

ACCOUNTANCY

US audit rules to be challenged

By Richard Tyler

THE Institute of Chartered Accountants will today challenge growing international pressure for the creation of detailed audit rules.

The UK has historically used "principle-based" accounting which is based on professional integrity – rather than following strict rules and box ticking.

It is the first time that the institution, which represents accountants in England and Wales, has publicly attacked the growth of audit regulations emanating from the US since the collapse of Enron in 2002.

The institute will be supported by Richard Lambert, the CBI's director general, who will speak alongside his US counterpart at a "round table" debate of senior accounting and auditing figures, regulators and

corporate leaders from both sides of the Atlantic in London.

Mr Lambert will argue that US regulators should go further, and instead of imposing the US system on British headquartered and regulated companies it should "mutually recognise" the rigour of British accounting standards.

Robert Hodgkinson, the institute's technical director, said that "over-zealous regulators and litigators" might be the only people to benefit from the adoption of more detailed rules.

He argues that regulators are increasingly keen to have detailed rules in order to call auditors to account.

The US Sarbanes-Oxley Act and subsequent auditing guidelines introduced in 2004 have dramatically increased the number of rules directors and auditors have to comply with before accounts can be signed off.

