

AccountancyAge

FRC and PCAOB agree to joint audit supervision

by Richard Crump

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US AND UK accountancy regulators the PCAOB and FRC have agreed to continue cooperating on the cross-border supervision of audit firms, after the European Commission decided to allow such agreements to run until July 2016.

The statement of protocol between the two watchdogs allows for joint work on inspections and exchanges of otherwise confidential information and reflects their common objective of improving audit quality, protecting investors and promoting efficient capital markets.

"The FRC and the PCAOB have developed an excellent working relationship in recent years, which has provided the basis for increasing confidence in one another's regulation of major audit firms," said Paul George, executive director of the FRC's conduct committee.

With an increasingly global audit market, the PCAOB has been making efforts to extend the international breadth of its audit oversight and earlier this year signed agreements with French and Finnish regulators to scrutinise audit firms that are subject to the regulatory jurisdictions of both regulators.

The PCAOB previously reached similar agreements with four other European Union member states - the UK, Germany, the Netherlands and Spain. Additionally, it has agreements with Switzerland and Norway and several non-European regulators.

Under the Sarbanes-Oxley Act, the PCAOB oversees and inspects all accounting firms that regularly audit public companies whose securities trade in US markets. More than 900 audit firms currently registered with the PCAOB are located outside of the US, spanning 87 jurisdictions.

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