Key foundations of high-quality reporting: International audit and assurance requirements and good practices in their implementation (continued)

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Foundations of high-quality reporting: auditing and assurance

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High-quality reporting: 3 key dimensions

- Setting Reporting Requirements
- Building Skills to Apply
- Ensuring Compliance
Challenges to ISA compliance

» Financial reporting complexity
» Applying the risk-based approach
» Skepticism
» Documenting audit work
» Those charged with governance
» ISA 701: raising the bar on auditor reporting
World Bank support to capacity building for auditing Examples for Europe and Central Asia

- EU *acquis* guide
- Regional dialogue series on A&A in the *acquis*
- Policy advice on audit reform
- Support to ISA adoption

**Requirements**
- Financial supervisors exchange forum (audit topics)
- Regional study on relations auditors-supervisors

**Skills**
- Profile/benchmarking of accounting curricula
- Training-of-trainers programs (audit and F/R)
- EduCoP
- PAO Regional Forum
- Audit committee conferences

**Compliance**
- Regional study on public oversight systems
- Regional workshops on audit POS/QAS
- Technical assistance to POBs and PAOs on QA systems
Collaboration for enhanced audit quality along the financial reporting supply chain
Building capacity for audit: Collaboration at international level

- International meetings
- Communities of Practice
- Study Trips
- Secondments
- Technical assistance
- Partnerships
Specific challenges to auditing/assurance: public sector, SMEs and nonfinancial information

» Public sector
  • Professionalization
  • Internal control environment
  • Accruals-based financial statements
  • Audit approach, materiality, etc.
  • Ability to rely on expert advice
  • State-owned enterprises

» SME/SMP
  • Is an audit/assurance needed? Is there a user?
  • Inherent limitations to internal controls
  • Weaknesses in accounting procedures

» Nonfinancial reporting
  • Different skill mix required
  • Less frequent
  • More subjectivity in the information
  • Note: WBG preparing toolkit
Thank you!

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