



Federation of European Accountants
Fédération des Experts comptables Européens

EGAOB

30 June 2009

**Discussion between the representatives from
the audit profession and audit regulators on
the implementation challenges of ISAs**

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ISA Implementation challenges for the whole profession

- Need for considerable human and financial investment in first years
 - ↪ Translation of ISAs into local languages
 - ↪ New or updated audit approach policy manuals and methodology
 - ↪ New or updated audit software
 - ↪ New or updated training material and training efforts
 - ↪ Coordination with and buy-in from stakeholders (preparers, regulators, inspection bodies, software providers, training consortia, professional media, etc.)



Big audit firms

- Will implement clarified ISAs by IAASB effective date
- Are already largely ISA compliant
- Can look after themselves for implementation
- Issues:
 - ↪ Globally consistent approach
 - ↪ Local pluses and potential minuses (local laws and regulations)
 - ↪ Different approach for different industries and size of entities



Smaller audit firms

- Smaller firms need more help as it is a greater challenge for them
- 56% are on national auditing standards which are based on “old” ISAs
- Issues:
 - ↪ Need help from professional accountancy bodies (FEE Member Bodies)
 - ↪ FEE Member Bodies seek help from IAASB, FEE, etc.
 - ↪ Reference to IAASB implementation or support



FEE ISA Implementation Task Force

- For work on implementation of clarified ISAs in 2009-2010
- Representatives of IFAC SMP Committee, EGIAN, World Bank, etc.
- Establishing current ISA implementation status and approaches (survey)
- Based on the results of the survey, determine further work
 - ↳ on implementation framework
 - ↳ on communications
 - ↳ focus on sharing information to help FEE Member Bodies and SMPs
- Considering involvement with audit software providers



Response to concerns for audits of SMEs (1)

Concerns

- Concerns about scope to apply professional judgement to determine audit approach in line with nature, size, risk and complexity of audited entity
- Concerns about excessive audit documentation requirements
- Expectations of public oversight bodies (POBs) unclear



Response to concerns for audits of SMEs (2)

Response

- Open debate with POBs, EGAOB and European Commission on concerns and possible resolution
- Draft IAASB Staff Q&A on proportionality of ISAs in SME context
- Update of APB Practice Note 26 on Guidance on Smaller Entity Audit Documentation



Discussion and Questions



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