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Icelandic Ministry of Industries
Skúlagata 4
101 Reykjavík
Iceland

Dear Sir/Madam,

Subject: Statutory audits of companies in public ownership (*opinber hlutafélög*)

On 16 April 2025, the EFTA Surveillance Authority ("the Authority") received a complaint against Iceland concerning the auditing of the annual financial statements of companies in public ownership. The Authority has resumed its assessment of the complaint following the dismissal of national proceedings that did not address the substance of the matter.

According to the complainant, Iceland has breached EEA law by allowing the Auditor General of the Icelandic National Audit Office, who is not a statutory auditor, to sign the annual financial statements of companies in public ownership. In particular, the complainant alleges breaches of Directive 2006/43,[1] as amended by Directive 2014/56,[2] Regulation 537/2014,[3] and Directive 2013/34.[4]

The Authority notes the following EEA rules relevant to the complaint, without at this stage making any assessment of Iceland's compliance.

Directive 2013/34 applies to companies of the types listed in Annex I and Annex II. For Iceland, the EEA adaptation to Annex I includes *hlutafélög* and *einkahlutafélög*. The Authority understands that *opinber hlutafélög* (public limited companies in public ownership) are governed by the same national legislation as *hlutafélög*, supplemented by provisions related to their public ownership. Under Article 34 of Directive 2013/34, the obligation to have annual financial statements audited by a statutory auditor applies to public-interest entities and medium-sized and large undertakings. Furthermore, EEA States

[1] Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 *on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC* (OJ L 157, 9.6.2006, p. 87), incorporated into the EEA Agreement at point 10f of Annex XXII to the Agreement by Decision of the EEA Joint Committee No 160/2006 of 8 December 2006.
[2] 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* (OJ L 158, 27.5.2014, p. 196), incorporated into the EEA Agreement at point 10f of Annex XXII to the Agreement by Decision of the EEA Joint Committee No 102/2018 of 27 April 2018.
[3] 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* (OJ L 158, 27.5.2014, p. 77), incorporated into the EEA Agreement at point 10j of Annex XXII to the Agreement by Decision of the EEA Joint Committee No 102/2018 of 27 April 2018.
[4] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 *on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC* (OJ L 182, 29.6.2013, p. 19), incorporated into the EEA Agreement at points 10f and 10i of Annex XXII to the Agreement by Decision of the EEA Joint Committee No 293/2015 of 30 October 2015.

may also require audits for small undertakings. Iceland appears to have exercised this option. Regulation 537/2014 imposes additional requirements for the statutory audit of public-interest entities.

Directive 2006/43, as amended by Directive 2014/56, requires statutory audits to be carried out by statutory auditors or audit firms approved by the competent authorities of the relevant EEA State. Article 2(1) defines a statutory auditor as a natural person granted such approval, and Article 28(4) requires that person to sign and date the audit report.

In order for the Authority to assess the complaint, the Icelandic Government is invited to provide the following information:

1. Does Iceland consider that *opinber hlutafélög* fall within the scope of Directive 2013/34 under the Icelandic adaptation to Annex I, and are subject to the statutory audit requirements of Directive 2006/43? If Iceland considers that these entities fall outside the scope, please provide the legal reasoning.
2. Please explain whether the Auditor General's mandate extends to the audit of annual financial statements for *opinber hlutafélög*. If so, does Iceland consider that such audits constitute statutory audits within the meaning of Directive 2006/43? Furthermore, if Iceland considers that the signature of a person who is not a statutory auditor satisfies the requirement in Article 28(4) of that Directive, please provide the legal reasoning.
3. Please indicate whether the Auditor General, or staff of the National Audit Office conducting audits of *opinber hlutafélög*, are individually approved as statutory auditors. If so, please identify their entries in the public register. Where staff members who are not statutory auditors are involved in conducting these audits, please explain their roles and the extent of their involvement.
4. Please identify which *opinber hlutafélög* qualify as public-interest entities or meet the size criteria for statutory audits under Directive 2013/34 as transposed into national law. Additionally, please indicate if any *opinber hlutafélög* not meeting these criteria voluntarily undergo statutory audits.
5. Please clarify who signs the audit reports on the annual financial statements of *opinber hlutafélög*. Please provide examples from the last three financial years, including a list of any audit reports not signed by a statutory auditor.

The Icelandic Government is invited to submit the above information, as well as any other information it deems relevant to the case, so that it reaches the Authority by **31 August 2026**. Please enclose copies of any relevant national legislation, including English translations if available.

Yours faithfully,

Marco Uccelli
Deputy Director
Internal Market Affairs Directorate

This document has been electronically authenticated by Marco Uccelli.