

Agenda Item 11



Meeting Location: Hilton, 1335 Avenue of the Americas, New York, United States

Meeting Date: October 17-19, 2011

Regulatory Developments

Objective of Agenda Item

1. To receive an update on developments regarding the EC Green Paper “Audit Policy: Lessons from the Crisis”.
2. To have a preliminary discussion of the issues raised in the PCAOB Concept Release on Auditor Independence and Audit Firm Rotation.

EC Green Paper

On October 13, 2010, the European Commission issued a green paper entitled “Audit Policy: Lessons from the Crisis”. The paper notes that the Commission would like to open a debate on the role of the auditor, the governance and independence of audit firms, the supervision of auditors, the configuration of the audit market, the creation of a single market for the provision of audit services, the simplification of rules for Small and Medium Sized Enterprises (SMEs) and Practitioners (SMPs) and the international co-operation for the supervision of global audit networks. The IESBA response to the green paper which commented only on matters it had had deliberated is contained in Agenda Paper 11-A. The EU has issued a summary of responses which is contained in Agenda Paper 11-B.

Action Requested

IESBA members will be provided with an update on developments on the green paper.

PCAOB Concept Release

On August 16, 2011, the US Public Company Accounting Oversight Board (PCAOB) issued a concept release on auditor independence and audit firm rotation. The release is to solicit public comment on ways that auditor independence, objectivity and professional skepticism could be enhanced. One possible approach on which the PCAOB is seeking comment is mandatory audit firm rotation. The PCAOB Concept Release is contained in Agenda Paper 11-C

Action Requested

IESBA members are asked to consider the PCAOB Concept Release and consider that, similar to the approach taken with to the EU green paper, whether IESBA should respond to the concept release.

Material Presented

Agenda Paper 11	This Agenda Paper
Agenda Paper 11-A	IESBA Response to Green Paper
Agenda Paper 11-B	EU Green Paper Summary of Responses
Agenda Paper 11-C	PCAOB Concept Release on Auditor Independence and Audit Firm Rotation
Agenda Paper 11-D	Motion to Parliament
Agenda Paper 11-E	Parliament Resolution

Action Requested

1. IESBA members are asked to address the questions set out in the agenda paper.