



## Audit Training of Trainers

15-16 March 2017, Joint Vienna Institute, Vienna, Austria



# Audit Training of Trainers

## Module F3: Audit Execution

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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 (CPD) programs based on the Standards of the International Auditing and Assurance Standards Board® (IAASB®). 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 firm and engagement levels.

The series is conducted with the support of the International Federation of Accountants® (IFAC)®.

### Objective

The two-day workshop will convene trainers from Professional Accountancy Organizations (PAOs) and other organizations responsible for the design and delivery of 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 is highly interactive and includes:

- A series of training sessions focused on developing the capacity of audit trainers to deliver high-quality training and CPD based on the Standards of the IAASB and, in particular, assisting the community of auditors of small- and medium-sized practices. Each workshop features a module of the training program. The topics covered are logically sequenced in the context of the audit cycle, as shown in the graph below;
- 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 countries in the region and 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.



### Module F3: Audit Execution

This workshop will cover Module F3 of the Fundamental Stream and will focus on executing test of controls and substantive procedures. Audit documentation, audit evidence and audit sampling methodologies will be covered. The workshop will explore substantive testing and the application of ISA in specific circumstances. Other topics addressed include the requirement to seek external confirmations, the requirements concerning initial audit engagements and opening balances, and the importance of control testing. Participants will engage in the simulated audit client case “PejaSko” and many practical activities aimed at developing the soft skills of the participating trainers, including a group challenge aiming to develop client relationships skills. In addition, the workshop will present the highlights of the 2016 IFAC SMP Survey, which discusses the global challenges and opportunities for SMPs as well as strategies and key success factors needed for SMPs to transform their compliance based practices into trusted advisors of their small and medium-sized enterprises (SME) clients.

[www.worldbank.org/cfr](http://www.worldbank.org/cfr)  
<http://go.worldbank.org/D6CT7QUHM>

## Agenda

### Wednesday, 15 March 2017 – Day 1

09:15 Registration of Participants and Morning Coffee	
09:30 Opening and Introductory Remarks	
Speakers	<p><b>Jarett Decker</b> Head, Centre for Financial Reporting Reform (CFRR), The World Bank</p> <p><b>Kalina Sukarova</b> Senior Financial Management Specialist, CFRR, The World Bank</p>
Description	The session will welcome participants and provide introductory remarks. Participants will be presented with high level results of the participants' survey of SMPs and PAOs on providing business advice to SMEs conducted during the Audit Training of Trainers Workshop, October 17-18, 2016.
10:00 Challenges and Opportunities for SMPs	
Speaker	<p><b>Mats Olsson</b> Deputy Chair, IFAC Small and Medium Practices Committee</p>
Description	Since 2013, the IFAC Global SMP Survey has helped IFAC and its members to gain an understanding of the challenges and opportunities faced by SMPs and SMEs globally, and also to identify ways in which clients can be served in better ways. This session will provide an overview of the most recent 2016 IFAC Global SMP Survey results. It will also compare findings with the results of surveys from previous years, highlighting important trends and developments. There will be a particular focus on emerging service offerings and the use of technology by SMPs. The session will also provide a unique insight and high level analysis, where possible, of responses collected from countries that have participated in the Audit ToT workshops (i.e. Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, Kosovo, Macedonia, Montenegro, Romania and Serbia). Participants will be invited to ask questions, and share their comments and opinions.
11:00 Coffee Break [15 min]	

11:15 SMPs as Trusted Advisors of SMEs	
Speaker	<b>Paul Thompson</b> Director, European Federation of Accountants and Auditors for SMEs (EFAA)
Description	How are SMPs in Europe and around the globe successfully transforming from compliance providers to trusted advisors of their SME clients? Significant changes are taking place and financial reporting trends are evolving driven by technology advancements, shifting client demands and other factors. Today there is much more demand for real time information and on-demand reporting. Further, non-financial information is gaining importance and greater emphasis is being placed on predictive, forward looking information as opposed to historical information. SMPs worldwide are responding to this change by transforming their practices and introducing new services. The aim of the session is to further explore this topic and, in particular, the opportunities that are unfolding for SMPs and their clients, for SMEs, and the critical changes that SMPs need to make in order to succeed. Some successful global examples will be discussed. Participants will be invited to participate in an interactive discussion to share comments and opinions about the changes that are happening in their countries.

12:15 Public Sector Accounting Education	
Speaker	<b>Bonnie Ann Sirois</b> Senior Financial Management Specialist, CFRR, The World Bank
Description	<p>A recent CFRR study in the six Balkan countries of Southeast Europe found that a sizable number of PAO members work in the public sector and up to 25 percent of accountancy graduates ultimately find employment in the public sector. The Study identified only a few PAOs which had already expanded their offerings to public sector education, including developing public sector qualifications and introducing tailored CPD on public sector financial reporting. Public Sector education can represent an opportunity for PAOs to engage more actively and to support the various needs of their members.</p> <p>The session will introduce participants to a new World Bank program that supports Public Sector Education and will ask participants to provide feedback by completing a short survey.</p>

12:35	Lunch [75 min]
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13:50 Session F3-A: Recap of Module F2 Risk Assessment and Audit Strategy	
Speaker	<b>Piotr Pyziak</b> Consultant, CFRR, The World Bank
Description	Participants will be reminded of the integrated audit client case “PejaSko” which is being used throughout the workshop series. Key conclusions reached by participants during the Audit Training of Trainers Workshop, October 17-18, 2016 (Module 2) regarding risk assessment and audit strategy will be summarized and discussed.

14:10 Session F3-B: Group Challenge – Developing Client Relationships (part 1)	
Moderator	<b>Piotr Pyziak</b> Consultant, CFRR, The World Bank
Description	<p>Participants will be divided into groups and will work together to prepare a short presentation (up to 15 minutes) for the “PejaSko” managing team. The objective will be to identify cross selling opportunities to help address any identified management concerns in the case study scenario.</p> <p>In their presentations, teams will need to address at least five topics: (i) identify issues and/or management concerns based on the “PejaSko” scenario; (ii) describe services identified to address these concerns, including examples; (iii) discuss any ethical considerations for the auditor; (iv) pricing; and (v) timing of the service. This activity will continue on Day 2.</p>

15:10	Coffee Break [15 min]
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15:25 Session F3-C: Audit Documentation and Audit Evidence	
Speaker	<b>Piotr Pyziak</b> Consultant, CFRR, The World Bank
Description	The session will start by covering the requirements of ISA 230 “Audit Documentation”, including the objectives of audit documentation as well as the form, content and examples of working papers and audit documentation. ISA 500 “Audit Evidence” will be discussed, including the need to obtain sufficient (quantity) and appropriate (quality, relevance and reliability) audit evidence. Participants will be familiarized with the hierarchy of audit evidence, types, and examples of when various techniques are appropriate. Participants will also engage in relevant assignments and practical cases.



16:00 Session F3-D: Audit Sampling	
Speaker	<b>Aneta Wilk-Lys</b> Consultant, CFRR, The World Bank
Description	The requirements of ISA 530 “Audit Sampling” will be covered, including sampling methods (both statistical and non-statistical). The session will also provide an overview of sampling guidelines for tests of controls and test of details as well as extrapolating misstatements and dealing with exceptions. Participants will have the opportunity to engage in the case study “PejaSko” and calculate samples for circularization of trade receivable accounts.

17:00	End of Day One
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18:30	Group Dinner
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## Thursday, 16 March 2017 – Day 2

08:30	Morning Coffee
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9:00 Session F3-E: Group Challenge - Developing Client Relationships (part 2)	
Moderators	<b>Kalina Sukarova</b> Senior Financial Management Specialist, CFRR, The World Bank <b>Piotr Pyziak</b> Consultant, CFRR, The World Bank <b>Aneta Wilk-Lys</b> Consultant, CFRR, The World Bank
Description	<p>This activity continues from Day 1. Each group will participate in a simulated client meeting with the management team of “PejaSko” including the company founder and chairman, the chief accountant and the company lawyer. Meetings will last up to 15 minutes per group and should include a presentation by each team of approximately 10 minutes, followed by a 5 minutes Q&amp;A discussion.</p> <p>The goal of each team will be to identify opportunities for additional services that would help the “PejaSko” managing team to address any concerns and ultimately achieve cross selling engagements.</p> <p>The most successful team will be decided through an anonymous group vote and will be awarded the Audit ToT certificate: “Client Relationship Expert”.</p>

10:30	Coffee Break [15 min]
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10:45 Session F3-F: Control Testing	
Speaker	<b>Kalina Sukarova</b> Senior Financial Management Specialist, CFRR, The World Bank
Description	This session will cover control testing. A real-life example will be shared on why a system of proper internal controls matters and participants will discuss the relevance and importance of internal controls in the auditor's work. The session will also cover best practices and successful strategies on how the auditor should communicate identified deficiencies in internal control to management and those charged with governance. Participants will be invited to engage in a group exercise based on the simulated audit client case "PejaSko".

12:00	Lunch [90 min]
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13:30 Session F3-H: Application of ISA when Auditing Specific Areas	
Speaker	<b>Aneta Wilk-Lys</b> Consultant, CFRR, The World Bank
Description	Participants will be familiarized with the requirements of ISA 501 "Audit Evidence – Specific Conditions for Selected Items" and, more specifically: non-current assets, payables and non-current liabilities; inventory, work in progress valuations, including inventory count attendance; payables, accruals and provisions (including provisions for legal disputes); and audit of tax balances and non-routine transactions. The requirements of ISA 510 "Initial Audit Engagements – Opening Balances" and ISA 505 "External Confirmations" will be covered. Short examples and scenarios will be discussed.

14:30 Session F3-I: Auditing Disclosures and Non-Financial Information	
Speaker	<b>Kalina Sukarova</b> Senior Financial Management Specialist, CFRR, The World Bank
Description	Financial statements have plenty non-financial information and disclosures, some of which may involve complex, judgmental, or higher audit risk areas. This session will discuss the variety of non-financial information in financial statements (at a high level) and short examples will be presented demonstrating how auditors use disclosure checklists to document the work performed.

15:15	Coffee Break [15 min]
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15:30 Session F3-J: Substantive Testing	
Speaker	<b>Piotr Pyziak</b> Consultant, CFRR, The World Bank
Description	Participants will engage in a group exercise based on the scenario of the simulated audit client case “PejaSko” and design test of balances and transactions for selected significant accounts and disclosures.

16:45 Module F3: Debrief Session and Closing Remarks	
Speaker	<b>Kalina Sukarova</b> 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 F3. Participants’ feedback will be collected on the topics and content covered as well as their in country CPD replication events.

17:00	End of Module F3
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## Speaker Bios



**Jarett Decker**

*Head, Centre for Financial Reporting Reform (CFRR), The World Bank*

Jarett Decker, a U.S. CPA and lawyer, is Head of the World Bank's Centre for Financial Reporting Reform (CFRR) in Vienna, Austria. At the CFRR, Mr. Decker leads a team of experts providing advice and technical assistance to reform financial reporting in transitional, middle-income, and emerging market economies. Clients include finance ministries, central banks, securities regulators, public oversight boards, supreme audit institutions, professional accountancy organizations, and universities.

Before joining the Bank, Mr. Decker served as Deputy Director and Chief Trial Counsel for the Public Company Accounting Oversight Board (PCAOB), which regulates auditors of companies listed on U.S. markets. As the first person to serve in this role, he was responsible for establishing the PCAOB's program of disciplinary litigation and led the PCAOB's first successful proceedings against "Big 4" and other international network firms. He also helped organize the Enforcement Working Group of the International Forum of Independent Audit Regulators (IFIAR).

Mr. Decker has also served as Senior Trial Counsel for the U.S. Securities and Exchange Commission (SEC) in Chicago, where he prosecuted cases involving accounting and auditing misconduct, financial fraud, and insider trading.



**Kalina Sukarova**

*Senior Financial Management Specialist, CFRR, The World Bank*

Kalina Sukarova supports activities at the CFRR involving accounting education and capacity building, providing policy advice on corporate financial reporting reform and the development of the accounting and auditing profession, with a primary focus on auditing standards. She has authored and contributed to Accounting and Auditing Reports on the Observance of Standards and Codes and accountancy publications and studies as well as Financial Sector Assessment Program assessments. Mrs. Sukarova is a fellow member of the Association of Chartered Certified Accountants (ACCA). Prior to the CFRR, she was an Executive Director with Ernst and Young specializing in assurance, bringing with her over 15 years of practical accounting, financial reporting and auditing experience.



**Mats Olsson**

*Deputy Chair, IFAC Small and Medium Practices Committee*

Mats Olsson became Deputy Chair of the IFAC Small and Medium Practices (SMP) Committee in 2017, after serving as a member since 2012. He is also Chair for the Small Business Support Task Force within the SMP Committee. He was nominated to the IFAC SMP Committee by the Nordiska Revisorsförbundet (Nordic Federation of Public Accountants, or NRF).

Mr. Olsson is a partner and one of the founders of Adrian & Partners AB, a medium-sized practice in Gothenburg, Sweden, that works primarily with small- and medium-sized owner-led client companies. He has higher education in accounting as well as business law.

Mr. Olsson was a member, and later chair, of the Auditing Practices Committee of Svenska Revisorsamfundet (SRS) until its merger with the Swedish Institute of Authorized Accounts — FAR — in 2006. He was a representative of SRS and subsequently represented FAR SRS at the European Federation of Accountants and Auditors (EFAA) for SMEs. He also served as a reference person in connection with the Sustainability Project for SMPs in Sweden. From 2006 to 2011, Mr. Olsson was also a member of the board of FAR, representing SME and SMP issues and perspectives.

Mr. Olsson was a FAR representative on the SME/SMP Working Party of Accountancy Europe (formerly Fédération des Experts Comptables Européens, or FEE) from 2007 to 2010. As part of this group, he has lectured in workshops at FEE's SME and SMP conferences and participated in organizing roundtables. He also lectured at workshops both in and outside Sweden on behalf of EFAA, FEE, and FAR.



**Paul Thompson**

*Director, European Federation of Accountants and Auditors for SMEs (EFAA)*

Paul Thompson is EFAA Director and a consultant dedicated to thought leadership and development of the global accountancy profession. From 2004 to 2016 Mr. Thompson worked for IFAC, latterly as Director of Global Accountancy Profession Support. This role extended to overseeing the Global Knowledge Gateway, research and innovation, and activities in support of small- and medium-sized practices and professional accountants in business. Previously Mr. Thompson worked for Touche Ross & Co., London before going on to lecture on corporate reporting and analysis at universities in the UK, Singapore, and Malaysia. He has contributed articles to a number of academic journals and the professional press in the areas of ethical finance, corporate reporting, corporate governance, integrated reporting, practice management and the future of the profession. Mr. Thompson graduated from the University of Warwick with a bachelor of science in accounting and financial analysis and is a fellow of the Institute of Chartered Accountants in England and Wales.



**Bonnie Ann Sirois**

*Senior Financial Management Specialist, CFRR, The World Bank*

Bonnie Ann Sirois works on financial reporting, accounting education, and capacity building projects at the CFRR, providing policy advice on financial reporting reform in both the public and private sectors. She is a U.S. CPA and prior to the CFRR, held the position of Principal in a BDO international network firm responsible for assurance and technical accounting advisory services and developed curricula and delivered courses in the B.S. Accounting program at the University of Massachusetts (US). Before joining the World Bank, she led the implementation of International Public Sector Accounting Standards (IPSAS) at the United Nations Relief and Works Agency in the Middle East and participated in the United Nations IPSAS Task Force, where she contributed to the interpretation and application of IPSAS throughout the UN system.



**Piotr Pyziak**

*Consultant, CFRR, The World Bank*

Piotr Pyziak joined the World Bank in 2012, where he has been supporting public oversight of audit profession, financial reporting reform activities and public accounting projects in Poland and Western Balkans countries. Prior to joining the World Bank, he worked as an auditor in “Big 4” companies and managed financial reporting and internal control functions in private sector companies in Poland and Russia. Mr. Pyziak is a graduate of Cracow University of Economics and Stockholm International Banking Institute at Stockholm University.



**Aneta Wilk-Lys**

*Consultant, CFRR, The World Bank*

Aneta Wilk-Lys is Polish chartered accountant and fellow member of the Association of Chartered Certified Accountants (ACCA). She provides professional tuition (including IFRS, ISA, financial and managerial accounting, ACCA and CIMA examinations) and accounting advice.

For many years she was a manager in PwC, taking part and managing audits of various entities, including such sectors as financial institutions, the pharmaceutical and chemical industry, and conducting accounting research and providing advice for clients.



She cooperates with BPP Professional Education, International Management Centre of Warsaw University (Executive MBA program), the Economic University in Wrocław, the National Chamber of Auditors and similar institutions in Poland. As a member of the World Bank CFRR team, Ms. Wilk-Lys was responsible for managing the entire training program, cooperating with Polish universities and other professional bodies as well as many other tasks realized as part of the Swiss Contribution for Poland (Financial Reporting Technical Assistance Program).





