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New elements related to the audit committee in the european legislation

1. Sources of new elements concerning the audit committee

New missions for the audit committee have been introduced by the:

- **DIRECTIVE 2014/56/EU** OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 amending Directive 2006/43/EC on **statutory audits of annual accounts and consolidated accounts**
- **REGULATION (EU) No 537/2014** OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 on **specific requirements regarding statutory audit of public-interest entities** and repealing Commission Decision 2005/909/EC

2. European regulation related to public interest entities: independence of the statutory auditor


*The new european “audit” regulation includes the following new rule : “If the statutory auditor or the audit firm **becomes excessively dependent** on a single client, the audit committee should decide on the basis of proper grounds whether the statutory auditor or the audit firm may continue to carry out the statutory audit. When taking such decision, the audit committee should take into consideration, inter alia, the threats to independence and the consequences of such decision ».*

3. European directive : relations with the statutory auditor

The new « audit » directive states that the audit committee:

- informs the administrative or supervisory body of the audited entity of **the outcome of the statutory audit** and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the audit committee was in that process
- **is responsible for the procedure for the selection of statutory auditor(s) or audit firm(s)** and recommend the statutory auditor(s) or the audit firm(s) to be appointed.

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