



Accountants Association in Poland

Accountancy Profession Strategic Forum Detailed Programme

In cooperation with the National Chamber of Statutory
Auditors and the Accountants Association in Poland

Grand Ballroom, Sheraton Warsaw Hotel, Warsaw
7-8 May 2014

08:30 **Coffee and networking**

09:00 **WELCOME AND INTRODUCTION**

Welcome to APSF 2014

Teresa Cebrowska, Vice-President, SKwP

Recap of APSF 2013 conclusions and introduction to APSF 2014

Martin Manuzi, APSF Chairman

Appendix one summarises the main conclusions from the APSF 2013 in Sofia: *10 points for strategic development*.

09:20 **THE CHANGING LANDSCAPE – HOW PROFESSIONAL ACCOUNTANCY ORGANISATIONS MUST ADAPT AND EVOLVE TO REMAIN RELEVANT**

This session will help frame the entire APSF by drawing out the major trends in the changing overall landscape in which professional accountancy organisations operate. The discussion will permit an exchange of views on how these trends manifest themselves across different countries. The objective is to reflect on the growing recognition internationally among the leadership of professional accountancy organisations that external changes and pressures require action and innovation in order to retain the standing and relevance of professional accountancy organisations.

In recognition of the fact that these challenges are also experienced by professional accountancy organisations outside the APSF community and that lessons can also be drawn from their experience, the session will begin with short presentations by:

- Gilles Hengoat, Chairman, Département des Marchés Financiers (DMF), Compagnie Nationale des Commissaires aux Comptes (CNCC)
- Gary Pflugrath, Director, Public Policy and Regulation, International Federation of Accountants (IFAC)

Following the presentations, all participants will be invited to discuss the key challenges and opportunities which their organisations face in their own national contexts, including sharing examples of successful initiatives to reassert the relevance of professional accountancy organisations.

Among the areas for discussion are:

- Continuing regulatory initiatives arising from the financial crisis which impact on the profession's role;
- De-regulatory measures and market pressures impacting on work of professional accountancy organisations and on delivery of core services by members;
- Broader reputational and policy debate challenges, for example in areas such as tax avoidance.

10:30 MEETING THE NEEDS OF EXTERNAL STAKEHOLDERS AND THE NATIONAL ECONOMY (I)

This session will be split into two parts.

The session is designed to focus in more detail on the changing needs of the business community and wider national economy – and on how professional accountancy organisations can assist their members to meet these new needs, while serving a broader public benefit.

The objective is to examine how professional accountancy organisations can build on their traditional core competences through innovation to develop new roles and services for their members. The session will also consider the interaction necessary with external stakeholders to enhance awareness in the broader stakeholder community of the role and contribution provided by professional accountancy organisations and their members.

The first part of the session will focus on:

- The needs of preparers and expectations of lenders and other capital providers
- Assurance and other services for audit exempt companies

To focus on the external stakeholder perspective, the session will begin with a short presentation by **Piotr Kamiński**, Vice-President, Pracodawcy Rzeczypospolitej Polskiej (Employers of Poland).

Among a number of APSF participants who will act as lead discussants to stimulate the exchange of views, FEE Deputy-President, **Petr Kříž**, will address assurance and other services for audit exempt companies.

The discussion will cover potential implications for professional accountancy organisations of the growing trend towards audit exemption and the revised Accounting Directive. For background, see appendix two: *Summary of FEE/ICAEW joint event on Audit exemption: how can accountants support small businesses?*

11:40 Coffee and networking

12:00 MEETING THE NEEDS OF EXTERNAL STAKEHOLDERS AND THE NATIONAL ECONOMY (II)

The second part of the session will focus on:

- Public sector accounting and financial management: assisting reform and filling the skills gap

The discussion will address the opportunities for professional accountancy organisations to contribute to better public sector accounting and financial management in their respective countries. It will cover the contribution professional accountancy organisations can make to raise public awareness and help drive reform in these areas, as well as the practical role that professional organisations can play to ensure that the public sector employs appropriately skilled professionals. The discussion will take place against the backdrop of the on-going initiatives at EU level to strengthen EU economic governance and, through the recent initiatives of Eurostat, to harmonise public sector accounting based on accrual accounting across Europe.

A number of APSF participants will act as lead discussants to stimulate the discussion, drawing from their national and international experience.

For background, see appendix three: *Public sector accounting and financial management: assisting reform and filling the skills gap.*

13:00 **Buffet lunch**

14:00 **STRATEGIC PLANNING, FUNDING, STRUCTURE AND LEGAL REMIT**

This session will focus on four critical pillars in the overall functioning of professional accountancy organisations which impact directly on the capacity to enhance their relevance in national economic life. The main purpose of the session is to exchange new ideas and innovative approaches in these areas which can provide a stronger foundation for professional organisations to contribute more effectively and across a wider range of areas of national economic life.

The four areas are:

- Ensuring focus on 'impact on economic development' in strategic planning
- Addressing funding and budgeting challenges
- Developing organisational structure to meet member needs
- Addressing questions of legal remit

The discussion will be stimulated by a number of lead-discussants including FEE President, **André Killesse**, who will discuss legal remits. On this specific topic, the intention is to encourage APSF participants to exchange views on how restrictive legal remits can be overcome, whether through interaction with governments and other stakeholders to communicate the benefits of widening the roles of professional accountancy organisations, or through other initiatives such as cooperation between professional accountancy organisations.

Following the lead discussants, all participants will be invited to contribute to the discussion by describing their key priorities in at least one of the above four areas in the framework of their professional accountancy organisation's development over the coming years.

By way of background material for the session, participants are asked to give consideration to appendix four: *Professional accountancy organisations development model*.

This model, which has been developed through ICAEW's various interactions with professional accountancy organisations throughout the world, recognises the critical importance of IFAC SMOs but also acknowledges that further components in strategic planning are essential in order for professional accountancy organisations to contribute fully to the public benefit. The focus in the discussion, therefore, is intended to be on the 'impact on economic development' and how professional accountancy organisations can enhance their structures and functioning to assist their members to contribute in practical ways in this respect.

15:30 **Coffee and networking**

15:50 **NEW FORMS OF INTERNATIONAL COOPERATION TO ENHANCE NATIONAL RELEVANCE**

This session is designed to stimulate innovative thinking with regard to potential new forms of international cooperation which professional accountancy organisations could pursue in order to enhance their national relevance. The discussion is intended to address cooperation between individual or groups of professional accountancy organisations as well as cooperation with international bodies such as the World Bank.

The premise for the session is that international cooperation can enable national professional accountancy organisations to modernise and achieve sustainable platforms more effectively than would be the case when operating on a standalone basis and 're-inventing the wheel' across many different areas. Innovative international cooperation can help expand the roles of national professional accountancy organisations while enabling them to retain their identity and interface with the national market.

It is anticipated that the discussion will focus on potential opportunities for cooperation in the following areas:

- Technical services and guidance to members
- Professional standards and audit monitoring
- Learning and professional development, including syllabus development, assessment and CPD

The session will begin with presentations by:

Henri Fortin, Head of the Centre for Financial Reporting Reform, World Bank, on the above areas; and

Alex Fawcett, Senior Financial Management Specialist, Centre for Financial Reporting Reform, World Bank, on the World Bank Financial Reporting Technical Assistance Programme in Poland.

A number of participants will act as lead discussants to stimulate the discussion, after which all participants will be invited to contribute with views.

In line with the overall objective of the APSF to provide practical assistance to enhance the strategies and infrastructures of APSF participants, ICAEW will present a proposal to establish small working groups in the above areas.

It is expected that each group will bring together up to four APSF participants for a series of meetings, part-funded by ICAEW, designed to brainstorm and develop innovative forms of cooperation in the defined areas.

Further details of this initiative will be given during the session.

17:30 **Close**

19:15 **Departure for dinner at the Villa Foksal**

08:30 **Coffee and networking**

09:00 **WELCOME AND SHORT SUMMARY OF KEY OBSERVATIONS FROM DAY ONE**

Martin Manuzi, APSF Chairman

09:05 **WORKING TOGETHER TO SUPPORT NATIONAL ECONOMIES: OVERSIGHT AUTHORITIES, PROFESSION AND STAKEHOLDERS**

This session is designed to stimulate discussion on how the working relationship between professional accountancy organisations and their respective Oversight authorities and other public authorities can evolve in a way which best supports national economies. The particular focus will be on national corporate reporting and corporate governance 'eco-systems', comprising the functioning of audit committees and needs of lenders and investors.

The aim is to identify emerging best practices across different countries and exchange views on their potential introduction in different national contexts. In particular, the discussion will consider practices which are effective in identifying areas of concern and barriers to sustainable growth within national eco-systems and in developing remedial solutions and other innovation conducive to market confidence and growth.

While statutory audit is a key component in the eco-system and requires attention, the discussion will also consider wider issues of interest to professional accountancy organisations and market participants. The discussion will also recognise the different stages in development of Oversight authorities and their relationships not only with professional accountancy organisations but also wider stakeholders and regulators.

The session will begin with presentations and lead discussant interventions by:

- **Piotr Kamiński**, Member of Komisja Nadzoru Audytowego (Polish Audit Oversight Commission)
- **Dan Brännström**, Secretary General, FAR (Branschorganisationen för revisorer och rådgivare) (Swedish institute for authorised public accountants)
- **Costa Cotsilinis**, Deputy Chairman, Eptropi Logistikis Tipopiisis kai Elehon (ELTE) (Hellenic Accounting and Auditing Standards Oversight Board)
- **Maciej Stańczuk**, Vice-President and Chief Economist, Pracodawcy Rzeczypospolitej Polskiej (Employers of Poland)

Following these interventions, an interactive discussion will enable all participants to discuss the key challenges and opportunities in their own national contexts, including examples of successful initiatives to work collaboratively with Oversight and other public authorities as well as with wider stakeholders.

Among the broad themes to be discussed are:

- **Trust, transparency and the respective expectations of Oversight authorities and professional accountancy organisations**
- **Constructive engagement to promote innovation: non-statutory audit assurance, integrated reporting.**

10:30 **Coffee and networking**

10:50 **IMPLEMENTING THE NEW EU LEGAL FRAMEWORK: OVERSIGHT AUTHORITIES, PROFESSION AND STAKEHOLDERS**

This session will address specific areas which raise implementation questions in the recently adopted new EU legal framework – the revised Statutory Audit Directive (amending Directive 2006/43/EC) and the new Regulation on specific requirements regarding statutory audit of public interest entities. The focus will be on areas of direct concern to professional accountancy organisations in their capacity as delegated competent authorities, although questions on the wider areas of implementation are also expected.

The primary aim is to exchange views on how Oversight authorities and professional accountancy organisations can work together effectively to ensure the efficient implementation of the new EU legal framework. The discussion will also address, where necessary, on-going challenges in areas which will remain unchanged by the new EU legal framework.

The session will begin with presentations and lead discussant observations by:

- **Nathalie Berger**, Head of Audit and Credit Rating Agencies, DG Internal Market, European Commission – providing an overview of the new EU legal framework
- **Joanna Dadacz**, Director of the Accounting Department, Ministry of Finance
- **Costa Cotsilinis**, Deputy Chairman, Epitropi Logistikis Tipopiisis kai Elehon (ELTE) (Hellenic Accounting and Auditing Standards Oversight Board)
- **André Killesse**, President, FEE

Among the anticipated areas of discussion are:

- Oversight, delegation and discharge of regulatory responsibilities in the sphere of statutory audit
- Effective transition in arrangements for PIE monitoring and consistency with non-PIE reviews
- Auditing standards and ISA adoption
- Interaction between the revised Accounting Directive and new EU audit framework
- Broader elements of the EU framework impacting on public interest entities

By way of background, see appendix five: *Role of professional accountancy organisations in implementing EU audit legislation*.

12:20 **KEY OBSERVATIONS FROM 2014 FORUM**

The final session will seek to draw together the key observations from the discussions throughout the working sessions, focusing comments on future strategic direction.

This will be pursued through a final “tour de table” where all participants are invited to comment on one of the following:

- key observations and conclusions from the APSF
- potential area for international cooperation between professional accounting organisations
- areas for future attention at APSF 2015.

13:00 **CLOSURE OF FORUM**

Concluding remarks
Józef Król, President, KIBR

APPENDIX 1

MAIN CONCLUSIONS FROM APSF 2013, SOFIA

This appendix refers to the session: **welcome and introduction**

10 KEY POINTS FOR STRATEGIC DEVELOPMENT

To fulfil their potential, markets need wellfunctioning national professional accountancy organisations. In many cases, however, professional organisations face challenges and constraints which prevent them from providing greater support to their national markets. Overcoming these challenges would enable them to better fulfil their public interest role. In such cases, innovative forms of international cooperation can help modernise and expand the roles of professional accountancy organisations while enabling them to retain their identity and interface with the national market. This 'code-sharing' approach – loosely based on cooperation in the airline sector – can help professional accountancy organisations better meet market and public interest needs while putting them onto a more sustainable basis.

The following 10 key observations and conclusions were drawn from the discussion regarding the strategic development of professional accountancy organisations.

Professional accountancy organisations can do more to meet key needs within national economic and institutional life. Their potential is often under-utilised due to a tendency to focus on traditional approaches and also a reticence to pursue innovation and new roles. Greater proactivity and entrepreneurship would enhance the relevance of professional organisations and stakeholder understanding of their unique contribution.

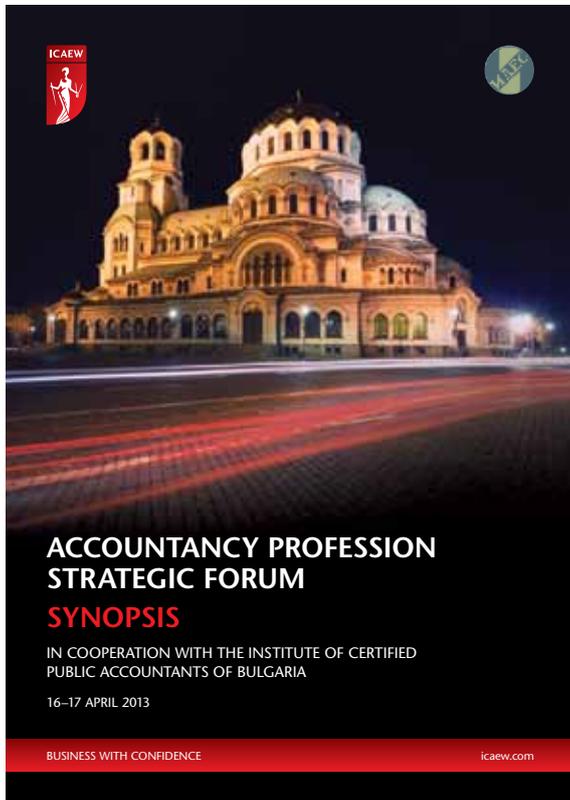
To maintain relevance and be sustainable, professional accountancy organisations need to develop new services. By drawing on the experience of practitioners and views of external stakeholders, professional organisations can develop valued new services and promote their market take-up. Areas of new development could include: broader business advisory services, tailored services for family business needs as well as initiatives to improve the functioning of tax systems and public sector financial management.

The continuing trend towards greater audit exemption underlines the need to actively promote assurance outside of statutory audit. New forms of assurance on financial statements for audit exempt companies and assurance on non-financial information will be crucial to strengthening trust in markets and meeting broader economic needs. They will also be critical to the continued relevance of professional organisations.

The needs of preparers of financial statements and individuals working in finance functions raise market opportunities and public interest considerations. Ensuring high-quality initial professional training and effective continuing professional development is critical to confidence and growth in markets. Where accountancy and audit form the basis of separate professional organisations in some countries, greater cooperation between them could create more sustainable platforms to provide the required support.

Strategic planning processes are critical to future development. Without a clear vision of the future and an implementation plan, professional accountancy organisations risk losing focus and relevance. Strategy development requires interaction with external stakeholders and members to help align the provision of services to actual needs. A sustainable funding base is also vital: innovation to secure new funding streams can support the core public interest mission of professional organisations.

A genuine partnership approach with oversight authorities and regulators in the 'eco-system' of corporate reporting and governance is key. Retaining the confidence of oversight authorities and regulators requires investment, transparency and professionalism by professional accountancy organisations. It is in the public interest for professional organisations to be dynamic partners, proposing initiatives, setting out their expectations and seeking to optimise the sharing of responsibilities. A better understanding of respective challenges and constraints can strengthen the 'eco-system' as a whole.



Greater cooperation between professional accountancy organisations in quality assurance can help address existing challenges. Bilateral or regional cooperation can help identify synergies in the building of infrastructure, for example in the training of reviewers and in the development of risk-based techniques. Exchanging experience can also assist more generally in implementing new quality assurance procedures, for example in relation to communicating the benefits of quality assurance to practitioners.

Proactive external engagement and communication is required to secure widespread recognition of the relevance of professional accountancy organisations. Engagement with business and other stakeholders is critical to the design of new services and to developing policy positions on public interest matters. Relations with policymakers can be significantly enhanced when professional accountancy organisations work as centres of technical excellence and provide objective advice.

Innovation and investment are required to match the career aspirations of students and to maintain future quality in the profession. The future success of professional accountancy organisations depends on innovation in syllabuses and learning materials as well as new approaches to attracting a wider pool of potential candidates into the profession. International cooperation can help professional accountancy organisations share development costs, keep pace with change and cater for the growing number of specialisations required by the market.

International cooperation can play a key role in enhancing the contribution of professional accountancy organisations in national economic and institutional life. For example, cooperation can be pursued to produce guidance for practitioners, learning and professional development materials and monitoring methodology, as well as to share best practices and exchange experience more generally. This approach can enable national professional accountancy organisations to move to more sustainable platforms than would be the case when operating on a standalone basis and needing to 'reinvent the wheel' across many different areas.

APPENDIX 2

SUMMARY OF FEE/ICAEW JOINT EVENT ON AUDIT EXEMPTION: HOW CAN ACCOUNTANTS SUPPORT SMALL BUSINESSES?

This appendix refers to the session: **meeting the needs of external stakeholders and the national economy (I)**

SUMMARY OF DISCUSSIONS

As a profession, it is time to acknowledge that we are on a journey towards demonstrating the relevance of our audit and assurance services to small businesses. That, at least, was one of the conclusions of the moderator of the international debate hosted jointly by FEE and ICAEW on 19 February 2014 in Brussels. Panellists and speakers from five different countries met to share their thoughts on how accountants can best support small businesses.



BACKGROUND

By far the majority of businesses around the world – and certainly in Europe – are small regardless of how that term is defined. In recent years, there has been an international trend towards making audit optional for small businesses, most recently expressed in the 2013 EU Accounting Directive where Member States have the option to increase two of the thresholds for small undertakings up to a maximum €12 million turnover and €6 million in net assets (default thresholds are €8m turnover and €4m in net assets)¹.

INTRODUCTION

Petr Kříž, FEE Deputy President, welcomed the participants by setting the objective of the event. The theme of the discussion was focused on the profession's need to make use of its expertise and unique skill set in developing approaches that better meet stakeholders' needs. Market-, demand- or customer-driven innovation is crucial if we want to find sustainable solutions.

Petr Kříž passed over to **Myles Thompson**, FEE board member and Chair of the FEE auditing working party, to moderate the discussion.

KEYNOTE SPEAKERS

When audit is optional rather than mandatory, the door is open for alternative services. **Arnold Schilder**, IAASB Chairman, talked the room through the range of international technical standards that support not only audit, review, and compilation services, but the development of new assurance standards. He gave some insight into the added value of each of these types of services and also made reference to his personal experience whereby other stakeholders, such as banks or investors, are mostly interested in seeing the signature of a professional.

International Standard for Review Engagements (ISRE) 2400 leads to a limited assurance conclusion, with a report on the financial statements which is communicated with a clear view on the users of the report. Recent revisions emphasise the importance of communication. While a review conclusion is different from an audit, and is phrased using negative terms, it can still be perceived as a positive outcome. After all, if a doctor were to say 'based on my examination, I have found no indication that there is anything wrong with your health', that would be a positive outcome.

International Standard for Assurance Engagements (ISAE) 3000 is the umbrella assurance standard which will become increasingly relevant if there is a wider demand for assurance other than review or audit. The 2013 revisions have:

- applied clarity conventions;
- strengthened the requirements, with supporting application material;
- displayed the difference between reasonable and limited assurance side by side in a column format; and
- recognised that limited assurance can cover a range of engagements, specifying that these must be meaningful to users.

¹ To meet this definition of a small undertaking, businesses must meet two out of three thresholds. The third threshold, 50 or fewer employees, is unchanged.

International Standard for Related Services (ISRS) 4410 is the compilation standard for accounts preparation, which IAASB does not see as providing assurance. People might take assurance from a compilation engagement/report, but the accountant does not perform procedures to obtain assurance over the information. Responsibility for the reliability of the accounts prepared remains with management.

Andreas Noodt, representing the Small and Medium Practices Committee of IFAC, spoke further about the application of ISRE 2400 and the use of review engagements. Without any past experience to draw on, it is not always easy for stakeholders in jurisdictions with a history of universal audit to understand what a review engagement might be. It is important to take advantage of every opportunity to clarify what is involved and when a review opinion would be appropriate. In Germany, for example, practitioners often offer a compilation service supplemented by review-type procedures to obtain limited assurance on the underlying information. In such engagements, the compilation report is expanded to explain the engagement. German practitioners also perform reviews of financial statements when the entity has prepared its own financial statements but needs independent assurance expertise.

Review engagements increase credibility for banks and investors, enhance confidence for shareholders and management, and help businesses plan for success.

The IFAC SMP Committee have developed a **Guide to Review Engagements**. The highlights of the guide are:

- professional scepticism;
- an emphasis on professional judgement (not checklists, though there are some in the guide as they are needed for efficiency);
- additional procedures, that is, when they are required and when not (if a practitioner is not fully confident, too much work might be performed, and the challenge for a professional review is to stop at the right point); and
- documentation examples (often the most important and difficult part).

Robert Hodgkinson, Executive Director, Technical, ICAEW, expanded the discussion from the technical services that accountants can offer to consider the broader role of the accountancy profession in the modern economy. Accountants are not used to spelling out the benefits of audit and assurance, and now must learn how to relate our services to business needs.

The idea of selling non-audit services makes accountants uncomfortable: in the past, it has been seen primarily as a risk to the independence of the auditor. Without universal audit, however, the situation has changed. Now we need to be really convinced that what we do has value for businesses.

Three observations:

- 1 Professional bodies have a crucial role to play in this journey, helping accountants to get together and learn from one another.
- 2 Accountants need to be less concerned with defining specific products, and should evolve more towards practice, ways of behaving, serving people, and meeting needs – rather than just delivering what is mandated by law.
- 3 In every country, accountants and accountancy bodies need to start taking practical steps on this journey. ICAEW has done so by preparing a series of leaflets, the Assurance Options, to help accountants discuss these services with businesses in non-technical language.

Responses to three anticipated challenges:

- 1 The profession could focus instead on achieving regulatory solutions, and stemming the tide of deregulation. There is certainly work to be done in this area, but we must also act on the world as it is. Relying on a regulator means relying on an external solution, and we will be more resilient as a profession if we respond to challenges by developing our own solutions.
- 2 Accountants should also consider new areas such as integrated reporting, sustainability, technology. It can be taken for granted that we will be doing this, but unless we have basic confidence in the value of what we do, people will not want our services.
- 3 We might fail at the journey, but that is what makes it meaningful. The accountancy profession might become irrelevant if statutory audit is taken away, and there is no guarantee that we will be successful in adapting. Think of the medieval guilds (weavers, fullers, smiths) whose work has gone. Equally, however, there are opportunities for the profession to flourish.

PANEL DEBATE

Small businesses are not interested in our technical debates, as **Gerhard Huemer** of the European Association of Craft, Small and Medium-sized Enterprises (UEAPME) explained. They do not need to understand how the engagement works, but they do need to be confident that it will be meaningful to those in a position to extend finance, such as banks and investors.

This journey is an interesting one, and it may lead to a better situation for helping SMEs. It used to be that they saw an auditor once a year and hoped the auditor didn't find anything – in the future perhaps they will work together with the auditor to improve the business.

Morton Speitzer, President of the Danish Institute FSR, shared the experience of the Danish profession of working with the government and with banks to adapt and apply the internationally recognised review engagement in Denmark. When the original exemption from audit was followed by some spectacular business failures, politicians and lenders understood the need for assurance. However, this group would not accept a limited assurance conclusion, which is why the extended review in Denmark was developed.

The 2013 calendar year is the first year of the extended review service and its implementation is being pushed hard. It is not yet clear what the impact will be.

A different perspective was shared by **Jan Wietsma**, a business consultant from the Netherlands whose imagined day in the life of a future accountant takes in technological change, behaviour, and attributes². To him, in a near future, the administrative work performed by accountants would be close to zero while their consultative roles would be more and more strategic for small businesses. Today, the cost of new services is seen as high, and the added value is not yet perceived by SMEs.

A test is currently being explored in the Netherlands with bankers, the tax authorities, and the Ministry of Economic Affairs to investigate the future for SMEs and what might be of value. It is likely that this will be more advisory about big data, finance and taxes rather than a strong role for giving assurance.

² Jan Wietsma's vision of Klaas Ruiters in 2017 can be found online at: <http://www.accountancynieuws.nl/actueel/branche/deel-1-eeen-dag-uit-het-leven-van-klaas-ruiter.124330.lynkx>

In Germany, by contrast, a history of smaller companies being exempt from audit has led to innovative development of compilation services. **Michael Gewehr**, Member of the Auditing division of the auditing and accounting board of the German Institute IDW and Chair of the IDW's Subcommittee on assurance services, explained that German practitioners offer three different kinds of compilation engagement, from compilation pure and simple, where the practitioner does not obtain assurance, to compilation with some analytical procedures and inquiry on the underlying information so as to obtain limited assurance thereon, to compilation combined with audit-style substantive procedures whereby the practitioner obtains reasonable assurance on the information underlying the financial statements.

There is a long history of these alternative services, and they are offered not just by auditors but also by tax practitioners. SMEs in Germany have found value in the work that these accountants provide. Investors and creditors require reliable financial information, and businesses see a need for credible financial statements.

DEBATE THEMES

The wide range of perspectives, and the challenging statements made by some of the panellists and speakers, gave rise to a lively debate.

The idea of selling our services, particularly non-audit services, is enough to make accountants profoundly uneasy. Yet skill at understanding and meeting business needs is essential as long as the profession does not forget the ethical principles that are part of its distinguishing mark. Ethical selling is based on good, attentive listening and 'auditor' is, after all, derived from 'audire', Latin for 'to listen'. When services are not mandatory, this skill becomes vital to an accountant's ability to add value for businesses.

CONCLUSION

The different services offered in different countries suggest that there is no obvious solution to the questions raised by exemption from mandatory audit. Deregulation and disruptive technology are changing the way accountants do business, and we cannot ignore those changes. Learning from the approaches taken across the world will help us understand where we should go next, as will engagement with banks and investors, with members, and with small businesses themselves.

APPENDIX 3

PUBLIC SECTOR ACCOUNTING AND FINANCIAL MANAGEMENT: ASSISTING REFORM AND FILLING THE SKILLS GAP

This appendix refers to the session: **meeting the needs of external stakeholders and the national economy (II)**

This note provides some background on the major opportunities arising for professional accountancy organisations from the need to reform accounting and financial management in the public sector across Europe. It is not a comprehensive note, but is designed to stimulate discussion on the potential role APSF participants could play in their respective national public sectors. The note draws on various recent ICAEW public sector initiatives.

NEED FOR SUSTAINABLE PUBLIC FINANCES AND ACCOUNTING REFORM

The global financial and economic crisis revealed the poor quality of financial management, reporting and governance within much of the public sector, stemming in particular from the inadequate application of accruals, both in accounting and budgeting, and the management of government balance sheet assets and liabilities. The causes and consequences of the crisis were far broader, but the shortcomings in accounting and financial management are now being widely recognised.

The need for more sustainable public sector finances is urgent and of acute public interest. According to Eurostat, EU28 government debt to GDP ratio stood at an average 86.8% of GDP, and 92.7% for the euro zone in late 2013.

Eurostat confirmed in March 2013 that European government accounting standards and arrangements remain extremely heterogeneous. Taking into account all tiers and branches of government and the public sector across EU member states, no two countries have the same system or apply the same standards. A major debate is taking place within EU on the best way to improve public sector accounting standards across the Europe, led by Eurostat. An important part of the debate also regards the potential use, in one form or another, of International Public Sector Accounting Standards (IPSAS).

ROLE OF PROFESSIONAL ACCOUNTANCY ORGANISATIONS

Professional accountancy organisations can play a critical public interest role in generating awareness among stakeholders on the benefits of enhancing public sector financial management. In this way, they can shape reform. By way of example, ICAEW has published a report entitled 'A CFO at the Cabinet Table?' on the benefit to government of appointing a Chief Finance Officer, similar to a CFO position in the private sector. At the European level, ICAEW's series on sustainable public finances in the EU brings together key stakeholders from the EU institutions, national and regional government, business, the accountancy profession and civil society.

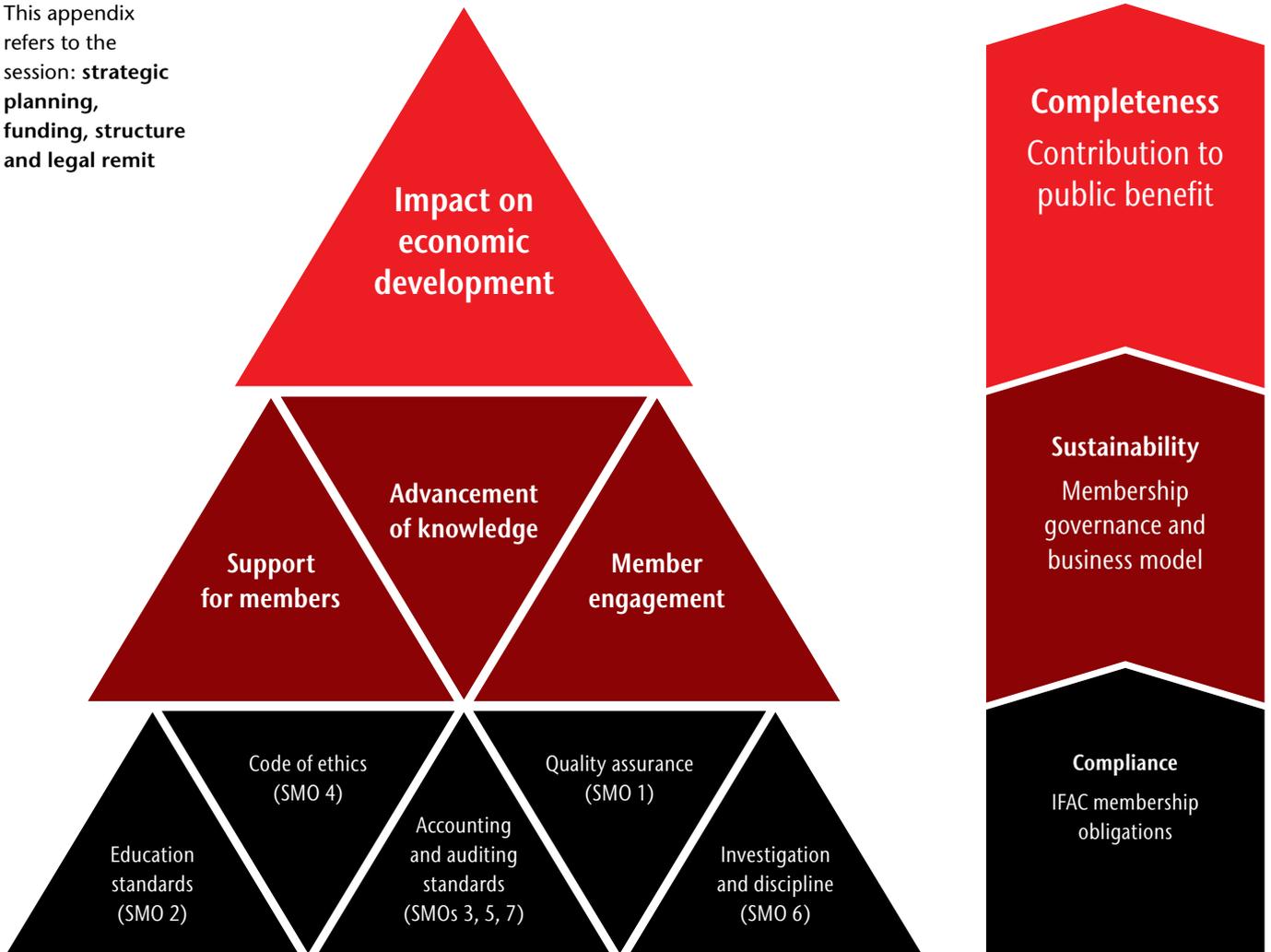
Professional accountancy organisations can also play a more direct role by providing the right qualifications and skills to implement accounting and management reforms within the public sector. Experience in the past among some EU member states and international organisations has illustrated that transitioning from cash based accounts to an accruals based system requires considerable investment in capacity building. Professional accounting organisations which have traditionally served the private sector can also provide their qualification(s) and expertise to the public sector. Moreover, the capacity to serve the public and private sector reflects the reality that there is regular interaction between the sectors.

By way of example, the ICAEW Chartered Accountant qualification, the ACA, is now the only professional accountancy qualification that the UK National Audit Office (NAO) trains. Following recent legislation to reform audit of local authorities, ICAEW plays a major role in the registration of audit firms undertaking audit of local authorities.

APPENDIX 4

PROFESSIONAL ACCOUNTANCY ORGANISATIONS DEVELOPMENT MODEL

This appendix refers to the session: **strategic planning, funding, structure and legal remit**



APPENDIX 5

ROLE OF PROFESSIONAL ACCOUNTANCY ORGANISATIONS IN IMPLEMENTING EU AUDIT LEGISLATION

This note summarises the areas where professional accountancy organisations currently can act and in the future can continue to act as competent authorities for the implementation of the new EU legal framework for audit, through delegation by public oversight authorities which retain ultimate responsibility. The note also sets out in the final section the broad areas in which professional accountancy organisations can provide additional practical assistance to help achieve the objectives of the EU legislation on audit. It is recognised that the form and degree of delegation by audit Oversight authorities to professional accountancy organisations differs across countries, as does the extent of additional practical assistance.

The note is not intended to be comprehensive: it is solely to facilitate discussion at the APSF on implementation issues in the new EU legal framework for audit in areas of direct relevance to professional accountancy organisations.

AUDIT FIRMS (INCLUDING SOLE PRACTITIONERS)

- Ensure firms meet all on-going registration requirements and apply effective investigation and sanctioning, as needed
- Undertake quality assurance monitoring role as defined
- Require quality control in firms and ensure compliance with auditor independence requirements

AUDIT PROCESSES

- Require compliance with applicable auditing standards
- Require appropriate quality control policies and procedures

INDIVIDUAL AUDITORS

- Attract new entrants to the audit profession with the necessary attributes (including personal qualities)
- Ensure learning and professional development and practical experience requirements leading to the audit qualification provides rigorous assessment of knowledge and qualities
- Ensure CPD maintains and develops auditor competencies as necessary
- Monitor auditor CPD performance and respond to matters identified in that monitoring

RELATIONSHIP WITH AUDIT OVERSIGHT

- Implement delegated responsibilities according to conditions set by audit Oversight authorities
- Be responsive to audit Oversight authorities' feedback to help improve operations

RESOURCING AND INDEPENDENCE

- Ensure adequate resourcing to discharge responsibilities
- Meet and demonstrate required independence to audit Oversight authorities/government as appropriate

'ADDITIONAL' PRACTICAL ASSISTANCE

- Promote audit quality drivers picking up matters from the recently issued IAASB audit quality framework
- Support implementation of auditing standards by providing guidance on main challenging areas for auditors, including scepticism and proportionate application of the standards
- Support enhanced auditor reporting through appropriate guidance
- Support audit committees in fulfilling responsibilities
- Support engagement with wider stakeholders to promote understanding of auditors' role and use of audited information

ABOUT KIBR AND AAP

The **National Chamber of Statutory Auditors** (KIBR) is the only professional self-governing organisation of statutory auditors in Poland. It was established in 1992 and represents over 7200 statutory auditors and 1700 audit firms.

KIBR's mission is to promote the highly professional and ethical conduct of statutory auditors, which serves as a means to ensure greater safety in economic relations and to popularise the profession of statutory auditor as an independent, trustworthy expert.

The Chamber lays particular emphasis on international cooperation and keeping close contacts with partners from Europe and other continents. KIBR has been a full member of IFAC since 2001, FEE since 2002, IAAER since 2010 and associated with FIDEF since 2010. Moreover, it has entered into cooperation agreements with a number of professional accountancy bodies from other countries. These agreements allow for development and promotion of the accountancy profession, professional standards and exchange of professional experiences in the area of ethics, education and quality assurance.

The National Chamber of Statutory Auditors

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The **Accountants Association in Poland** (AAP), established in 1907, is the oldest and biggest Polish professional organization. The Association has enjoyed international recognition and is a member of two organisations: the International Federation of Accountants (IFAC) and the European Federation of Accountants and Auditors for SMEs (EFAA).

AAP has over 20,000 ordinary members and around 4,000 supporting members in 26 regional offices and 40 local offices. The Association has its own specialist educational and publishing unit, the Institute for Professional Certification of Accountants. AAP's experience and established position allow for its active engagement in developing and advancing the status of the accounting profession. AAP has developed a certification programme, affording the title of the Certified Accountant. The Association actively provides educational services all over Poland by promoting the profession to new entrants, offering training and developing the professional knowledge of accountants. AAP has issued numerous professional publications, among others *the International Financial Reporting Standards* and, jointly with the National Chamber of Statutory Auditors, *the International Standards on Auditing*. AAP is active in the area of science, through its Scientific Council, and practice, through its representatives on the Polish Accounting Standards Committee, established under the Minister of Finance.

AAP promotes professional and ethical standards. In 2007 *the Code of Professional Ethics in Accounting* was approved. Currently it has 24,000 member Signatories, and about 2,000 non-member Signatories. AAP members celebrate Accountant's Day on June 9, a tradition in place since 2010.

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ABOUT THE ACCOUNTANCY PROFESSION STRATEGIC FORUM

The Accountancy Profession Strategic Forum (APSF) was initially conceived by ICAEW following discussions with professional accountancy organisations in Central, Eastern and Southern Europe. These discussions identified many common challenges and, above all, a common interest in sharing experience and developing strategic thinking.

The APSF has since generated wider geographical interest. It is based on a partnership approach with an annual meeting organised by ICAEW with a host professional accountancy organisation. The APSF pursues an open and constructive discussion and the format is designed specifically to encourage active engagement by all participants. A meeting summary is published and circulated to attendees and other parties.

The APSF encourages proactive strategic planning and innovation among professional accountancy organisations so that they continue to be relevant and contribute to market needs and the public interest. ICAEW has organised APSF 2014 in cooperation with the National Chamber of Statutory Auditors and the Accountants Association in Poland.

www.icaew.com/strategicforum



twitter.com/ICAEW_Europe

Join the twitter conversation – #APSF2014

ICAEW is a world leading professional membership organisation that promotes, develops and supports over 142,000 chartered accountants worldwide. We provide qualifications and professional development, share our knowledge, insight and technical expertise, and protect the quality and integrity of the accountancy and finance profession.

As leaders in accountancy, finance and business our members have the knowledge, skills and commitment to maintain the highest professional standards and integrity. Together we contribute to the success of individuals, organisations, communities and economies around the world.

Because of us, people can do business with confidence.

ICAEW is a founder member of Chartered Accountants Worldwide and the Global Accounting Alliance.

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