IFAC's Education Standards Board Adopts New Strategy

The International Accounting Education Standards Board (IAESB), an independent standard setting board of the International Federation of Accountants (IFAC), has issued its 2007-2009 Strategic and Operational Plan which is designed to advance accounting education worldwide. The IEASB's strategy focuses on the measurable implementation of its International Education Standards (IESs). It also supports IFAC's members and associates enhancing the level of competence of their members and in promoting a strong ethical culture within the accountancy profession.

"A commitment to accounting education and continuing professional development ensures that accountants develop and maintain the competence to serve the public interest," states Henry Saville, IAESB Chair. "The IAESB Strategic and Operational Plan describes the IAESB's role in helping all stakeholders involved in developing high quality accounting education programs."

The focus of IAESB activities will be on the following:

- Conducting a fundamental review of the Framework for International Education Statements, which considers recent developments in accounting education and the accountancy profession;
- Developing guidance to help IFAC members and associates and others achieve the measurable implementation of the IESs; and
- Reviewing existing IESs to determine areas where the clarity of standards could be improved and/or additional guidance most useful developed.

The direction of further activities during the period 2007-2009 will be conditional on the outputs from these three high priority projects.

The IAESB's Strategic and Operational Plan, 2007-2009 can be downloaded free-of-charge from the IFAC online bookstore at http://www.ifac.org/store. For more information on the work of the IAESB, visit its home page at http://www.ifac.org/education.

IAASB Issues Exposure Drafts on External Confirmations and the Use of the Work of an Audit Expert

At its most recent meeting in Madrid, Spain in September, the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the International Federation of Accountants (IFAC), approved two sets of new proposals. The first exposure draft addresses concerns about the use and reliability of external confirmations audit evidence. External confirmations are written responses to the auditor from the third party. The second exposure draft proposes stricter requirements when an auditors uses an expert to obtain audit evidence.

> "The proposed standards represent significant steps by the IAASB designed to enhance auditor performance in important areas of the audit of financial statements. Confirmations have sometimes proved to be less reliable than expected and the proposals are intended to assist in making them effective when an auditor decides to use them. In a more complex world, especially where fair values feature in financial reporting, the auditor may have more need of the assistance of experts in other disciplines for the purposes of the audit. The new proposals are therefore timely," explains John Kellas, IAASB Chairman.

These proposed International Standards on Auditing (ISAs) are drafted in accordance with the IAASB's new conventions designed to improve the clarity of its pronouncements. They may be viewed by going to http://www.ifac.org/eds.

External Confirmation

Recent experience has indicated that external confirmations may not always be as reliable as expected as audit evidence, giving rise to requests for more rigorous requirements governing the auditor's use of external confirmations. The auditor's decision about whether to use external confirmation procedure is based upon the identification and assessment of risks of material misstatement in accordance with other ISAs. Proposed ISA 505 (Revised and Redrafted), External Confirmations, is directed at the effective performance of external confirmation procedures when the auditor determines that such procedures are an appropriate response to an assessed risk of material misstatement.

Use of the Work of an Auditor's Expert

Proposed ISA 620 (Revised and Redrafted), Using the Work of an Auditor's Expert, deals with the auditor's use of the work of a person or organization possessing expertise in a field other than accounting or auditing, employed or engaged by the auditor to assist the auditor to obtain sufficient appropriate audit evidence. It places particular emphasis on need the for the auditor to evaluate the expert's objectivity, and to establish a proper understanding with the expert of the expert's responsibilities for the purpose of the audit.

How to Comment

Comments on the exposure drafts are requested by February 15, 2008. Comments should be submitted by email to EDComments@ifac.org. They may also be faxed to 1AASB ED Comments at + 1-212-286-9570 or mailed to IAASB ED Comments at 545 Fifth Avenue, 14th Floor, New York, NY 10017, USA. All comments will be considered a matter of public record and will ultimately be posted on the IFAC website.

International Auditing and Assurance Standards Board Issues New Requirements for the Audit of Group Financial Statements

New requirements designed to enhance the quality of audits of group financial statements were released today by the International Auditing and Assurance Standards Board (IAASB), an independent standard –setting board under the auspices of the International Standard on Auditing (ISA) 600 (Revised and Redraft), Special Considerations-The Audit of Group Financial Statement (Including the Work of Component Auditors), assists the group engagement partner in taking responsibility for the direction, supervision and performance of the group audit and the issue of an auditor's report that is appropriate in the circumstances.

To assist the group engagement team to obtain sufficient appropriate audit evidence on which to base the group audit opinion, the ISA specifies the types of work that the group engagement team, or component auditors on its behalf, should perform on the financial information of significant components. It also requires the group engagement team to be appropriately involved in the work that component auditors perform.

The ISA is effective for audits of financial periods commencing on or after December 15, 2009. This date is consistent with the effective date for all the standards being redrafted under the IAASB's Clarity project.

The ISA, which was developed over a period of five years, was influenced by the responses to three exposure drafts. The new ISA takes account of regulatory and standard-setting developments around the world, the interests of small entities, and the expectation of various stakeholders, including those represented on the IAASB Consultative Advisory Group.

John Kellas, Chairman of the IAASB, explain: "The new standard clearly explains the responsibility of the group engagement partner to direct and control the group audit, even when component auditors may be involved. It responds to public expectations for continuous improvement in auditing standards. The project has not been one, but we are confident that the standard will enhance current practice and promote consistency worldwide."

ISA 600 (Revised and Redraft) can be download free-of-charge from the IFAC online bookstore at http://www.ifac.org/store.

UPCOMING INTERNATIONAL EVENTS

April 4-5, 2008
4th SAFA Board meeting and SAFA Conference
Venue: Avari Hotel, Lahore, Pakistan

May 8, 2008
Various CAPA Committee meetings
Venue: Katmandu, Nepal
Host: The Institute of Chartered Accountants of Nepal

May 9-10, 2008
CAPA Board meeting
Venue: Katmandu, Nepal
Host: The Institute of Chartered Accountants of Nepal

May 10, 2008
Joint CAPA-ICAN International Seminar
Venue: Katmandu, Nepal
Host: The Institute of Chartered Accountants of Nepal

Year 2010
18th World Congress of Accountants
Venue: Kulala Lumpur, Malaysia
Host: The Malaysian Institute of Accountants

September 7-9, 2011
18th CAPA Conference
Venue: Brisbane Convention & Exhibition Center, Australia
Host: CPA Australia and the Institute of Chartered Accountants in Australia.

"The basic difference between a technician and a professional person is that the former possesses the know-how, while the latter can, in addition to the know-how, understand *why* it should be done."
– Janusz Santocki (1987), "Educating Tomorrow's Accountants," *Management Accounting* (January), pp. 45-46.