

IASCA Newsletter

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YOUR GATE TO ACCOUNTING, AUDITING AND CODE OF ETHICS

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Exploring the Role and Impact of the International Arab Society of Certified Accountants (IASCA) on the MENA Region

Interview with H.E. Dr. Talal Tawfiq Abu-Ghazaleh, Chairman Washington, United State

1. Please tell us a bit about yourself, your professional career, progression and the founding of IASCA. How did IASCA come to be? What are its objectives and goals?

I was born in Jaffa in Palestine in 1938 and I received my Bachelor's Degree in Accounting from the American University of Beirut. I established the Talal Abu-Ghazaleh International Organization in 1972 to become the pioneering global provider of professional and educational services. Today, it offers its services to clients through its 85 offices located around

the world. The company provides services in all domains including — but not limited to — education, accounting, Intellectual Property, business and commerce, information and communications technology, science and law.

I established the International Arab Society of Certified Accountants (IASCA) as a non-profit professional accounting association in 1984 with a host of leaders from the accounting profession throughout the Arab world. The Society was founded upon my belief in the significance of this profession and its

role in driving development, as well as the need for advancing accounting and auditing and other related topics at the level of the Arab League member states. In addition, the IASCA was established to maintain the professional independence of accountants to guarantee their protection and apply professional standards in supervising their work. In this way, the IASCA serves as a mechanism for improving the accounting and auditing professions. Finally, IASCA also plays a role in the development, facilitation, and dissemination of scientific and technical information through its constant exchange among accountants and auditors in the Arab world and at global levels. It does this through the provision of conferences, meetings, seminars, training courses, and scientific gatherings, as well as through the support of professional and scientific research.

2. What activities / certifications / programs does IASCA offer? What differentiates your products, services and efforts?

IASCA offers a host of professional services to its members, accountants and university students in the Arab world, primarily through the translation from English to Arabic of the professional publications issued by the International Federation of Accountants (IFAC), the International Accounting Standard Board (IASB), and John Wiley & Sons, Inc. Translation of these documents is vitally important in facilitating the understanding and application of the latest developments in accounting and auditing by Arab accountants.

Furthermore, the Society holds professional exams for the professional certificates issued by the Society, such as the International Arab Certified Public Accountant (IACPA), the International Arab Certified Management Accountant (IACMA), and the International Financial Reporting Standards (IFRS) Expert. Moreover, the Society organizes professional workshops, conferences and seminars throughout the Arab world. The Society also plays an essential advisory role to the public and private sectors in the application of International Public Sector Accounting Standards (IPSAS) and the International Financial Reporting Standards (IFRS).

What really characterizes the services of the Society is the provision of the option for learning in Arabic language at the highest levels for the Arab accountants. In addition, the Society utilizes up-to-date international accounting standards and the International Accounting Education Standards (IESs) in authoring the professional curricula issued by IASCA. The Society's services are also accessible to all professionals in the Arab world in cooperation with Talal Abu-Ghazaleh Organization's 85 offices around the world.

3. What do you foresee in

terms of the future of IASCA and for the professional associations of the MENA region? What do you see as the key challenges and areas for opportunity for the MENA accountancy profession as a whole?

From our point of view, the profession in the Arab world needs continuous development to face current economic challenges and succeed in the evolving global economy. We, at the Society, constantly seek to develop the profession and help the national professional societies develop their member knowledge. IASCA supports this through our close relations with international professional entities and its presence at international conferences and events, including IFAC's Annual Meeting. In this way, we seek to share international experience with the Arab world.

With regard to key challenges facing the MENA region's accountancy profession, IASCA views the lack of unification of the professional societies in the Arab world as important. Additional efforts are needed to engage and coordinate the diverse voices of the Arab profession throughout the region in order to support the development of modern accounting and auditing legislation. It is also needed to enhance accounting education at the university level, as well as to support the strengthening of educational institutions.

To overcome these challenges, IASCA aims to establish an Arab Regional Center which will support the adoption and implementation of international accountancy standards in the public and private sectors. It would create a convening space where all professions may cooperate to advance the quality of accountancy throughout the Arab world. Furthermore, IASCA will continue to expand on its efforts to work with governments and private universities to develop and provide educational solutions (in particular through distance learning) that support the dissemination of accountancy knowledge.

4. I know that IASCA has been a strong supporter of the effort to encourage MENA region governments to adopt IPSAS. Can you tell us about this? What has been your motivation? What do you see as the challenges and success factors in moving IPSAS forward?

IASCA has had a significant role in supporting the Jordanian government's decision to fully adopt International Public Sector Accounting Standards (IPSAS) through the provision of awareness-raising campaigns and specialized workshops. These were designed and undertaken throughout the Kingdom and helped to illustrate the importance of adopting the IPSAS, as well as the positive impact that these standards would have on national income and economy.

In reflecting on the challenges facing the MENA region and IPSAS adoption, one of the main issues concerns the lack of information and awareness regarding their significance — as well as the benefits



that governments will gain through adoption and implementation. Policymakers are often dissuaded by fears regarding the complexity of the standards, costs associated with transitioning, and a lack of understanding regarding the potential benefits of standards adoption.

IASCA's establishment and development of the Arab Regional Center will help with the adoption of the International Public Sector Accounting Standards (IPSAS) through the conferences and workshops which the Society organizes. In this context, it may handle the costs associated with encouraging Arab countries to adopt IPSAS by offering them training and assistance to apply the standards.

5. A key theme of this edition of CV MENA magazine is anti-corruption. Can you speak to the efforts IASCA may be taking to support anti-corruption efforts in Jordan and throughout MENA? In your professional opinion, what role could the profession take in doing more to support government and private sector anti-corruption efforts?

The IASCA is continuously working to promote awareness about the need to combat corruption in order to boost national economies. To this end, we hold workshops and produce publications on various issues related to the fight against corruption in coordination with the Talal Abu-Ghazaleh Knowledge Forum. This Forum has also recently hosted the launch of the "Nazaha" Integrity project under my personal patronage and in the presence of representatives of public and private sectors, non-profit organizations, and academic institutions.

This project, which focuses on integrity, aims at promoting awareness in the civil society of its crucial role in the reinforcement of concepts of integrity and the right of public access to information.

At the regional level, I participated on the board of the Arab Anti-Corruption Organization (AACO) which aims to strengthen transparency and good governance. The focus of the AACO is on hosting programs and issuing publications which strive to fight corruption — and increase awareness of its destructive impact on the Arab economy and political stability. My professional contributions and research have focused on the financial corruption that might reach auditing institutions and accountants. This could have a grave effect on the Arab and global economy due to the auditors' lack of commitment to the principle of independence advocated by International Auditing Standards.

IASCA believes that we need to achieve a full partnership between the public and private sectors in combating corruption through joint efforts. In addition, professionals play an essential role in strengthening the concept of transparency and integrity through their commitment to the professional and ethical standards of conduct, as well as in developing systems, regulatory methods and policies, and appropriate accounting principles in conformity with international standards.

For more information please visit
<http://www.cvmena.org/sites/cvmena/files/2016-09-31-cvmena-mag-7.pdf>

IASCA Participates in the World Standard-Setters Conference in UK



LONDON - Representatives of the International Arab Society of Certified Accountants (IASCA) participated in the annual conference of World Standard-Setters (WSS) held by International Financial Reporting Standards (IFRS) Foundation.

IASCA Executive Director Mr. Salem Al Ouri said that the participation in the WSS

Meeting comes in line with the Society's vision and its Chairman HE Dr. Talal Abu-Ghazaleh in providing the Arab labor market with Arab certified accountants by setting the rules to provide them with internationally recognized qualifications.

Mr. Hans Hoogervorst, chairman of the International Accounting Standards Board (IASB), opened the conference stressing on the dire need to "define more subtotals in the income statement. We may need to provide a principle- definition of operating income which does not allow for obfuscating restructuring or impairment charges."

The conference shed light on a number of professional issues, including International Financial Reporting Standard (IFRS) 9 "Financial Instruments" which has been replaced with International Financial Reporting Standard (IFRS) 39 "Financial Instruments: recognition and measurement". IFRS 39 was developed to meet the demands of the concerned parties to improve financial instruments rapidly.

This participants also discussed issues relating to translation, adoption and publication of these standards worldwide, practical cases on financial performance reports, the International Financial Reporting Standard (IFRS) 15, revenues generated from contracts concluded with clients (such as: insurance contracts, lease contracts, accounting standards for small and medium-sized enterprises (SMEs).

It is worth mentioning that the IASB organizes an annual conference for world standard-setters to exchange experiences in the areas of accreditation, adoption and application of International Financial Reporting Standard (IFRS); discuss the IASB Agenda, and review the latest developments of international standards.

International Accounting Standards Board Issues Amendments to Insurance Contracts Standard



LONDON - The International Accounting Standards Board (IASB) has issued amendments to its existing insurance contracts Standard, IFRS 4.

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the replacement Standard that the Board is developing for IFRS 4. These concerns include temporary volatility in reported results.

The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and

- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard—IAS 39.

The amendments to IFRS 4 supplement existing options in the Standard that can already be used to address the temporary volatility.

Hans Hoogervorst, IASB Chairman, said:

Both the new financial instruments Standard and the upcoming insurance Standard will improve the quality and comparability of financial reporting. However, we understand that there may be transitional challenges and have given companies who deal with insurance contracts two voluntary options for dealing with these.

The new insurance contracts Standard is currently being drafted and will have an effective date no earlier than 2020.

The Proposed IFRS Taxonomy Update relating to the Amendments is available here. The comment letters should be received by the Board before November 15, 2016.

Abu-Ghazaleh Patronizes Signing of Cooperation Agreement between IASCA and Kuwait Association of Accountants and Auditors



AMMAN – The International Arab Society of Certified Accountants (IASCA), and the Kuwait Association of Accountants and Auditors (KAAA) signed a cooperation agreement in the field of training and the provision of professional

qualifications under the patronage of HE Dr. Talal Abu-Ghazaleh, IASCA chairman.

The agreement was signed by KAAA Chairman Mr. Ahmad Mshari Al Faris, in the presence of its Board of Directors, and by IASCA Executive Director Mr. Salem Al Ouri.

Dr. Abu-Ghazaleh welcomed the delegation stressing on the close and deep relations that he always treasures with the State of Kuwait and its people especially that the inception of Talal Abu-Ghazaleh Organization (TAG-Org) to become a global organization started from Kuwait. He also commended the officials in Kuwait for their support and for the provision of all means to TAG-Org which became a well-established and successful organization operating in 85 offices all over the world.

In addition, Dr. Abu-Ghazaleh underlined the significant role of the KAAA's Board of Directors and their determination to develop the Society and its mission

stressing at the same time his willingness to put all IASCA's resources and expertise at the service of the Association and help them achieve their goals, recalling the honoring presented to him by KAAA in 1982 in his capacity as one among three other figures who influenced the accounting and auditing profession in Kuwait.

Meanwhile, Mr. Al Faris extended his gratitude to HE Dr. Abu-Ghazaleh for the continuous efforts he presents to the profession in the Arab region as a whole and to Kuwait in particular indicating that today Kuwaiti youth

are the graduates of Abu-Ghazaleh professional school which he established in Kuwait more than 45 years ago.

He also highlighted the significance of this cooperation which recognizes KAAA as the sole agent in Kuwait for the distribution of the professional publications which IASCA translates and issues.

It's worth mentioning that IASCA will take part and co-organize the conference that the Kuwaiti Association will hold in December with the participation of Arab and international entities.

Abu-Ghazaleh Affirms ASCA (Jordan) Readiness to Serve Jordan Audit Bureau and other Government Institutions



AMMAN – The Arab Society of Certified Accountants ASCA (Jordan) concluded a professional course for a group of auditors at Jordan Audit Bureau. The course included training on the Audit Manual for the State-Owned Enterprises through which an audit plan and program was set up that enables auditors to collect evidence to issue an opinion on the fairness of the financial statement in conformity with the international audit standards.

The course was held within the framework of implementing the Bureau's capacity building project funded by the World Bank to develop audit methodologies.

HE Dr. Talal Abu-Ghazaleh highlighted the effort of Jordan Audit Bureau in developing the skills of government

employees thanking the Bureau for the confidence in ASCA's work and affirming the readiness of ASCA to serve Jordan Audit Bureau and other Government Institutions.

The graduation ceremony was held in the presence of the Bureau's President and Secretary General, HE Dr. Abed Kharabsheh and HE Waleed Rahahleh, respectively. Dr. Kharabsheh highly commended the ongoing cooperation between the Bureau and the Society and underlined its pioneering role under the leadership of HE Dr. Talal Abu-Ghazaleh.

During the course, a field audit was implemented to apply the manual to the unified financial statements 2016 of the Jordanian Airports Company, through which all the steps of auditing process were systematically applied, different disclosures were examined, the report of the external (independent) auditor was read, the updated report to form an opinion to be applied to financial statements issued starting from the closing year December 31, 2016 was also reviewed.

Moreover, every participant worked on the analysis of the 2012-2015 financial statements, and defined the most risky accounts.

New IAESB Guidance Promotes Awareness and Proper Application of International Accounting Education Entry Requirements

NEW YORK – The International Accounting Education Standards Board™ (IAESB™) released new materials in support of its recently revised International Education Standard™ (IES™) 1, Entry Requirements to Professional Accounting Education Programs (2014). In addition to an overview document, the following support materials are now available:-

- **A guidance paper** addressing what needs to be considered in setting educational entry requirements to professional accounting education programs, and what information can assist individuals considering a career as a professional accountant;



- **Frequently Asked Questions** explaining terminology and concepts contained in IES 1;
- **An illustrative example** of factors that an organization may consider when setting educational entry requirements to professional accounting education programs; and
- **Perspectives on IES 1** describing the range of factors that could influence an individual's successful completion of a professional accounting education program.

These materials are intended to help professional accountancy organizations and other accounting education providers, including universities, governments, and international donor agencies, understand and implement IES 1. This, in turn, supports improved accountancy education in the public interest.

“IES 1 sets out an inclusive approach to the accounting profession, such that entry requirements target admittance to those with a reasonable chance of successfully completing the professional accounting education program,” said Chris Austin, chair of the IAESB. “Organizations, therefore, need to consider thoughtfully what factors contribute to successful completion, such as

individual and environmental factors, in order to attract and retain individuals of the highest caliber and potential.”

Setting appropriate entry requirements benefits IFAC member organizations by helping them efficiently allocate resources. It also benefits those considering an accountancy career, by helping them make informed decisions.

The suite of eight IESs facilitates credible, high-quality professional accounting and auditing services around the world. They cover both initial and continuing professional development and focus on a learning outcomes approach to develop professional competence. The IESs also support professional accountants’ mobility and serve as a global benchmark for accountancy education and the profession.

IASCA Resumes Operations in Northern Jordan

AMMAN -The International Arab Society of Certified Accountants (IASCA) has resumed its operations in the Northern Jordan through the new office of Talal Abu-Ghazaleh Organization (TAG-Org) in Irbid.

The new office will provide all the services provided by IASCA to the institutions working in the region as well as serve the local community.

IASCA seeks to qualify as many local professionals as

possible, provide them with extensive expertise to meet the labor market requirements with the best qualifications, provide multiple services to institutions with the best results, and facilitate the delivery of professional services to seekers in the Northern Province. IASCA also plans to provide several training, qualification and professional courses to the youth as part of its mission to develop human resources and offer the latest tools of accounting and auditing and related services.

Study Highlights Profession’s Role in Serving SMEs

Accountants Remain Most Trusted Advisor to Engine Room of Global Growth



NEW YORK – It has long been recognized that small- and medium-sized entities (SMEs) power the global economy. And accountants working in small- and medium-sized practices (SMPs) remain their most trusted advisor, according to a report released by the International Federation of Accountants® (IFAC®).

Informed by a comprehensive literature review, the report illustrates the important relationship between SMPs and their clients—primarily SMEs. It examines the key drivers of the advisor-client relationship, including demand for—and supply of—SMP business advisory services. Growth implications for SMPs, as well as how professional accountancy organizations (PAOs) around the world can support them, are also explored.

“Today’s SMPs are knowledge-rich service providers with great potential to expand beyond compliance to fill a variety of business advisory roles. The report highlights factors that can help them understand how to most effectively evolve and diversify their service offerings,” said IFAC CEO Fayez Choudhury. “As SMEs have long been considered the ‘engine rooms’ of global growth and development, it is important that IFAC and PAOs help make SMPs aware of the opportunities that will help them and their clients thrive.”

Among other findings, the report reveals the following insights:

- A number of factors influence SMEs’ demand for advice, including both external factors, such as competition and regulation, and personal factors, such as the relationship and level of trust between the SMP and the SME owner-manager, as well as the size and nature of the entity;
- Dependent on their size, competencies, location, and appetite for risk, SMPs are continuing to increase and diversify the array of business advisory services they provide to meet SMEs’ needs;
- Despite competition from other service providers, accountants, especially SMPs, remain SMEs’ preferred advisors; and

- Due to the multitude of factors involved, client-advisor interactions between SMEs and SMPs are complex, but generally these relationships are long term and based on a solid foundation of trust and communication.

Commissioned by IFAC, researchers at the Bucharest University of Economic Studies and the University

of Dayton conducted a literature review of over 90 academic research papers and reports published since 2010 in order to update the original Information Paper, The Role of SMPs in Providing Business Support to SMEs. The research was facilitated by the University of Dayton in accordance with an agreement with IFAC.

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