancing competition will be the focus of the Commission’s upcoming evaluation of the audit framework.

A more effective framework to protect persons reporting breaches of EU law can help address harassment practices. In 2019, the EU adopted Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law¹. The Directive requires entities in the private and public sector falling within its scope to establish channels and procedures for reporting and following-up on the whistleblowers’ reports. Statutory audit of public-interest entities is included in the scope of this Directive, which obliges Member States to designate competent authorities to receive reports, give feedback and follow up on whistleblowing reports. Member States shall adopt national measures to transpose this Directive by 17 December 2021.

The Commission will carry out an evaluation of the audit framework. The process will start with the launch of a study to assess the impact of the audit directive and regulation. This study, the Commission’s market monitoring report, the fast-track peer review² published by the European and Securities Markets Authority (ESMA) on 3 November 2020, and the results of on-going investigations into the Wirecard case, will feed into the review of the audit framework.

¹ OJ L 305, 26.11.2019, p. 17–56.

² https://www.esma.europa.eu/sites/default/files/library/esma42-111-5349_fast_track_peer_review_report_-_wirecard.pdf