

COLLABORATIVE WORKSHOP BETWEEN AARG AND THE WORLD BANK

IMPROVING AUDIT QUALITY THROUGH AUDIT OVERSIGHT AND QUALITY ASSURANCE SYSTEMS

July 31, 2017 – Venue: Krungthep 2, Centara Grand at Central Plaza Ladprao Bangkok

August 1, 2017 – Venue: Meeting room 1201, Thailand's Securities and Exchange
Commission (SEC)

Context

The ASEAN Audit Regulatory Group (AARG) has undertaken robust initiatives for raising the standard of audit quality, to achieve greater alignment in audit regulatory practices and boost confidence in capital markets. As part of these efforts, AARG has also partnered with the World Bank to build on and support existing efforts to share knowledge and promote best practices of audit oversight within the countries that make up the ASEAN Community. The program aims to provide resources and support to participating countries as they work to improve their frameworks for audit oversight and raise the capacity of local institutions to implement these frameworks effectively. The collaborative workshop will include separate sessions to address the needs of ASEAN countries that are not yet AARG members (the Philippines, Brunei, Cambodia, Laos, Myanmar, and Vietnam), referred to as Prospective AARG Members.

As these countries move towards the adoption of internationally recognized principles and good practices¹ in audit oversight, there is a need to ensure dissemination of relevant knowledge, good practices and current industry trends. The World Bank's Community of Practice (CoP) structure supports shared and peer learning, strengthening national efforts to develop audit oversight capacity, with a particular focus on building regulatory structures and addressing the challenges of implementing globally recognized principles for oversight.

The focus of the Audit Oversight CoP for Prospective AARG Member countries (AOCOP-PAM) is on establishing an effective system of audit oversight based on internationally recognized principles and good practices, taking into consideration the resources and regulatory structure in place within these countries and other relevant conditions, including development of the local accountancy profession. The AOCOP-PAM will seek to deepen participants' knowledge and expertise in this area by interacting on an ongoing basis and developing a knowledge-based network featuring peer-to-peer learning and facilitating the transfer of best practices and the development of innovative solutions to address shared challenges.

Objectives

The main objective of this workshop is to continue establishment of the Audit Oversight Community of Practice for Prospective Members (AOCOP-PAM), discuss international experience in setting up

¹ Including those described in the International Federation of Independent Audit Regulators (IFIAR) *Core Principals* and International Federation of Accountants (IFAC) *Policy Position 1*, September 2011

audit oversight and quality assurance and identify the priority areas for future attention at national and regional levels. The workshop will focus on articulating the needs of the group, including reform plans with respect to audit regulation and ongoing initiatives, as well as knowledge and information needs. The role of professional accountancy organizations (PAOs) in audit regulation will also be discussed.

Approach and format

- This workshop will feature presentations from the World Bank CFRR and participating countries.
- Starting with an overview of the current countries context, the workshop will build towards a consideration of the building blocks for a comprehensive framework for audit oversight that is based on international benchmarks and good practices.
- The workshop has a highly interactive format with a significant element of group engagement and a specific open session so participants can voice issues and concerns particular to their own environments.
- The workshop concludes with a forward looking planning session, led by the participant countries, aimed at setting realistic and achievable goals. It will identify AOCOP-PAM activities to support the development objectives of the group over the medium term.

Expected outcomes

- Improved understanding of the common goals, challenges and achievements of the group in the area of audit regulation.
- Improved understanding of international experience and associated challenges in setting-up audit oversight and quality assurance, including institutional arrangements, activities, funding and staffing, as well as role of PAOs.
- Greater awareness on the part of participant countries of the value, importance and role of regulation over the accountancy profession.

Agenda Day 1

14:00-14:15 Welcome and Introductions

Speakers

Jarett Decker

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

14:15-15:45 Sharing Sessions by Country

Description

Each country representative (Cambodia, Laos, Myanmar, Philippines and Vietnam) will deliver a short presentation on the current status of the audit market as well as audit oversight and quality assurance mechanisms in their countries: what are the audit requirements, what are the institutional and legal arrangements and the main activities of these functions; how quality assurance is executed, the role of the profession, etc. During this session each country representative will briefly introduce their delegation, including their roles in financial reporting and auditing regulation.

15:45-16:00 Tea Break

Day 2

9:00-10:00 International experience in setting up audit oversight and quality assurance: institutional arrangements and activities	
Speakers	Andrei Busuioc Senior Financial Management Specialist, CFRR, The World Bank
Description	The presenter will provide an overview of good international benchmarks and experiences in setting up audit oversight and quality assurance systems around the World. This session will provide participants with a high level overview of the public oversight function – the institutional and legal arrangements, and the main activities - using examples of audit oversight and quality assurance systems from various countries around the World. The presentation will be followed by discussions and reflections on various models and their applicability to participant’s country circumstances.
10:00-10:45 Role of PAOs in audit oversight and quality assurance	
Speaker	Abbas Kizilbash Senior Financial Management Specialist, CFRR, The World Bank Brian Blood Chief Executive, Confederation of Asia Pacific Accountants
Description	This session will discuss the importance and role of PAOs in effective audit regulation. This will include delegation of certain oversight and quality assurance functions by audit regulators to PAOs. Status of PAOs and their current roles in each participating country will be also overviewed and the role of CAPA in promoting development of strong PAOs.
10:45-11:15 Tea Break	
11:15-12:00 ADB: In-countries assistance in Development of Audit Quality Assurance Systems	
Speaker	Srinivasan Janardanam, Principal Financial Management Specialist Asian Development Bank
Description	The session will introduce the scope of the in-countries Technical Assistance for piloting Audit Quality Assurance systems

12:00-12:45 Knowledge Sharing by Participants I: Designing and Implementing an Audit Quality Review System in Cambodia	
Speaker	Representatives from the National Accountancy Council Cambodia with the assistance of Frederick Yankey, Senior Financial Management Specialist, The World Bank
Description	The session will discuss the Cambodia experience on designing and setting up their Audit Quality Review System, the approaches adopted and challenges faced. The discussions will cover analysis of the situation, recommendations for improving QA systems and institutional arrangements. Implementation plans including developing in country by laws if applicable, development of QA manuals, including an appropriate risk based QA methodology, and training plans will also be discussed.
12:30-14:00 Lunch Break	
14:00-15:30 International experience in setting up audit oversight and quality assurance: funding & staffing	
Speakers	Andrei Busuioac Senior Financial Management Specialist, CFRR, The World Bank
Description	The presenter will provide an overview of good international experiences in setting up audit oversight and quality assurance systems around the World, with the focus on staffing and funding models. The presentation will be followed by discussions and reflections on various models and their applicability to participant's country circumstances.
15:30-16:00 Tea Break	
16:00-16:30 Open session, looking forward and closing remarks	
Moderator	John Nyaga Senior Financial Management Specialist, The World Bank
Description	This session will allow participants discuss any matters of their interest and identify topics for future activities. Key takeaways from the workshop will be summarized and future initiatives will be discussed, including activities that each country and the World Bank team will perform before the next CoP meeting.
16:30 End of day 2	

