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Banks and the Monitoring Triangle: Central Bank, Securities and Exchange Organization and the Auditors

Rahmatollah Sadeghian

Iranian Financial institutions have particular characteristics. This makes it necessary to establish additional monitoring and supervision procedures. In this situation, transition to IFRS frame work has been enforced by new regulation and made monitoring functions more complicated. Therefore, cooperation between monitoring bodies and auditors is now more necessary.



International Financial Reporting Standards in the Iranian Banking Industry

Ahmad Badri

Financial reporting of Iranian banks has been changing in recent years and the banks are faced with challenges such as transition to IFRS, sample financial statements by the Central Bank, special characteristics of Iranian banks and audit issues.



Transition to International Financial Reporting Standards from the View of Auditors

Ali Amani, Alireza Jam, Mostafa Deylamipour, Abbas Shojaee, Gholamreza Shajari, Abbas Vafadar, Vali Nadi Ghomi

This is a discussion among auditing experts about transition to IFRS in Iranian banks. Issues discussed include establishment of a new system of measurement in accordance with IFRS, recognizing impairment loss in loans granted, the effects of differences in Iranian banks comparing to other international banks, monitoring fair value measurements by the Central Bank, and usefulness of transition to IFRS for users of financial statements in decision making.



The Importance of Government's Role in Monitoring the Audit Profession

Seyyed Rahmatollah Akrami, Ali Faal Ghayoomi, Mohammad hossein Ghadirian Arani

Monitoring the audit profession is an essential element for protecting public interest. In recent years, governments have been more engaged in monitoring the audit profession because self-monitoring has not been successful. In this paper monitoring the audit profession in some countries has been compared and discussed.



Auditor Independence

Asghar Saadatnia

Auditor independence is emphasized in the process of gathering evidence and expressing audit opinion. Auditor independence is violated by direct financial interest, employment relationship, granting loan and similar relationships.

AUDITING



Measure of Key Factor in Performance Auditing

Ali Khozin, Jamal Mohammadi

Performance auditing differs from other audits in terms of objectives, scope of audit, procedures performed and reporting. The most important challenge in performance auditing is determining audit measures.

AUDITING

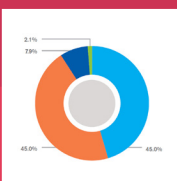


The Most Important Notes in Risk Evaluation Standards

Translated by: Mohammad Mikaili

According to the standards, it is required to understand and evaluate the risks of material misstatements at the financial statements and related assertion level. This will be performed through risk evaluation procedures.

AUDITING



How to Develop a More linked Profession and Organization?

Hamid Haghighat, Amirhadi Manavi Moghadam

Professional accounting organizations have disregarded cooperation with practitioners, supporting them and providing learning materials to them. Improving this cooperation will enhance the accounting profession and have more linked profession.

INTERNATIONAL



Performance-Based Auditing and Accountability in the European Union

Alireza Khojasteh, Behrouz Shafaei zadeh

If the accounting system is established based on accountability, it can create an appropriate flow of information from the accountant to the accountee.

INTERNATIONAL



Translated and developed by Mojdeh Kadkhodaei

Are the Non-GAAP measures in the United States of America acceptable or misleading?

AROUND THE WORLD



Norouz Meetings of Certified Accountants

Holding the International Financial Reporting Standards Conference

Joint Meeting of Professional Workgroups and Supreme Council of the IACPA

Meeting Held with the ACCA Middle East Manager in IACPA office

List of Auditing Firms which are members of the IACPA

NEWS AND VIEWS

Banks and the Monitoring Triangle: Central Bank, Securities and Exchange Organization and the Auditors

Rahmatollah Sadeghians

In recent year, financial and credit institutions have been in a circumstance that have need specific and extensive supervision. Since people in the society deposit their money in institutions like banks and financial-credit funds, these institutions should be under supervision of monitoring bodies to protect the public interest. They have also an important role in the economy much more than an ordinary corporation. Thus, considering their effects on the public interest, any failure or defect in their management can damage the public trust and cause sequentially problematic consequences for the economy.

In addition to the above factors which are applied to all economies, financial institutions in Iran have particular characteristics which makes it necessary to perform additional monitoring and supervision functions. First, most of these institutions have not yet operated under supervision of the central bank. Since they have not been forced to apply related regulations under supervision of the central bank in the past, therefore, they are more fragile and vulnerable to operational risks. Second, considering the Joint Comprehensive Plan of Action (JCPOA), the need for relationship of Iranian financial institutions with international financial and banking institutions has become more necessary. As a result, the need for transition to the IFRS financial reporting framework has become more necessary for the banks.

Above all, success of this reform (transition) is dependent to a reform in the management structure of these institutions. Implementation of corporate governance, internal control and internal auditing are the essential elements of the reform in the structure of Iran's money market.

Anyway, almost all have agreed to a reform in the banking and financial institutions systems and it should be noted that the capital and money market monitoring bodies are engaged in this reform as well as assurance providers to financial reporting of banks.

However, the process of reforming banks' structures may be disrupted in two circumstances which causes problem in achievement of the desired goals. The first circumstance is inconsistency among monitoring bodies and the second is precipitance in the process of reformation. Diversity in the sample financial statements of banks introduced by the monitoring bodies of capital and money markets can be a factor of inconsistency among the bodies as well as procrastination and disarrangement in firms presenting these statements and lack of uniformity among auditors.

The second circumstance which may disrupt the process of reforming is precipitance in transition to IFRS and new monitoring regulations. Transition to IFRS needs development of new institutions and regulations which will not be occurred overnight. Consequently, applying IFRS is not possible overnight too.

Now, the institutions operating in Iran's money market are in a historical turning point. On one hand, we have seen their quantitative spread in two recent decades. Since this spread has been out of control of the monitoring bodies, there is a kind of "institutional inflation" in this sector. On the other hand, issues like large amounts of non-current account receivables in these institutions has created a situation in which they have no way other than increase their capital. Regularizing this volume of institutions will be accomplished through a challenging path of mergers, acquisitions and new financial resource provisions. In this situation, transition to a new financial reporting framework has been enforced by the monitoring bodies. In such difficult situation, to success in transition to the new framework, it is necessary for monitoring bodies to have consistency in procedures as well as adopting a unique financial reporting framework to communicate information to all stakeholders of financial institutions. Achieving to this system requires engagement and cooperation of monitoring bodies of capital and money markets with auditors as assurance providers to financial statements.