

AccountancyAge

EU and UK audit reforms hit by delays

by Richard Crump

23 Jan 2013



THE COMPETITION COMMISSION'S probe into the Big Four's dominance of the UK audit market has been delayed for a second time, while a separate EU reform was also put back.

The much-anticipated provisional findings of the commission's investigation into whether PwC, Deloitte, KPMG and Ernst & Young exert an unfair grip on the audits of FTSE 350 companies are now due in mid-February.

A final report is expected in June, after the initial deadline for the provisional findings was postponed from November last year.

At the same time, the European Commission's own planned reform of the audit market has been beset by delays. The proposals, initially tabled by internal markets commissioner Michel Barnier, were expected to be voted on by the European parliament next month but have been delayed until June.

The proposals, currently being steered through parliament by Conservative MEP and rapporteur Sajjad Karim [*pictured*], were due to be agreed by members of the European parliament's legal affairs committee (JURI) yesterday.

However, deep divisions remain over many of the measures, such as mandatory auditor rotation and the provision of non-audit services, with yesterday's meeting being punctuated by sharp exchanges between Karim and Spanish MEP Antonio Masip Hidalgo.

At one stage, Hidalgo brandished a Spanish newspaper including a cartoon that heaped scorn on auditors as an example of the lack of public confidence in the profession. Karim responded that "today's paper is tomorrow's fish and chip wrapping" and "as responsible parliamentarians", it was the committee's duty to move forward with the proposals and not focus on "what is reported in the cartoons of newspapers".

A JURI meeting is scheduled for 20/21 February to discuss compromise amendments.

© Incisive Media Investments Limited 2013, Published by Incisive Financial Publishing Limited, Haymarket House, 28-29 Haymarket, London SW1Y 4RX, are companies registered in England and Wales with company registration numbers 04252091 & 04252093