

# IACPA

Digest - No. 38



## Another step has been taken, but we still have a long way to go

**Rahmatollah Sadeghian**



The sixth High Council of Iranian Association of Public Accountants began to work nearly one year ago. Activities of the new council, along with those of former councils, aimed at strengthening achievements of past periods, and paved the way for future development of the audit profession and accountability of public accountants. Hopefully, as in the past year, with participation of elected members of High Council and continuous engagement with all members and different groups of stakeholders, we will be more inclined to come forward in the coming years.

## Annual General Meeting of Members of IACPA



To upgrade technology and audit methodology, development of educational communications with ACCA, and holding of international conferences and technical transfer of technical knowledge of IFRS has been performed. Total audit fee of the country is 6,106 million Rials, of which the share of IACPA firms is 4,586 million Rials and the share of Audit Organization is 1,520 million Rials.

## Determining Audit Fee

**Gholamhossein Davani**



Examining experience of big audit firms shows that audit engagement pricing is a complex process in contrary with usual supply and demand relationships, because we do not actually deal with standard unit pricing of audit services.

## Zombie Banks

**Translated by: Soheil Mohamadhasanzadeh-Ferial Sheykh Abdolkarim**



In its simplest form, Zombie bank is an insolvent financial institution which has lost its equity capital and its debt has exceeded from assets. The level of capital is more important for banks than non-financial institutions, because in the event of bankruptcy, their assets are eliminated more rapidly.

## Banks' Independent Auditors at Risk

Gholamreza ahajari



Effective banking system is efficient when other elements, sectors and the economy of country also have optimal performance. A country must have appropriate economic, financial, commercial and industrial strategies. Therefore, an efficient banking system will complement this puzzle.

## Monitoring Bodies of Auditing in Iran and the World

Hamidreza Keyhani



The audit and the necessity of auditors in companies were first introduced in the Commercial Law of 1311 and then in the Commercial Law Amendment Act of 1347 in Iran. In accordance with recent amendment to the Commercial Law which continues to be in the field of economic activity of the country, it was stipulated that the public corporations must prepare financial statements (profit and loss statement and balance sheet), and provide it to the general meeting of shareholders together with the report of certified public accountants for decision making purposes.

## A Framework for Merging Audit Firms

Translated by: Mahdieh Heydari



Since formation of IACPA and establishment of audit firms, the issue of establishing big audit firms has been one of the concerns of IACPA, Securities and Exchange Organization, Central Bank, and some public accountants. Big audit firms should be of a higher degree of independence and have sufficient expertise and resources to provide a higher quality of audit services.

## Auditing IT Governance Controls

Mohammad Jandaghi ghomi



Since the twentieth century, IT has profoundly transformed business processes, organizations, and even audits. These changes have made a fundamental review of the audit process inevitable. In this study, the risks, controls, and control tests related to auditing IT governance controls are presented.

## Auditors and Technology: Changing Rules of the Game?

Translated by: Behzad Ghorbani-Negar Mohseni



Innovation and investment on technology has been growing in recent years, and this has led to production and gathering of data by various organizations. Indeed, managers have never had access to ready-made, organized or non-organized, decision-making data based on new insights into operations, and advanced business and new business strategies.

## IFRSs and What Internal Auditors Should Know about them

Ebrahim esfandiari, Mahboubeh Khanahmadi



In this article, authors reviewed IFRSs and the role of internal auditors in improving application of these standards and tried to provide an understanding about impacts of IFRSs on companies for interested auditors.

## Audit Approaches: Insurance

Translated and summarized by: Amirhadi Manavimoghadam - Afshin Nokhbefallah



Although the insurance industry creates certainty for individuals, the industry itself is in a period of intense uncertainty. The insurance industry did not have the same impact as the banking industry in creating financial crisis, but the consequences of this crisis have had an impact on the economy and regulation, which has had a major impact on insurance industry.

## Meeting of Board of Directors of IACPA and Audit Firms

List of Audit Firms which are Members of the IACPA  
(October, 2, 2017)



## **Another step has been taken, but we still have a long way to go**

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The sixth High Council of Iranian Association of Public Accountants began to work nearly one year ago. Activities of the new council, along with those of former councils, aimed at strengthening achievements of past periods, and paved the way for future development of the audit profession and accountability of public accountants. In short, subject of the High Council decisions have been to create an effective organization for Iranian Association of Public Accountants on one hand, and optimization of relationships with stakeholder groups. Paying attention to upstream regulations and especially the articles of association of the IACPA can accurately determine our course of movement. The second article of the statute, emphasizes on importance of arranging the accounting and auditing profession in the society and professional monitoring of public accountants. In this way, the article refers to formation of public accountants association, improvement and extension of professional services, promotion of professional knowledge of public accountants, protection of their professional rights, and establishment of continuous technical and professional communication between members and with international professional bodies. In this way, we have put our work in arrangement and enhancement of our profession and protection of professional rights of our members.

We suppose that these two goals are solely met through continuous contact with direct stakeholders, the members of the association, and indirect stakeholders, the wide range of stakeholders involved in activities of the association in sectors of money and capital, and various sectors of financial health and assurance.

Determining responsibilities of executives in the association during last year as well as selecting members of the board of directors and secretary general was the first step towards establishing an effective organization for continuous and effective communication with members.

In our opinion, actions such as ongoing meetings with audit firm partners in recent times have been among the useful actions of the board, which can, in the long run, provide a sense of joint responsibility to all members against their legal and professional association.

In addition to selection of board members, selection of members of law enforcement and members of workgroups are other actions that contains two important messages from the council: First, the necessary condition for long-term life of the association is health and continuous monitoring of members' health, and second, the full effectiveness of the association requires participation of all members and applying the expertise of all members.

However, as stated above, establishment of an efficient organization based on effective participation of all members is merely a condition for success of the association of certified public accountants, and the other condition is continuous engagement of all stakeholders in the activities of the association.

These stakeholders are present in all three executive, legislative and judicial bodies, and for this reason the council and the decision-making body of the association should be in direct communication and interaction with all three above powers of the country.

In this way, executive, regulatory, and judicial authorities become familiar with professional skills of the association, and formulate, based on main needs of the association, the implementation plans of the association. In this context, last year, we witnessed dozens of joint meetings with executive officials, people's representatives in the Parliament, monitoring bodies on money and capital markets, and other monitoring, regulatory and judicial authorities.

This organizational structure, which requires continuous interaction with its members and continuous external interaction with stakeholders of its activities, will only succeed if it can benefit from experiences of outside world and global professional bodies and also be established based on continuous informing and education of members.

In the same field, actions such as website optimization and publications, launching a telegram channel, and holding professional and educational conferences over the past year have been carried out and we will have a wider range of actions.

The points noted above were results of our operations last year, reported to members in general meeting of members. Hopefully, as in the past year, with participation of elected members of High Council and continuous engagement with all members and different groups of stakeholders, we will be more inclined to come forward in the coming years.