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Audit Training of Trainers

25 – 26 February 2016, Joint Vienna Institute, Vienna, Austria



EU-REPARIS is funded by the European Union and is a part of WB EDIF.

Audit Training of Trainers: Module F1

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Context

The new series of Audit Training of Trainers (Audit ToT) workshops continues within the EU-REPARIS program (please visit the program homepage on our website for more details: <http://go.worldbank.org/D6CT7QUHM0>). These workshops aim to develop the capacity of the audit profession to deliver high-quality training and provide continuing professional development programs based on International Standards on Auditing (ISA). The workshops focus, in particular, on the needs and challenges of small- and medium-sized practices (SMPs) to implement ISAs, and help them to guide practitioners in the development of quality assurance procedures at the firm and engagement levels.

Objective

The two-day workshop will convene trainers from Professional Accounting Organizations (PAOs) and/or other organizations responsible for the design and delivery of continuing professional development (CPD) training programs for statutory auditors and audit firms. As always, the workshop provides a forum for participants to reconnect, discuss current CPD challenges and available resources, and identify common solutions.

Approach and format

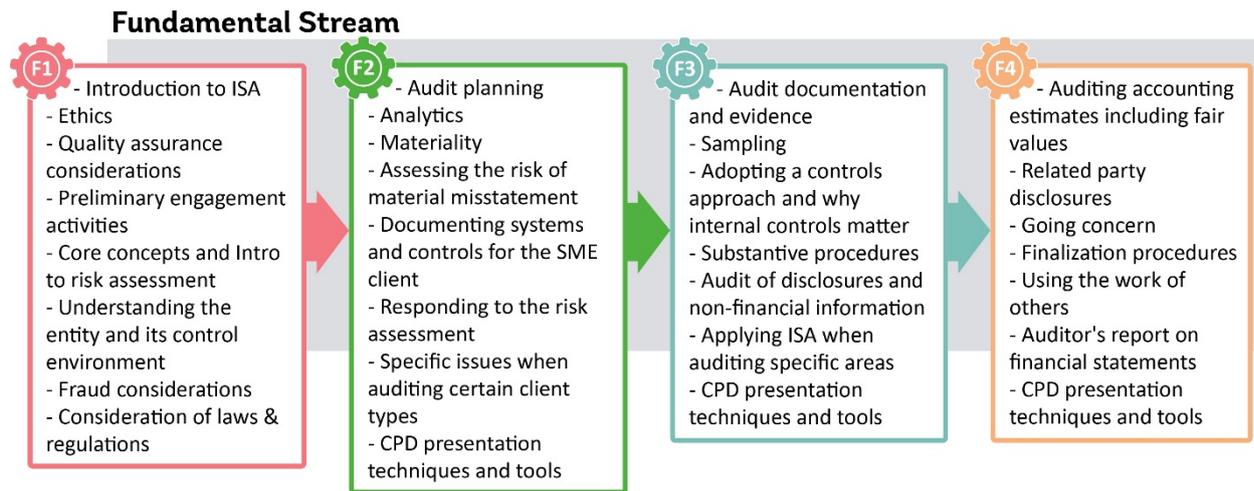
The approach and format of the Audit ToT workshops includes:

- A series of training sessions aimed at developing the capacity of audit trainers to deliver high-quality training and CPD based on ISAs and, in particular, to assist the community of auditors of small- and medium-sized practices (i.e. the SMP focus). Each workshop covers a module of the training program and the topics covered are logically sequenced in the context of the audit cycle, as shown in the graph on page 2;
- Development of audit tools and solutions which can be used in actual practice. The integrated Audit Case Study and the Simulated “Client File” Templates are the core teaching resources;
- Facilitation of shared learning and peer exchange among the countries of the region and the members of the Community of Practice regarding the design, content, implementation arrangements, teaching and authorization environment for CPD, and linkages with the Initial professional development program. The approach and format are designed to be highly interactive.



Module F1:

This workshop will cover Module F1 of the Fundamental Stream and includes the introduction to ISA, quality assurance, ethical requirements and preliminary engagement activities such as accepting the audit engagement and the terms of the engagement. It also covers the introduction to audit risk, understanding the entity and its environment, assessing the entity control environment and the risk of fraud, as well as the auditor’s responsibility to consider laws and regulations.



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Agenda

Thursday, 25 February 2016 – Day 1

08:30	Registration of participants and morning coffee
09:00 Opening Remarks	
Speakers	Kalina Sukarova Senior Financial Management Specialist, CFRR, The World Bank
Description	The session will start by welcoming participants and will continue with a discussion regarding “small audits”, elaborating on the challenges auditors face when auditing small clients. Participants will be presented with several different strategies and will receive guidance on how to respond to issues faced in practice. The aim of the session is to further explore the relationship between small- and medium-sized practices (SMPs) and their clients – small- and medium-sized enterprises (SMEs) and, in particular, to recognize the need for “scaling down” for small clients. Participants will be invited to join the discussion and share experiences.
09:30 Session F1-A: Introduction to ISA	
Speaker	Bonnie Ann Sirois Senior Financial Management Specialist, CFRR, The World Bank
Description	The aim of the session is to present the benefits of audits and the application of ISA. It will also provide a quick overview of ISA and a brief standard by standard walkthrough focusing on the ISA objectives. The overall audit objectives under ISAs (ISA 200), including their consistent application as well as auditors’ obligations and the benefits of applying high quality audit standards, will be discussed and illustrated.
10:15	Coffee break [15 min]
10:30 Session F1-B: Professional and Ethical Codes – the Ethical Dilemmas Board Game	
Speaker	Kalina Sukarova Senior Financial Management Specialist, CFRR, The World Bank
Description	Following a brief presentation on the ethical considerations and the IESBA Code of Ethics for Professional Accountants, participants will be divided into teams and invited to resolve several short ethical dilemma scenarios through a group board game. The team that answers most of the ethical dilemmas correctly has the greatest chance of winning the Ethical Dilemmas Board Game and will be awarded the “Champion of Ethics Certificate”.

12:00 Lunch [90 min]

13:30 Session F1-C: Quality Assurance (part 1)

Speaker	Paul F.M. Hurks RA Director International Affairs, Royal NBA
Description	This session will focus on quality assurance at both the company level and at the audit engagement level, as described in the International Standard on Quality Control 1 (ISQC 1) and Quality Control (ISA 220). The implementation of quality controls in an SMP will be discussed, emphasizing the “scaling down” of requirements and exploring some good solutions (e.g. one partner firms, staff training in the SMP context and etc.). Participants will be introduced to regulators’ views, and segments of the International Forum of Independent Audit Regulators (IFIAR) Summary Report on Inspections applicable to SMPs will be presented. Participants will engage in a Q&A session during the presentation in order to share experiences and exchange ideas/solutions being implemented in their countries.

14:45 Session F1-C: Quality Assurance (part 2)

Speaker	Arman Vatyán Senior Financial Management Specialist, The World Bank
Description	The World Bank conducts its own audit firm assessment process for the purpose of determining eligible auditors and audit firms of World Bank financed projects. The methodology followed is based on the requirements of ISQC 1 and ISA 220. This session will provide an overview of the process and also discuss some of the main findings from these assessments.

15:30 Coffee break [15 min]

15:45 Session F1-C: Quality Assurance (part 3)

Speaker	Bernard Paris French Statutory Auditor; Audit Practice Consultant
Description	Small practices face challenges when implementing the requirements of ISQC 1 and ISA 200. What are these challenges and how should practitioners deal with them? Guidance that is available for sole practitioners will be discussed and participants will also be introduced to a simplified guide for the sole practitioner without staff. Participants will also be invited to provide input, participate in group work, as well as ask questions and exchange experiences on this topic.

16:30	Session F1-D: Introduction to Case Study “PejaSko”
Speaker	Piotr Pyziak Extended Term Consultant, CFRR, The World Bank
Description	Participants will be introduced to the integrated audit client case “PejaSko”, which will be used throughout the workshop. A brief overview of the company and its operations will be provided in preparation for the group work on Day 2.
17:00	End of day one
18:30	Group dinner

Friday, 26 February 2016 – Day 2

08:30	Morning coffee
9:00 Session F1-E: Preliminary Engagement Activities	
Speaker	Kalina Sukarova Senior Financial Management Specialist, CFRR, The World Bank
Description	The simulated audit client case “PejaSko” will be used to illustrate the preliminary engagement activities from a practical standpoint. The case will focus on accepting audit appointments (ISQC 1, ISA 220), including guidance on how to deal with ethical threats that may arise. Agreeing the terms of audit engagement will be reviewed (ISA 210), and a sample audit engagement letter will be provided. The requirements for communicating with those charged with governance (ISA 260) will also be considered.
10:00 Session F1-F: Core Concepts and Introduction to Risk Assessment	
Moderator	Waldemar Majek Consultant, CFRR, The World Bank
Description	The session will provide an introduction to the core audit concepts such as audit risk, types of assurance (reasonable vs limited), including professional skepticism, professional judgment and ethical requirements (ISA 200). Overall audit risk and the related components of inherent risk, control risk, and detection risk will be considered. The concept of translating audit risk principles into practice will be demonstrated through the application of short examples and questions.
10:45	Coffee break [15 min]
11:00 Session F1-G: Understanding the Entity and its Environment	
Speaker	Piotr Pyziak Extended Term Consultant, CFRR, The World Bank
Description	The session will start by outlining the requirements of ISA 315: <i>Identifying and Assessing the Risk of Material Misstatement through Understanding the Entity and its Environment</i> . A documentation template will be shared and the methods used to achieve this, including inquiry, analytical procedures, observation, and inspection will be covered. “PejaSko”, the simulated audit client, will be used for a group work exercise to document the findings in the “Understanding the entity and its environment” template provided to participants [15 minutes will be dedicated to group work and 30 minutes to discussing the results].
12:00	Lunch [90 min]

13:30 Session F1-H: Understanding the Control Environment	
Speakers & Moderators	<p>Waldemar Majek Consultant, CFRR, The World Bank</p> <p>Piotr Pyziak Extended Term Consultant, CFRR, The World Bank</p>
Description	<p>The five elements of internal control will be explored in this component of the simulated audit client case. The principles of ISA 315 will be considered in understanding the design and implementation of internal control systems in order to decide on an audit approach. Key issues facing auditors when assessing internal controls and tools for effective assessments will assist auditors in moving from theory to practice. Communication with management and those charged with governance when control deficiencies are identified (ISA 265) will also be discussed and examples presented.</p> <p>Documentation templates will be shared and “PejaSko”, the simulated audit client case, will be used for a group work exercise to document the findings in the ‘Entity level control checklist’ template [30 minutes will be dedicated to group work and 35 minutes to discussing the results].</p>

15:00 Coffee break [15 min]

15:15 Session F1-I: Fraud and Consideration of Laws and Regulations (part 1)	
Speaker	<p>Bonnie Ann Sirois Senior Financial Management Specialist, CFRR, The World Bank</p>
Description	<p>The session will start with an overview of ISA 240 and auditors’ responsibilities relating to fraud, and will continue by outlining procedures for addressing the risk of fraud during the audit (importance of analytics, team fraud brainstorming session, and others, including documentation examples). The requirements of ISA 250 (the auditor’s consideration of applicable laws and regulations) will be discussed as well as some procedures when non-compliance is identified.</p> <p>The concept of professional skepticism will be re-visited and the results of the participants’ test on the “Scale Measurement of Skepticism” will be revealed. A video interview discussing the how and the why in an actual fraud case will be shown.</p>

16:00 Session F1-I: A Practitioner’s Perspective on Fraud (part 2)	
Speaker	<p>Gerhard Wolf Senior Manager, KPMG</p>
Description	<p>This session will present short scenarios about actual fraud cases, and a unique insight from a practitioner’s perspective. The “warning signals” will be discussed, alerting the auditors to the fraud, and the lessons learned will be shared. Participants will be invited to ask questions and share views.</p>

16:50 Module F1: Debrief Session	
Speaker	Kalina Sukarova Senior Financial Management Specialist, CFRR, The World Bank
Description	The session will provide a short debrief of the two-day workshop and topics covered in Module F1. Participants' feedback will be collected on the topics and content covered.

17:00 Closing of Module F1	
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