

2018 North American Annual Conference
Turks & Caicos, May 21 - 24

Tuesday, May 22

Member Firm Updates

*HLB Germany: **Audit-only Firms?***

Headlines and catch words



1. The post-Panama debate in the EU → PANA Committee → EU-Parliament → EU Commission?
2. PANA Committee
 - ⇒ Committee of inquiry into money laundering, tax avoidance and tax evasion (PANA)
3. Harmonisation of national tax systems, exchange of information between fiscal authorities, regulation of tax intermediaries, banking supervision
4. Regulation II of the accounting and audit profession
 - ⇒ a) strict limitation of advisory work, esp. tax for auditors
 - ⇒ b) ending in Pure Audit Firms (PAF)
 - ⇒ c) rotation of auditors also in the Non-PIE segment

Headlines and catch words



5. Discussion esp. in the UK (after “Carillion”) and Netherlands: even part of the profession in favour of PAF!

Germany (after “Steinhoff”): the IDW (Institut der Wirtschaftsprüfer) strictly against a Regulation II

6. Risks for the profession
- restructuring of firms; split-off of audit arms
 - knowledge & expertise of PAFs questioned ⇒ audit quality?
 - recruitment problems for the whole profession
 - further concentration of audit market

Headlines and catch words



- economic aspects of the audit and profitability of PAFs?
- rotation and audit-only clearly is over-regulation for privately held companies and not complying with their business model and their governance and legal environment

7. Solutions

- a) again: “No change is not an option!”
- b) keep multidisciplinary firms, but (esp. in the PIE sector) NO other services with an audit client
- c) separation of PIE and private sector with a new foundation of audit services to the private sector
- d) common international efforts of the profession