

# **ABSCHLUSSPRÜFERAUFSICHTSKOMMISSION**

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## **AUDITOROVERSIGHTCOMMISSION**

### **Annual Report of the Auditor Oversight Commission for 2008 (Abstract)<sup>1</sup>**

2008 was the fourth year of the Auditor Oversight Commission's (AOC) activities. In compliance with its legal assignment and independent from the audit profession as well as free of any instructions, the AOC supervises the Chamber of Public Accountants (WPK) and all statutory auditors being mandatory members of the WPK (professionals).

The AOC's activities focus on disciplinary matters and external quality assurance. In 2008 independent inspections of auditors of public interest entities were of special importance. This proceeding was introduced in September 2007 by the Auditor Oversight Reform Act. 34 independent inspections were already performed by the end of 2008; the inspection team will grow further in 2009.

The AOC has the ultimate responsibility and decision making power for all oversight proceedings handled by the WPK. Through participating in meetings of the WPK's bodies and subgroups and comprehensive and ongoing information by the WPK the members of the AOC were always actively involved in the proceedings. The cooperation with the WPK was always constructive and transparent. The AOC had no reason to object to the work of the WPK. In all oversight matters, the WPK complies with its responsibilities in an appropriate, adequate and proportionate manner.

In line with earlier statements on the need for further reform of the external quality assurance system and against the background of the European Commission's recommendation on external quality assurance for auditors and audit firms of public interest entities of May 7, 2008, the AOC recommends a radical restructuring of the overall system of disciplinary oversight and external quality assurance. The main objective should be to organize the oversight over auditors of public interest entities even more independent from the profession as today in order to strengthen the German oversight system in compliance with EU provisions with regard to the importance of Germany's capital market and economic attractiveness as well as its international acceptance.

With a view to more objectiveness, the external quality assurance system for auditors performing other statutory audits (i.e. non-PIE-audits) should be aligned with the methodology and reporting model of the independent inspection system for auditors of public interest entities.

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<sup>1</sup> This is a translation of Section 1 ("Outline") of the AOC's Annual Report for 2008. The full German version of the report is available at [www.apak-aoc.de/english/publications/annual\\_reports.asp](http://www.apak-aoc.de/english/publications/annual_reports.asp)