

# IFIAR Brief - 2013

## *IFIAR's Focus and Future Vision on Audit Quality with International Collaboration and Regulatory Improvement (audit quality)*

The International Forum of Independent Audit Regulators (IFIAR) primarily concentrates on sharing knowledge about the audit market environment and actual experiences from independent audit regulatory activities, promoting collaborative and homogeneous regulatory activity, and giving a structure for a dialogue with other international organizations interested in audit quality. IFIAR visions for the future include becoming globally recognized on audit quality issues, ensuring meaningful global exchange of auditing information, implementing responsive action plans regarding inspection findings, broadening and deepening contracts with non-IFIAR audit regulators, expanding contacts with different organizations to improve the global audit quality and designing a more effective public communications strategy. These goals are meant to bolster IFIAR's role in improving global audit quality. IFIAR has also formed working groups like the Enforcement Working Group and Global Public Policy Committee (GPPC) that work towards promoting stronger coordination in enforcing standards and laws, and initiate dialogues to improve audit quality respectively.

## *IFIAR Annual Report & Governance Innovations (governance)*

The International Forum of Independent Audit Regulators (IFIAR) has been focusing on enhancing its role in improving audit quality worldwide. Key changes in governance, adopted in its annual meeting, consist of the introduction of a work plan for every working group and a dashboard for officers and the Advisory Council's use. The amended IFIAR charter is aiming to boost governance and operations. The meeting addressed issues like audit quality measures and the way large auditing network's structures affect audit quality. Also discussed were the International Ethics Standards Board for Accountants' projects and agenda coordination with workgroups, and standard setters. Corporate governance incorporation in auditors' work was also explored, along with a separate report on corporate governance by auditors, highlighting the importance of communication between auditors and governance entities. The existence of a well-developed legal and corporate governance framework is preconditioned for high-quality auditing.

## *International Collaboration in Auditing Standards and Oversight (auditing standards)*

A recent meeting of the advisory council welcomed five new members from Australia, France, Singapore, Sri Lanka, and the United Kingdom. The members agreed to a work plan focused on increased public outreach and interactions with international organizations interested in audit matters. Additionally, the plan proposed an increase in media contacts. Reviews of audit engagement files have been carried out to assess the effectiveness and compliance with accounting and auditing standards. Sanctions have been imposed on various companies and individuals for their failure to comply with these standards. Several countries, such as Mauritius and Sri Lanka, have adopted International Auditing Standards, while other nations like Greece, Spain, and Sweden established local entities for overseeing auditing standards and practices. Overall, the emphasis is put on maintaining ethical practice, adherence to auditing

standards, and improvement of reporting to audit committees.

### ***Overview of International Audit Oversight Activities and Collaboration (nist)***

The report indicates a wide array of activities associated with international auditing and financial oversight. Key focus is on actions performed by public audit oversight committees and auditing boards across countries like EU, Finland, and Greece. They undertook reformative processes, drafting new auditing acts, approving auditors, administering auditor registration and contributing in national tax reforms. Furthermore, administrative sanctions were handed out to audit firms and auditors in several cases involving infringement of auditing rules. Interaction and collaboration with various ministries were prevalent not only on a national scale, but also at the European and International levels. Finally, the financials of such entities show that they largely rely on the joint funding by members and voluntary contributions to cater for their operational expenditures.

### ***Conference Updates and Regulatory Developments in Audit Standards and Procedures (international standards)***

The SCWG Task Force held multiple conference calls to discuss the International Auditing and Assurance Standards Board's (IAASB) proposals and revised International Standards on Auditing (ISA), along with the IFIAR's response to these. Members analyzed the exposure drafts both for continued internal understanding and to formulate an official IFIAR comment letter submitted to the IAASB. Additional topics included SCWG governance, cooperation with other workgroups, and liaisons with standard setters. Also, member jurisdictions reported on their audit activities, with an emphasis on compliance with the international standards and maintenance of audit quality. Among them, Abu Dhabi Accountability Authority continued to review audit files while the Financial Market Authority, Liechtenstein focused on client protection, abuse prevention and compliance with recognized international standards.

### ***Global Audit Standards and Regulation Coordination (international audit)***

The summarized content describes the efforts by different branches of the International Forum of Independent Audit Regulators (IFIAR). The Global Public Policy Committee (GPPC) and Standards Coordination Working Group are in constant communication with the six largest international audit networks and other international organizations to improve the quality of audits. There is an emphasis on public outreach, engagement with media, auditing standards, and consistency in audits. The regulatory bodies also responded to international consultations, maintained public-impact case supervision, monitored compliance, and updated regulations accordingly. Adoption and improvement of international auditing standards are seen in different countries, for instance, Mauritius.

### ***Regulatory and Security Requirements in Automated Trading (environment)***

In safeguarding investor interests, broker-dealers must segregate excess margin securities and fully paid securities in a non-lien environment. An encouraging environment towards the shari'ah compliance, accounting consistency, and regulatory governance is essential for the promotion of Islamic capital market products and services. Regulatory procedures such as strong disclosure regimes play a significant part in this. Automated trading environments,

while beneficial, can potentially result in abusive behaviours. Strict controls and systems are required, as highlighted in ESMA's guidelines. Detection and measurement of manipulative behaviours in such environments pose a challenge, hence the need for effective detection tools. Different indicators of market manipulation in such environments include tactics such as ping orders and quote stuffing. In some cases, a broker-dealer might have multiple market participant identifiers, which can be compared for consistency. Maintaining a secure environment for requesting and receiving additional information is vital.

### ***Engagements and Responsibilities of International Financial Regulatory Groups (ethics)***

The Standards Coordination Working Group, headed by Bernard Agulhas from South Africa, seeks to serve as a platform for IFIAR members to discuss issues related to the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA). They work on incorporating shared concerns into submissions for these boards. Feedback has been provided to IESBA on various topics, including IESBA governance, upcoming projects, and agenda. Joint comment letters responding to consultations by IAASB and IESBA are also produced in collaboration with the Working Group's European and international counterparts.

The European Audit Inspection Group (EAIG) maintains regular interactions with international standard setters such as IAASB and IESBA. The APOA oversees public matters, including audit authorization procedures and professional training programs. The Registered Auditors of South Africa (RABS) under IAASA's supervision ensures adherence to professional standards and conducts disciplinary proceedings for non-compliance. RN, in conjunction with FAR, monitors authorized public accountants and firms, administering measures against professional breaches and ensuring the development of auditing standards and ethics.

### ***Global Audit Regulatory Activities and Developments (accountability)***

The Global Public Policy Committee (GPPC) welcomed new council members from Canada and Abu Dhabi. The committee, chaired by Brian Hunt, conducts routine inspections of audit firms, ensuring they adhere to international standards and laws. Specifically, the Abu Dhabi Accountability Authority (ADAA) continues to review audit files assessing audit procedure quality. Concurrently, the Canadian Public Accountability Board (CPAB) initiated a strategic plan setting the organization's direction for upcoming years.

As of December, the GPPC membership includes independent audit authorities from multiple jurisdictions including Abu Dhabi, Canada, and Croatia. These organizations are encouraged to maintain public accountability, ensuring their credibility and integrity while utilizing their powers and resources.

### ***Fitness and Dietary Trends From the Recent Interest Survey***

Paragraph: "In the recent survey conducted, the participants have shown their interest in fitness activities, including outdoor sports and indoor workouts. Many have mentioned hiking, running, and cycling as their favorite physical activities when outdoors. When indoors, they prefer doing yoga, weight-lifting, and Aerobics. There was also significant interest in dietary changes and healthier eating habits, including the adoption of vegan, low-carb, and gluten-free diets. Most survey participants believed that these lifestyle modifications greatly improved their physical health and mental well-being." (fraud)

The survey results depict a heightened interest in fitness activities encompassing outdoor sports

like hiking, running, and cycling, as well as indoor workouts such as yoga, weight-lifting, and Aerobics. Notably, significant attention is also given to changes in diet, with preferences towards healthier eating habits including vegan, low-carb, and gluten-free diets. The majority believes these changes contribute significantly to enhancing their physical health and mental well-being.

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***Disclaimer:** The content herein was sourced from the International Forum of Independent Audit Regulators (IFIAR) at <https://www.ifiar.org> and summarized by ChatGPT. ChatGPT is known to generate inaccurate information. Always refer to IFIAR's original documents for complete and accurate information.*