2018 FAAS Annual Meeting – Meeting Minutes

Meeting Agenda

2018 FAAS Annual
Meeting Agenda.xls

Day 1

1c:

- UAE explained there will be a new SDP 2020-2022 and the PSC will be discussing the matter at their 2018 meeting.
- There was acknowledgement that there must be more transparency and cohesiveness with regard to how the strategy is developed.
- There is a need for discussion on the role of the Technical Support Function (TSF) and the role of the sub-committees once the TSF is formed.

1c - FAAS Project
Summary.xlsx

1d:

- UAE explained the history of the project and the current status.
- Canada explained the definition of guidance in the ISSAI framework and explained that the decision to establish the appropriate classification of the Practice Notes should be taken by all of FAAS, not just the project team.
- USA does not believe that the Practice Notes are a standard as this would require general acceptance, Practice Notes are guidance.
- AFROSAI-E indicated that FIPP is trying to clarify the definition of guidance in the ISSAI framework.
- Sweden indicated that we must clarify what is a requirement and indicated that they are not sure if there are public sector requirements in the existing Practice Notes.
- Namibia raised the issue of implementation challenges and suggested that requirements not be added.
- Cameroon suggested that we continue to keep the guidance separate as this is more useful for the users.
- IPSASB suggested that we implement a process similar to their "rules of the road" which they use when analyzing if an IFRS needs to be modified for the public sector. Suggest the same process could be applied to determine if ISAs need to be modified for public sector specific considerations.
- South Africa identified areas that may require public sector requirements and not just guidance. For example Going Concern, Fraud are areas that may need public sector requirements.
- India indicated that Going Concern is relevant to some independent public sector entities that are self-funded.
- USA, Sweden, AFROSAI-E, India (to confirm), Canada, ECA, UAE, IDI, volunteered to help with the project.

1d - SDP 1.3 Approved Project Pr	1d - Financial Audit Practice Notes - Pha	1d - Classification of Practice Notes.do	1d - Practice Note Technical Reviews.p	**IFRS Convergence1.pdf**

1e:

- South Africa has published a document to help auditors analyze the acceptability of an accounting framework.
- AFROSAI-E sees extremes in their jurisdiction including no accounting framework at all. Explained that FIPP is now recommending longer exposure periods for some exposures (up to 8 months)
- IPSASB explained that CIPFA has partnered with a Swiss University to compile information on public sector accounting frameworks presently implemented around the world.
- Austria has explained that the timeline needs to be adjusted.
- India indicates that we must be clear on what criteria determine acceptability
- Canada explained that an accounting framework is typically prescribed by law or regulation but government typically creates it
- UAE suggested that this could potentially be addressed ISSAI 1210 Practice Note
- Cameroon indicated that an auditor cannot control the accounting therefore it might not make sense to deal with this in an auditing standard
- ECA suggested using the wording "appropriate" instead of "acceptable" because you do not actually accept in the public sector since the accounting framework is typically prescribed by law or regulation
- USA indicated that the cash basis is sometimes acceptable. Indicated that if a liability is deliberately avoided it can cause an issue with respect to acceptability of the accounting framework
- UAE indicated that regional cooperation could help with this project
- Austria agreed that this project will be partially addressed by 1.3 through revisions to the Practice Note for ISSAI 1210. A separate deliverable and timeline will be provided to FIPP in due course for this project.

1e - SDP 2.1
Approved Project Pr...

1e - Presentation.msg

1f:

- USA supports a withdrawal of ISSAI 200. Proposes excluding Going Concern, Key Audit Matters, and Emphasis of Matters as these are not principles
- Sweden says that we need to keep in mind the original purpose as explained in ISSAI 100 (how one can refer to the ISSAI framework on Level 3)
- UAE indicated that ISSAI 200 was never meant to be authoritative
- AFROSAI-E reminded the group to understand the FIPP and PSC positions on ISSAI 200
- South Africa indicated that we should be clear on what is a principle
- Canada suggested that we look at the objectives of the standards for the principles
- UAE suggested ensuring alignment with ISSAI 1200
- ECA presented their draft and explained that they are trying to create a principles based document as required by the project proposal, trying to eliminate duplication with ISSAI 100
- The group reviewed PSC and FIPP's comments in detail and decided on the best course of action for each comment
- ECA indicated that they will revise the draft accordingly (based on defined criteria and based on the technical purpose of ISSAI 200) and will circulate it again prior to submission for exposure

1f - SDP 1.2 Approved Project Pr   1f - ISSAI 200 - revised ppt.msg   1f - Goal Chairs Review of ISSAI 200.   1f - FIPP Review of ISSAI 200.msg

1g:

- UAE presented the objectives of project 2.3 (combined financial/compliance audit)
- USA recommended that we consider developing guidance (or Practice Notes) for ISAE 3000 instead of continuing to attempt to develop separate standards.
- Examples from other countries showed a variety of standards applied when auditing compliance with an authority.
    - o ECA issues compliance with authorities opinions using ISSAI 4000 (materiality is an error rate)
    - o Canada has a separate reporting standard for direct engagements on compliance with authorities
    - o South Africa uses ISAE 3000 for auditing performance information
- We did not have time to discuss 2.9 but we have attached FAAS Chair's response to the project team.

1g - SDP 2.3 Draft Project Proposal.doc   1g - SDP 2.9 Approved Project Pr   Project 2.9 – Planning Componen

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Day 2

2b:

- USA presented the public sector considerations that were included in FAAS' submission to IAASB

2b – FAAS Response
– ISA 540 Exposure D

2c:

2c - CAG
Update.ppt

2d:

- Austria has reported KAMs and is seeing a real impact on stakeholders
- South Africa and Canada confirmed that they have listed entities in scope of ISSAI 1701.
- UAE suggested that it might be necessary in the public sector to take a step back from just analyzing the definition of "listed entity" when determining if it is necessary to report KAMs (consider the fact that public sector entities may not have share or bond holders but may nevertheless have a wide range of stakeholders)
- AFROSAI-E mentioned that Uganda, Malawi, Zambia have also attempted to implement ISSAI 1701
- India indicated that UN has decided that it does not need KAM because it issues long-form reports (factual reporting on the performance of the entity)
- Some discussion to clarify the difference between EOM and KAM

2d - ECA Key audit   2d - ISSAI 1701.pptx
matters.pptx
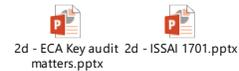
2e:

IAASB's presentation on ISQC 1 raised the issue of needing to update ISSAI 40 for changes that are occurring.

2e - Update
INTOSAI Meeting.pp

2f:

2f - Exposure draft   2f - IDI
Financial Audit ISSA presentation-FA har

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Day 3

3b:

- IPSASB CAG member presented the workbook that is maintained for FAAS to help them understand recent IPSAS developments
- IPSASB CAG raised the issue of IPSASB possibly developing another technical solution that sits somewhere between the cash-basis and full-accrual basis (IPSASB presently referring to it as differential reporting but the project has not yet started)

3b - International
Accounting Standar

3c & 3d:

FAAS' response to IPSASB's consultation paper (priorities E and F) will highlight the following key issues:

- Needs to be a clear linkage between IPSAS implementation and the required legal alignment since budget frameworks are dictated by law and regulation in government.
- More work needs to be done on criteria for acceptability of accounting frameworks.
- The capacity of accountants and requisite funding needed must be aligned to the ambition for IPSAS implementation (maturity model, differential reporting). The existence and maturity of institutions in the country is relevant.
- Overreliance on private sector consultants due to limited accounting capacity and transfer of knowledge within governments as well as limited capacity of IPSASB for outreach.

3c - IPSASB   3d -   3d - IPSASB   3d -   3d -
Projects.pptx   At-a-Glance-Strateg   Strategy.pptx   IPSASB-Strategy-and-IPSASB-Work-Plan-A

3e:

FAAS Chair announced the development of a FAAS website and the start of an initiative to work with IDI and AFROSAI-E to assist very small SAIs for which the environments may not require a full implementation of financial audit ISSAIs.