

# IASCA Newsletter

June 2015 - Issue 7

**YOUR GATE TO ACCOUNTING, AUDITING AND CODE OF ETHICS**

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## Abu-Ghazaleh: IASCA Wins a Bid to Develop the Accredited Training Curricula of the Arab Audit Institute



The International Arab Society of Certified Accountants (IASCA) was awarded the bid for designing the training curricula which will be accredited by the "Arab Audit Institute," an entity established recently by the Jordan Audit Bureau.

The awarding agreement was signed by HE Dr. Talal Abu-Ghazaleh- IASCA chairman, and Dr. Mustafa Al Barari, president of Jordan Audit Bureau, in a meeting held at the Bureau's headquarters.

Dr. Al Barari said that this agreement has been concluded within the context of the World Bank's grant provided through the Institutional Development Fund, noting

that the \$250000 grant is dedicated for a three-year capacity building project of the Audit Bureau in line with the instructions of His Majesty King Abdullah II bin Al-Hussein, stressing that the agreement represents a role model of the partnership between the public and private sectors.

He also added that the main topics covered in this agreement include development and design of training materials on International Internal Audit (IIA) Standards, International Public Sector Accounting Standards, Information Technology Control, Bidding and Procurement Procedures, and Audit of Final Accounts of the State and Independent Government Units.

The Arab Audit Institute aims at graduating highly qualified staff in government accounting, audit, internal audit and financial management. To achieve this purpose, the Institute shall work on the development and training of public service employees and senior management in the public sector audit. Accordingly, the Institute's plan for the first five years of operation will focus on organizing professional training and qualification courses, including CIA, CPA, JCPA, CMA, CISA, IACPA as well as any international professional program that may be needed in the future, according to Al Barari.

Dr. Abu-Ghazaleh affirmed that establishing the Institute is a crucial milestone in the field of public-private sectors partnership recommended by His Majesty King Abdullah II. IASCA and the Audit Bureau are partners in the implementation of this project, thanks to the support provided by the World Bank to the "Knowledge Bank" that constantly focuses on sustainable capacity building projects.

He also pointed out that IASCA will develop training programs according to the International Standards on Auditing; noting that it is one of the professional standards publications issued

by the Society in Arabic. IASCA annually re-issue such publications including the most recent updates on the international standards, as well as all accounting standards. Abu-Ghazaleh also indicated that the staff in public and private sectors will receive training, particularly after the Government's decision of adopting the International Public Sector Accounting Standards, extending his thanks and appreciation to the Minister of Finance for this important and courageous decision.

He also emphasized that the application of International Public Sector Accounting Standards will provide the Government with one accounting point of reference and a financial disclosure model that is understandable, readable and manageable and can serve as a basis for officials' accountability. It will also contribute to improving quality of decisions through provision of reliable sources of information, and providing periodic comparisons through fair and transparent disclosure of financial and accounting matters.

He added that the application of international standards will also assist the Government in planning and discharging its financial obligations, enhancing its ability to best deliver

current and future services through long term financial/ cash readiness; providing information on long term impacts and challenges resulting from government decisions and procedures; promoting Jordan's rating at the international institutions by adopting the International Public Sector Accounting Standards; in addition to enabling asset valuation of State's institutions .

Dr. Abu-Ghazaleh also expressed appreciation for the Audit Bureau's role in safeguarding public funds with all its strength, courage and integrity.

As for the establishment of the Institute, Abu-Ghazaleh emphasized that it serves as a means through which Jordan can reclaim its role as a model of success in the Arab region and its role in qualifying and exporting competent human resources to other Arab countries and the world.

As part of his national duty, Dr. Abu-Ghazaleh provided a complimentary copy of the International Public Sector Accounting Standards to each of the Audit Bureau staff. He also reaffirmed that all Talal Abu-Ghazaleh Organization's 83 offices around the world represent branches of the Audit Bureau.

## ASCA-Jordan Issues the Arabic Version of the Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements 2014

The Arab Society of Certified Accountants (ASCA -Jordan) issued the Arabic version of the Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements 2014. This handbook contains the complete set of International Auditing and Assurance Standards Board's (IAASB) standards on quality control, auditing, review, other assurance and related services, as well as the non-authoritative International Auditing Practice Notes (IAPNs).



Part II of the handbook includes the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. ISAE 3000 (Revised) includes requirements, application materials and other explanatory material specific to reasonable and limited assurance attestation engagements, as well as the conforming amendments with other International Standards on Assurance Engagements.

This edition also includes an annex entitled “A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality. This framework describes the input, process and output factors that contribute to audit quality at the engagement, audit firm and national levels, for financial statement audits. The Framework also demonstrates the importance of appropriate interactions among stakeholders and the importance of various contextual factors.

The IAASB believes that such a Framework is in the public

interest as it will:

- Encourage national audit firms, international networks of audit firms, and professional accountancy organizations to reflect on how to improve audit quality and better communicate information about audit quality;
- Raise the level of awareness and understanding among stakeholders of the important elements of audit quality;
- Enable stakeholders to recognize those factors that may deserve priority attention to enhance audit quality.
- Assist standard setting, both internationally and at a national level.
- Facilitate dialogue and closer working relationships between the IAASB and key stakeholders as well as among these key stakeholders themselves;
- Assist students of auditing to more fully understand the fundamentals of the profession they are aspiring to join.

## IESBA PROGRESSES TOWARD GLOBAL STANDARD ON RESPONDING TO NON-COMPLIANCE WITH LAWS AND REGULATIONS; ISSUES REVISED PROPOSAL



**International  
Ethics Standards  
Board for Accountants™**

The International Ethics Standards Board for Accountants® (IESBA®, the Ethics Board) today released for re-exposure an enhanced standard, Responding to Non-Compliance with Laws and Regulations. The proposed standard sets out a new framework to guide auditors, other professional accountants in public practice, and professional accountants in business (PAIBs) in deciding how best to act in the public interest when they come across an act or suspected act of non-

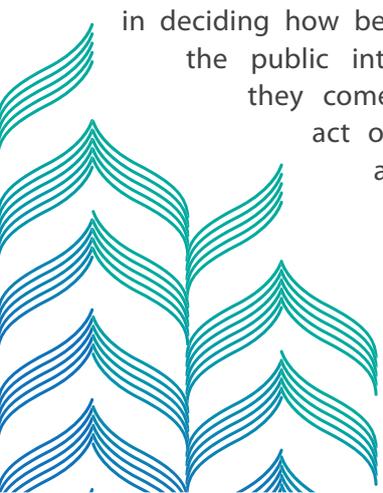
compliance with laws and regulations.

“Fundamentally, all professional accountants have an ethical responsibility to respond in these situations and not turn a blind eye to them,” commented IESBA Chairman Dr. Stavros Thomadakis. “Importantly, their response can play a role in ensuring that serious instances of non-compliance with laws and regulations are appropriately addressed, or in deterring them. The board intends the proposed framework to guide professional accountants’ response in these situations, ensuring their actions serve the public interest while recognizing the essential role of management and those charged

with governance in addressing the issue.”

Among other matters, the proposed standard serves to better equip auditors and other professional accountants to address such issues by providing a pathway to disclosure to an appropriate authority in appropriate circumstances without the duty of confidentiality under the Code of Ethics for Professional Accountants™ acting as a barrier. It also places renewed emphasis on the importance of senior-level PAIBs promoting a culture of compliance with laws and regulations within their organizations.

“The board believes that the proposed framework represents a holistic, proportionate, and balanced model for addressing what can often be complex situations,” noted IESBA Technical Director Ken Siong. “The board also believes that the proposed



standard's enhanced guidance will support and complement legal and regulatory frameworks in jurisdictions that already mandate reporting by professional accountants of identified or suspected non-compliance with laws and regulations to appropriate authorities."

The development of the proposed standard was informed by stakeholder responses to the first Exposure Draft issued in August 2012 and other extensive consultation

with stakeholders, including global roundtables in Hong Kong, Brussels, and Washington, DC in 2014, and discussions with the IESBA Consultative Advisory Group.

For an overview of the proposed standard, see the At-a-Glance document.

#### How to Comment

The Ethics Board invites public comment on the Exposure Draft and, in particular, from regulators and audit oversight bodies,

preparers, those charged with governance, investors, accounting firms, and all other stakeholders who have a role or interest in addressing the relevant issues. National and regional professional accountancy organizations also are invited to share the ED and encourage participation from their members and employees. To access the ED and submit a comment, please visit the Ethics Board's website at [www.ethicsboard.org](http://www.ethicsboard.org). Comments are requested by September 4, 2015.

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## Chaired by HE Dr. Talal Abu Ghazaleh PACPA Holds a Board of Directors Meeting



The Palestinian Association of Certified Public Accountants held a Board meeting at the premises of Talal Abu Ghazaleh University in Amman/ Jordan under the chairmanship of HE Dr. Talal Abu-Ghazaleh, Chairman and Founder of the International Arab Society of Certified Accountants. The meeting was attended by PACPA Board of Directors headed by Mr. Akram Hassouneh, Mr. Khalil Rizk- Chairman of the General Federation of Palestinian Chambers of Commerce, Chairman of Ramallah and Al Bireh Chamber of Commerce and Industry and President of the Private Sector Coordination Council, in addition to members of the Arab Society of Certified Accountants Association.

At the beginning of the meeting, Mr. Akram Hassouneh- PACPA Chairman-

handed over the Board decision to H.E. Dr. Talal Abu-Ghazaleh nominating him as Honorary President of the Palestinian Association of Certified Public Accountants and presented to him a shield in recognition of his approval to assume such honorary presidency. Due respect and appreciation were also extended to H.E. Dr. Abu-Ghazaleh for his role and support to PACPA in all respects, especially in relation to IFAC membership.

Mr. Khalil Rizk also indicated the importance of developing corporate governance in family businesses and the significance of the continuous operation of such businesses in Palestine and how they should be managed, noting that these companies should follow the example of Talal Abu-Ghazaleh Organization in order to ensure sustainability and create a prosperous and reliable national economy in Palestine.

Mr. Sami Dahbour, PACPA Secretary General, commended the publications issued by IASCA which contributed to the advancement of the profession in line with the latest developments, considering these publications as key professional reference in Palestine.

On his part, H.E. Dr. Talal Abu-Ghazaleh commended the efforts exerted by PACPA and expressed his appreciation for PACPA honorary presidency, voicing his full support in every possible way to ensure the advancement of the profession in Palestine. It was also decided to establish and equip Abu-Ghazaleh Knowledge Centre at the premises of the Palestinian Association of Certified Public Accountants to reinforce PACPA resources towards obtaining and developing knowledge in favor of its members.

# BETTER PUBLIC SECTOR FINANCIAL REPORTING. GREATER CITIZEN ENGAGEMENT

Accountability. Now. Coalition Meets for First Time to Drive Campaign Forward



Convened by the International Federation of Accountants® (IFAC®), the Accountability. Now. coalition, comprising civil society organizations, major international bodies, and the accountancy profession, met for the first time to develop strategies to encourage high-quality public sector financial reporting, greater government transparency and accountability, and empowered citizen engagement.

IFAC Chief Executive Officer Faye Choudhury commented, “Poor public sector financial management can lead to economic stagnation and contraction; severe social problems that impact future generations; and a widened gulf between government and its citizens.

“IFAC initiated Accountability. Now. to help drive awareness of the critical need for high-quality, transparent, comparable public sector financial reporting, and the importance of engaging citizens in the process of holding governments to account.

“Some of the world’s poorest countries have the most to gain from having high-quality government reporting to better manage scarce public sector resources, attract investment, and promote accountability. IFAC will be focusing much of its efforts on helping these countries implement strategies to embrace high-quality reporting,

based on International Public Sector Accounting Standards™, and encourage citizens to be part of the fiscal process.

“Understanding the true costs of government services, including all assets and liabilities, is central to good government and global growth. This is an issue that should be of concern to everyone, not just accountants and that’s the exciting part of Accountability. Now.

“The coalition represents a range of different organizations with the skills and experience to help push for a better social contract between governments and their citizens, at a time when there is enormous pressure on governments to work with tighter budgets and deliver better social outcomes,” Choudhury said.

In addition to the accountancy profession, represented by IFAC and the Big 6 accountancy firms, the coalition includes the Organization for Economic Co-operation and Development and the Global Initiative for Fiscal Transparency, whose members include International Budget Partnership, International Monetary Fund, World Bank Group, and the Brazilian and Philippines Governments.

## About IFAC

IFAC is the global organization for the accountancy profession, dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. It is comprised of more than 175 members and associates in 130 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.



## IASB completes comprehensive review of the IFRS for SMEs



The International Accounting Standards Board (IASB) today issued limited amendments to the IFRS for SMEs following a comprehensive review. The Standard, which was specifically developed for small and medium-sized entities, has seen remarkable uptake, with millions of companies using it worldwide.

The International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) was developed in response to international demand for the IASB to develop global standards for small and medium-sized entities (SMEs). The simplified, self-contained Standard was issued in 2009, and has since been widely adopted.

Of the 140 countries surveyed as part of the IFRS Foundation's project to assess adoption of International Financial Reporting Standards (IFRS) and the IFRS for SMEs globally, 72 jurisdictions have confirmed that they permit or require the IFRS for SMEs and an additional 14 are currently considering adoption. The Standard is also available in more than 25 languages.

The IASB started the initial comprehensive review of the IFRS for SMEs in 2012, with the aim of considering implementation experience and assessing whether there was a need to make any amendments to the Standard. After consulting widely with constituents, the IASB concluded that the IFRS for SMEs required little change. However, some areas were identified where targeted improvements

could be made.

The most significant changes, which relate to transactions commonly encountered by SMEs, are:

- Permitting SMEs to revalue property, plant and equipment; and
- Aligning the main recognition and measurement requirements for deferred income tax with IFRS.

The majority of the amendments clarify existing requirements or add supporting guidance, rather than change the underlying requirements in the IFRS for SMEs. Consequently, for most SMEs and users of their financial statements, the amendments are expected to improve understanding of the existing requirements, without having a significant effect on an SMEs' financial reporting practices and financial statements.

Commenting on the amendments to the Standard, Hans Hoogervorst, Chairman of the IASB, said:

"The IFRS for SMEs has been a remarkable success and is now used by millions of companies worldwide. The amendments are expected to improve the Standard for companies and users of their financial statements. As a result we expect the adoption to spread further, improving reporting and consistency among companies without public accountability around the world."

Entities reporting using the IFRS for SMEs are required to apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted provided all amendments are applied at the same time.

## IASCA holds a workshop in cooperation with the Arab American University

The International Arab Society of Certified Accountants "IASCA" held a workshop in cooperation with the Arab American University in Jenin. This workshop comes as a continuation of the extensive activities launched by IASCA to introduce the Society's services, qualifications and international professional certificates.

The workshop also tackled the professional publications issued by the Society and their significance in providing the Palestinian students with the international standards in Arabic language to help them understand these subjects and to use these standards in training materials and courses. It also tackled the importance of training courses held by the Society in the fields of accounting, auditing, management and banking



sciences, as well as the advantages obtained by the students from attending such courses. In addition, the workshop covered the audit concept and its importance for companies and institutions as well as the code of ethics for auditors.

The workshop was delivered by Professor Sari Shqoor,

IASCA coordinator, and Professor Imad Musa, Audit Manager at Talal Abu Ghazaleh Organization, and was attended by the Dean of the Business and Finance Faculty- Dr. Sharif Abu Karsh and Dr. Ra'ed Sa'ed, a lecturer in the mentioned faculty, in addition to a group of students from the accounting department and faculty graduates.

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## MEMBERSHIP IN IFAC MEMBER ORGANIZATIONS REACHES 2.84 MILLION



The International Federation of Accountants® (IFAC®), the global organization for the accountancy profession, today revised upward by 16% the membership of its member bodies following analysis of membership data from 2009 to 2013. Conducted by the independent Centre for Economics and Business Research, the analysis shows that membership of IFAC's more than 175 members and associates in 130 countries and jurisdictions now totals 2.84 million accountants in public practice, education, government service, industry, and commerce.

This growth is a combination of new accountants joining existing IFAC member organizations and new professional accountancy organizations (PAOs) joining IFAC. Over the four-year period:

- 69% of total growth was from IFAC member organizations expanding their ranks through organic growth; and
- 31% was through additional PAOs joining IFAC.

Fayez Choudhury, IFAC CEO, said, "IFAC is honored to

represent 2.84 million accountants globally. They are men and women operating throughout society to strengthen organizations and economies, bound by a code of ethics that obliges them to act in the public interest. I am especially pleased that IFAC's representation is being driven by organic membership growth within our member bodies, as well as PAOs successfully completing the rigorous journey to IFAC membership."

In terms of organic growth, IFAC member organizations in advanced economies gained the most new members from 2009 to 2013. Regionally, membership of European IFAC member organizations grew the most—from 834,000 to 981,000 over the four-year period.

Since 2009, IFAC has added 21 new members and associates in almost every region of the globe. IFAC saw particularly strong growth in 2012 as a number of large PAOs became member organizations.

The study was conducted by the Centre for Economics and Business Research (Cebr), an independent economics and business research consultancy, using data supplied by IFAC member organizations. The complete report—which includes findings on the state of the global accountancy profession and the profession's impact on the global economy—will be issued later this year.

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### FOR MORE INFORMATION

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