

# TAGAudit Newsletter

Issue 3 - Dec 2016

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## Abu- Ghazaleh: We are proud of our partnership with the Audit Bureau and applaud its keenness to train and develop its staff

DEAD SEA - The Arab Society of Certified Accountants (ASCA/ Jordan) conducted a training course, financed by the World Bank, on International Public Sector Accounting Standards (IPSAS) for Jordan Audit Bureau staff.

HE Dr. Talal Abu-Ghazaleh, Chairman of ASCA/Jordan, expressed his pride in the partnership between ASCA and the Audit Bureau and the Bureau's keenness to provide continuous education and training for its staff to enable them to qualify at the highest professional levels and enable them to play their proper role.

For his part, HE Dr. Abdullah Al Kharabsheh, President of the Audit Bureau, expressed his



appreciation for the professional services provided by ASCA, while re-affirming the significance of constantly developing the potential of the Bureau's staff and of utilizing ASCA's expertise in this field. Moreover, he underlined the Bureau's success in developing the capacity of its staff over the past years, an effort culminating in its having a large number of employees with advanced professional and academic qualifications.

During the course, the participants were introduced to the importance of IPSAS and were provided with the basic skills and knowledge to implement those standards. The course focused on the principles of the transition from a cash basis to an accruals basis and in presenting financial statements prepared in accordance with the international standards, as well as overviewing several of the accounting procedures in IPSAS.

## ISA 701, Communicating Key Audit Matters in the Independent Auditor's Report

New York: The International Auditing and Assurance Standards Board (IAASB) released a new International Standard on Auditing ISA 701, which is to be effective for audits of financial statement for periods ending on or after December 15, 2016. This and other changes in international standard on auditing have been made to enhance auditor's reports for investors and other users of financial statements.

ISA 701 deals with communicating key audit matters in the auditor's report. It requires the description of a KAM to be tailored to the facts and circumstances of the individual audit engagement and the entity in order to provide relevant and meaningful information to investors and other users of the auditor's report. It is expected that KAM will vary in terms of the number and selection of topics addressed and the nature in which they may be described.

What should be considered when adding KAM?

1. Separate heading is to be added with the title KAM.
2. An introductory language under the same header is required in order to communicate KAM, which should be in a separate section of the auditor's report.

3. In forming the opinion on the financial statements Auditors must not imply in any way that the matter has not been resolved appropriately
4. Not to represent opinions on separate elements of the financial statements.
5. Include description in relation to KAM in the Auditor's report, which is the responsibility of the auditor for the Audit of the Financial Statements section in the report.
6. KAM has to be specific to the entity.
7. A judgment-based decision-making framework is included in the new standard ISA 701 to help auditors determine which matters are KAM.
8. Auditors should focus on areas of interest for the investors and other users specifically the areas that need significant management judgments.
9. KAM has to include a reference to the related disclosures, if any, in the financial statements.
10. Auditor must explain why the matter was considered to be one of most significance in the audit and therefore determined to be a KAM, and how the matter was addressed in the audit.
11. ISA 701 does not request auditors on non-listed companies to mention KAM in the Auditor's report, unlike auditing listed companies that auditors should mention KAM.
12. KAM could be one or more matter.

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## IAASB Amends Standards to Enhance Auditor Focus on Non-Compliance with Laws and Regulations (NOCLAR)

ISA 250 (revised) released by The International Auditing and Assurance Standards Board (IAASB), which talks about Consideration of Laws and Regulations in an Audit of Financial Statements. The revisions enable the IAASB's International Standards to continue to be applied effectively alongside the International Ethics Standards Board for Accountants (IESBA) Code, and clarify and emphasize key aspects of the IESBA Code in the IAASB's Standards.

"The IESBA has established clear expectations for professional accountants in responding to non-compliance with laws and regulations, representing an important contribution to the public interest," said IAASB Chairman Prof. Arnold Schilder. "It is only fitting that the IAASB's International Standards acknowledge and reflect these important changes, and,

thereby, reinforce the public interest role played by auditors and professional accountants who provide services covered by our Standards."

ISA 250 (Revised) will be effective for audits of financial statements for periods beginning on or after December 15, 2017.

"Among other enhancements, the changes to ISA 250 prompt the auditor to think about whether to report identified or suspected NOCLAR to an appropriate authority outside the entity, taking into consideration the provisions of laws, regulations, or relevant ethical requirements in their jurisdiction, and to consider the impact of NOCLAR on the audit," explained James Gunn, Managing Director, Professional Standards. "It is important that the IAASB and IESBA have acted contemporaneously on such an important public interest matter."

## **Restoring Trust, Increasing Transparency: Crucial for G-20 Countries & Global Economy**

### **IFAC Recommendations Focus on Creating Sustainable, Inclusive Growth**

Strengthening governance across public & private sector and a stable regulatory environment can enhance the global economic stability greatly, which form the basis of recommendations to the Group of 20 (G-20) by the International Federation of Accountants (IFAC).

“The global economic recovery is uneven, and social and political destabilization risks remain high in many parts of the world. To fortify the recovery, citizens and markets urgently need to see greater transparency across all organizations, which will help restore trust in the institutions that help underpin the world’s financial markets,” said IFAC Chief Executive Officer, Fayez Choudhury.

“The G-20 has new opportunities to create an environment of sustainable, inclusive growth that benefits the world’s citizens. IFAC has consistently urged policy consensus and on-going cooperation between government, business, and the regulatory community. On behalf of the global profession, we renew that call and ask the G-20 to put trust and transparency at the heart of the world’s economy,” he said.

#### **IFAC calls on the G-20 to address:**

- Strengthening governance, which is at the heart of accomplishing the G-20 objectives of recovery, growth, and stability, as well as combatting fraud and corruption and restoring public trust and integrity in both the public and private sectors.
- Promoting and adopting principles for good regulation in order to increase consistency and effectivity of international regulatory environment.
- Acknowledging the importance of international standards across all jurisdictions, including international standards for accounting, auditing and assurance, professional ethics and education, and public sector accounting.

# Talal Abu-Ghazaleh Organization Offices

85 Offices Worldwide

## **JORDAN (Regional Office)**

- Amman Office
- Amman - Head Office
- Amman - TAGI-UNI
- Amman - TAGSB
- Maan

## **AFAGHNISTAN**

- Kabul

## **ALGERIA**

- Algeria

## **BAHRAIN**

- Al-Manama (TAG-Org)
- Al-Manama (TAG-UCB)

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## **CHINA**

- Beijing
- Hong Kong
- Quanzhou
- Shanghai

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## **EGYPT**

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## **GERMANY**

- Dusseldorf

## **HUNGARY**

- Budapest

## **INDIA**

- Bangalore
- Mumbai
- New Delhi

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## **IRAQ**

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- Erbil

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- Tripoli

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- San Gwann

## **MOROCCO**

- Casablanca

## **NIGERIA**

- Lagos

## **OMAN**

- Muscat
- Muscat - (AOMTI)
- Salalah

## **PAKISTAN**

- Karachi

## **PALESTINE**

- Gaza
- Ramallah

## **QATAR**

- Doha

## **RUSSIA**

- Moscow

## **SAUDI ARABIA**

- Abha
- Al-Khobar
- Al-Riyadh (AGIP)
- Al-Riyadh (TAG-Audit)
- Jeddah

## **SUDAN**

- Khartoum

## **SWITZERLAND**

- Geneva
- Zurich

## **SYRIA**

- Damascus

## **TUNISIA**

- Tunis

## **TURKEY**

- Ankara
- Istanbul

## **UNITED ARAB EMIRATES**

- Abu-Dhabi
- Ajman
- Al-Ain
- Al-Hamriya
- Al-Sharjah
- Dubai (AGIP)
- Dubai (TAG-Audit)
- Jabal Ali
- Ras Al-Khaimah
- Um Al-Quwain

## **YEMEN**

- Sana'a

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## **OFFICES UNDER ESTABLISHMENT:**

### **ARGENTINA**

- Buenos Aires

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- Dhaka

### **BRAZIL**

- Rio de Janeiro

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### **CUBA**

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- Djibouti

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