



International  
Federation  
of Accountants®

## Future Ready SMPs

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Member, IFAC SMP Committee

Recent Tools & Resources

IFAC SMP Committee

September 24, 2018

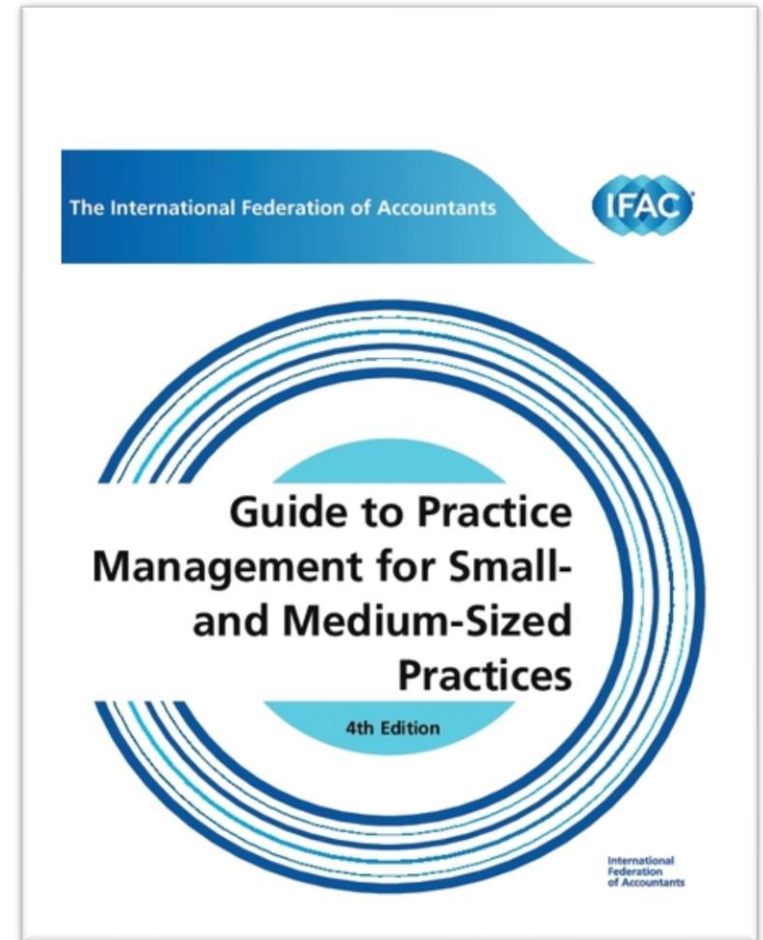
# Agenda

- Practice Management Guide – 4<sup>th</sup> Edition
- ISA Guide – 4<sup>th</sup> Edition
- Brochure: Choosing The Right Service
- Agreed-Upon Procedures Publication
- Global Knowledge Gateway



# Guide to Practice Management for SMPs I

- 4<sup>th</sup> edition issued in July 2018
- Objectives
  - To share the best practice in management of practices
  - Getting firms to be Future Ready
- 8 Chapters
- Can be downloaded at [www.ifac.org/smp](http://www.ifac.org/smp)



# Guide to Practice Management for SMPs II



- Organized into eight stand-alone modules

## 1) Planning For Your Firm

- Business and strategic planning processes & policies for development and implementation

## 2) Practice Models, Associations and Networks

- Structural considerations and models, profit sharing and use of networks

## 3) Building and Growing Your Firm

- Building a business advisory practice, coping with regulation and developing a firm culture

# Guide to Practice Management for SMPs III



## 4) People power: Developing a People Strategy

- Leadership roles, staff retention, motivation and training

## 5) Leveraging Technology

- Effective selection, implementation and management of tech

## 6) Client Relationship management

- Development and ongoing maintenance of client relationships

## 7) Risk Management

- Framework for identifying, evaluating and acting on risks

## 8) Succession Planning

- Valuation and pricing, mergers, internal and external buyouts



# Guide to Practice Management for SMPs IV

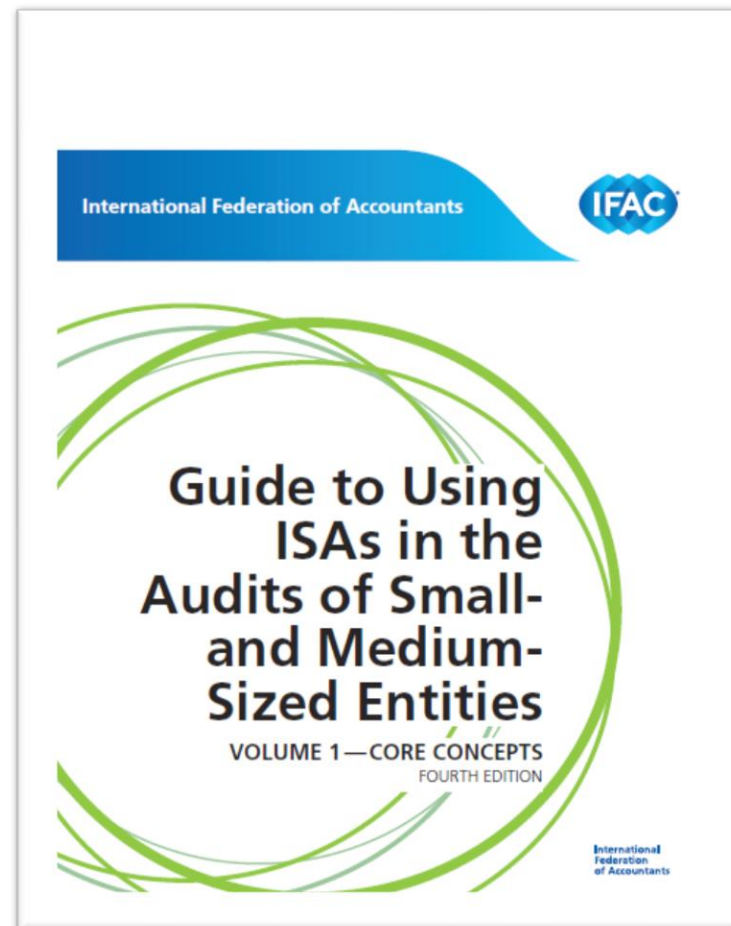
## Leveraging Technology

- **New and Emerging Technologies**
  - Data analytics
  - Artificial intelligence
- **Developing a Technology Strategy**
  - Selecting products and suppliers
  - Review training and support options
- **Hardware & Software Options**
  - Choosing operating system & platform
- **Technology Risks**
  - Cybersecurity
  - Disaster recovery and business continuity plans
- **Leveraging Technology for Practice Innovation**



# ISA Guide (2018) : Useful Facts

- A non authoritative guide
- No of downloads over 100,000
- Now going into the 4<sup>th</sup> edition
- Comes in two volumes
- Download at: [www.ifac.org/smp](http://www.ifac.org/smp)



# ISA Guide (2018) : Objective

- To develop a deeper understanding of an audit conducted in compliance with ISA through explanation & illustrative examples.
- A practical “how to” audit approach in a risk-based audit of an SME
- 2 Case Studies

Important to read the sister publication “Guide to Quality Control for SMPs, 3<sup>rd</sup> Edition”



# ISA Guide (2018): Areas Updated in The 4<sup>th</sup> Edition

ISA No. (New or Revised)	Title
ISA 250	Consideration of Laws and Regulations
ISA 570	Going concern
ISA 610	Using the work of internal auditors
ISA 700/705/706	Auditor Reporting
ISA 701	Key audit matters (KAM)
ISA 720	Auditor's responsibilities relating to other info

Significant conforming amendments as a result of the Disclosures Project:

ISA 210

ISA 260

ISA 300

ISA 315

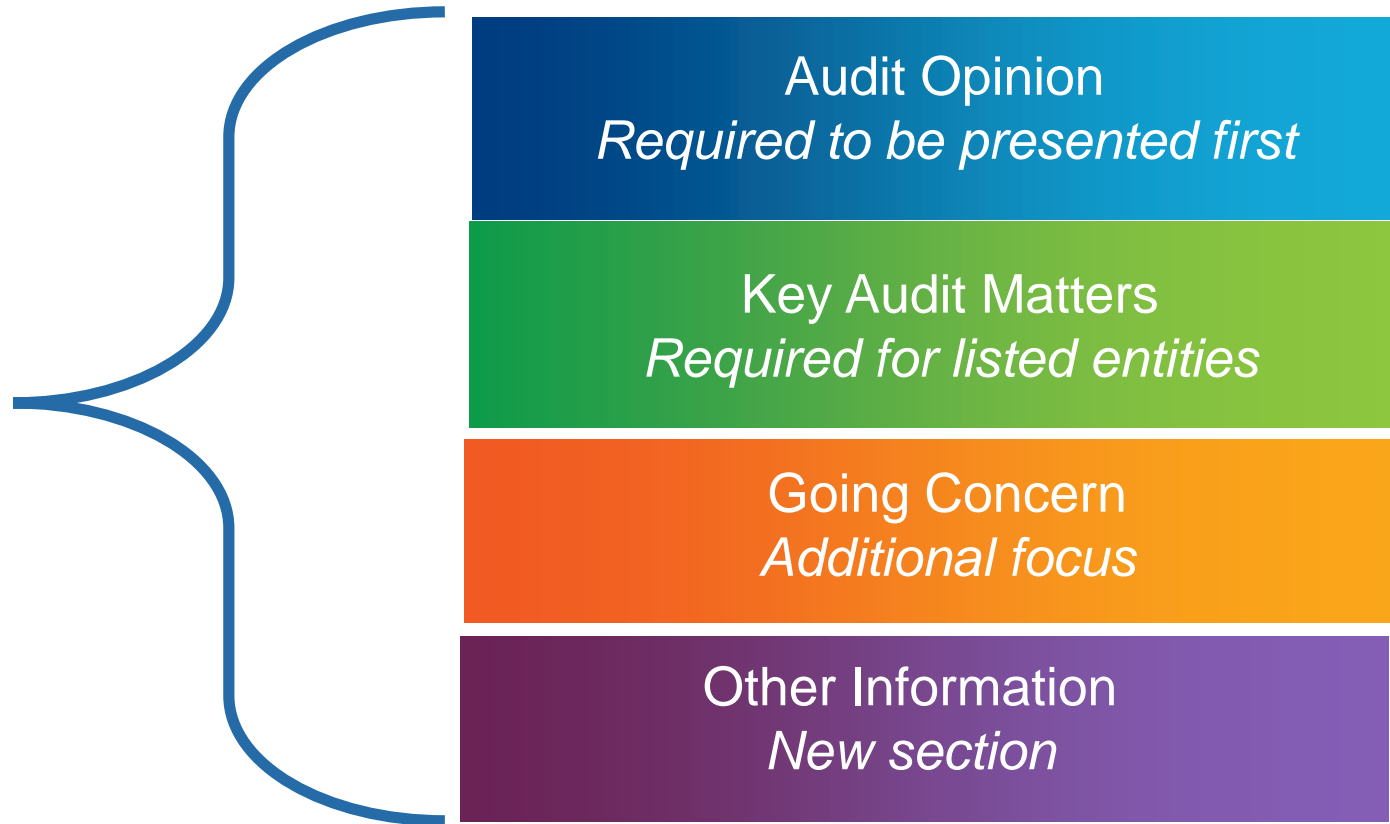
ISA 320

ISA 330

ISA 450

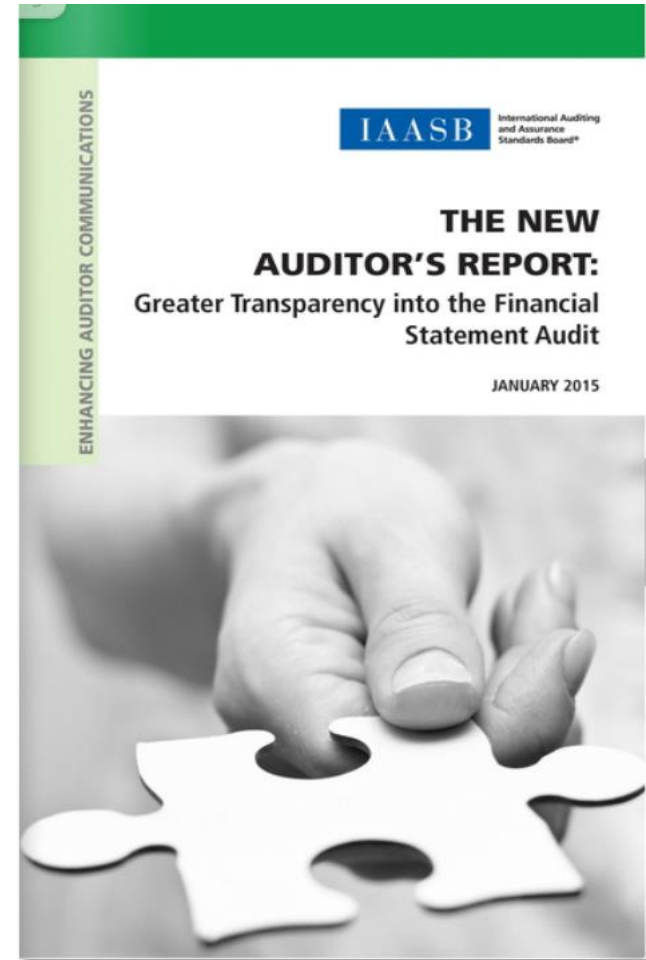
# New and Revised Auditor Reporting Standards – Key Features [In Summary]

## Auditor Report



# Resources – Auditor Reporting Toolkit

- Dedicated web page:  
[www.iaasb.org/auditor-reporting](http://www.iaasb.org/auditor-reporting)
- Easy access to new and revised standards and other resources
  - Fact Sheet & Basis for Conclusions
  - Publications, illustrative examples on Going Concern and Key Audit Matters
  - Additional content planned - webcasts, podcasts, & others
- Gateway Article - *Auditor Reporting Standards Implementation: Key Audit Matters*



# Brochure: Choosing The Right Service

- Brochure – *Choosing the Right Service: Comparing Audit, Review, Compilation and Agreed-Upon Procedures Services*
- Launched September 2016



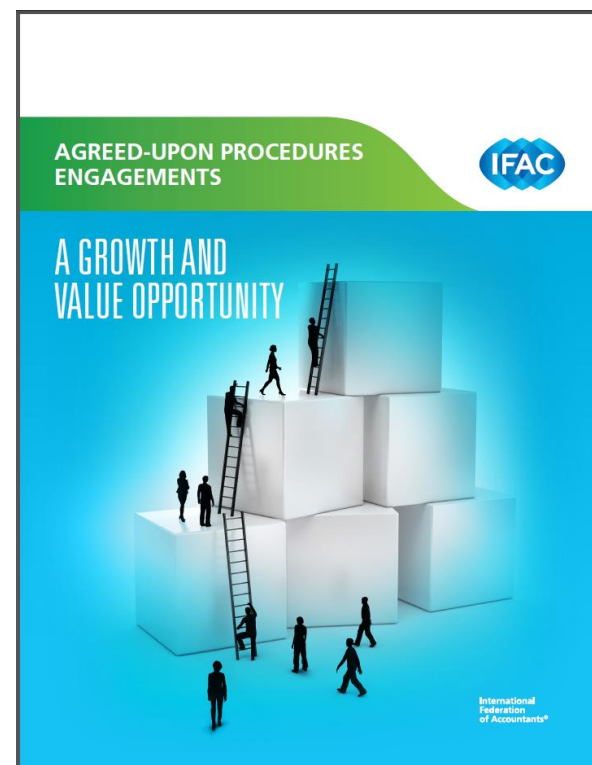
# Comparison of the Four Engagements

Engagement Type			
AUDIT	REVIEW	COMPILATION	AGREED-UPON PROCEDURES
<b>Standards</b>			
ISA	ISRE 2400 (Revised)	ISRS 4410 (Revised)	ISRS 4400
<b>Assurance</b>			
Reasonable	Limited	None	None
<b>Work Efforts</b>			
Risk assessment and audit procedures that respond to the risks identified	Primarily inquiry and analytical procedures	Assisting management prepare financial information	Obtaining evidence to support factual findings
<b>Report</b>			
Opinion (positive assurance)	Conclusion (negative assurance)	Report communicating the nature of the compilation engagement and the practitioner's role and responsibilities. (No assurance)	Restricted use report (reporting on factual findings)

# Agreed-Upon Procedures Engagements

## *A Growth and Value Opportunity*

- What is an AUP engagement
- Benefits to Clients
- Examples of financial and non-financial
- Sample AUP engagements and procedures



# Transforming SMP Challenges into Opportunities

- IFAC produced 4 articles in 2017 addressing the top challenges facing SMPs
  - Attracting new clients
  - Fee pressure
  - Competition
  - Keeping up with regulations and standards

Transforming SMP Challenges into Opportunities

Articles from the Global Knowledge Gateway

IFAC International Federation of Accountants

The recent [IFAC Global SMP Survey](#) identified key challenges many small- and medium-sized practices (SMPs) face. These articles from the Global Knowledge Gateway break down the data from the survey and provide information, ideas, and tips to help SMPs address these challenges as well as best practice examples from IFAC SMP Committee members, together with the range of other tools and resources available.

By Christopher Arnold, Head of SME/SMP and Research, IFAC and Mats Olsson, IFAC SMP Committee Deputy Chair and Partner, Adrian & Partners AB

2016 IFAC GLOBAL SMP SURVEY BY THE NUMBERS



5,060 SMP RESPONDENTS  
164 COUNTRIES  
23 LANGUAGES

Survey was done October 1, 2016 - November 30, 2016

### Attracting New Clients

Attracting new clients is the top global challenge facing SMPs, and is one of the top two challenges for Europe, Africa, the Middle East and Asia regions.

A number of strategies can be implemented to acquire new clients but real success comes when multiple strategies are used simultaneously. This harnesses the momentum of marketing efforts and is more likely to bring attention to your practice. In addition, since most businesses already have an accountant, growing your practice usually means enticing clients away from other firms. To achieve this, a compelling reason to change must be part of your pitch.

External growth strategies include:

- advertising;
- seminars;
- networking;
- referrals;
- building a brand;
- social media marketing; and
- joining a network, association, or alliance.

Each approach needs to be considered in relation to jurisdictional laws and/ or professional regulations.

### Advertising

Advertising is one of the most powerful ways of getting your firm's name and message out in the market. Helpful tips to get the best value from advertising spending include:

- identifying a target audience or market segment for your advertising;
- making it clear how the service will benefit clients;

### TOP GLOBAL CHALLENGES 2016 VS 2015\*



Challenge	2016 (%)	2015 (%)
Attracting New Clients	48%	47%
Keeping up with New Regulations & Standards	41%	44%
Experiencing Pressure to Lower Fees	41%/41%	
Differentiating From Competition	39%	43%

\*Combining high and very high

# IFAC Global Knowledge Gateway

- Original thought leadership, curated news & resources from around the world
- **Example Gateway articles & videos include:**
  - *Blockchain Will Transform Audit-Get Ready Now*
  - *Artificial Intelligence's Impact on Business*
  - *Navigating Ethics in a Digital Age*
  - *Accountants, Skills & Cybersecurity*



## Global Knowledge Gateway™ | Technology

After 600 years of a two-ledger bookkeeping practice and 30 years of Excel spreadsheets, businesses are moving quickly toward the use of automation to account for daily transactions. This seismic shift will not only impact the way business operates, but also the day-to-day role of accountants. [See the full overview.](#)



**Exploring Artificial Intelligence & the Accountancy Profession: Opportunity, Threat, Both, Neither?**

by [Bhumi Jariwala](#), Editor, IFAC Global Knowledge Gateway | June 15, 2015

What does the emergence of artificial intelligence mean for professional accountants and the profession?

[Read More](#)



**Artificial Intelligence's Impact on Business**

Beth Smith  
General Manager, Technology, IBM Watson  
iBA

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# IFAC Resources (and Communities)

- IFAC SMP Committee: [www.ifac.org/SMP](http://www.ifac.org/SMP)
- Follow us on [Twitter](#): IFAC\_SMP
- IFAC Global SMP Survey [www.ifac.org/smp](http://www.ifac.org/smp)
- Join us on [LinkedIn](#): IFAC SMP Community
- Global Knowledge Gateway [www.ifac.org/Gateway](http://www.ifac.org/Gateway)

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*Strengthening Organizations,  
Advancing Economies*

[www.ifac.org](http://www.ifac.org)

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