

IACPA

Digest - No. 43



Accountant Day Celebrations



Tendering for audit services is a negation of transparency

Rahmatollah Sadeghian

One of the challenges faced by audit profession in recent years has been to conclude a contract for professional services in some organizations through tender offer. Concluding an audit contract based on the lowest proposed price, in practice, decreasing the quality of services leads to a reduction in financial transparency. Since the provision of audit services is exempted from the provisions of paragraph (C) Article 29 (Law on tendering), the selection of the auditor on the basis of a tender is not required by law. The recent council resolution on the ways to maintain and improve the quality of auditing also emphasizes this subject.

EDITORIAL



The role of accounting in protecting public interest

Hossein Abdoh Tabrizi

How we do accounting, affects the lives of all of us in the community. That is, the “public interest” is important in our accounting practices. So, we need to go to that kind of financial report that meets the needs of the community and the state.

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Global challenges, Global leaders

Saeed Jamshidi fard

In November 2018, the city of Sydney, Australia, hosted accountants from the world having a slogan without any accounting words. The IACPA and IICA are two Iranian professional accounting bodies and members of IFAC, which I represented on the General Assembly of IFAC, as well as at the Congress.

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A reflection on the situation of banks today

Gholamreza Darbari

Before the Iranian Revolution, there were specialized, developmental and commercial banks. But after the Revolution and without the professional evaluation, all banks were received license to perform business activities. We should be taking steps to improve the banking system without interest, using the experience of a country like Malaysia.

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The key to the transformation of the audit profession in Iran

Gholamreza Shajari

The best fee for providing audit and assurance services should be determined on the basis of current inflation, because an increase in the audit fees can have significant success in the financial and economic sectors of the country, until clients of audit services don't feel it is worthwhile and understand it is not merely a legal duty, perhaps there is little hope of improving the status quo.

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Acute Inflation and Financial Reporting

Fatemeh Dadbeh- Seyyedmohammad Bagherabadi

The acute inflation occurs when a country experiences rapid, fast and unstoppable inflation rates. International Accounting Standard 29, Financial Accounting in Economies with Acute Inflation, has identified reporting requirements under acute inflationary conditions.

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Accounting for Currency Exchange Roundtable: Needs and Options

Rasoul Angabini-Mahdi Beyranvand-Mostafa Deilampour-Ali Sareraz-Aziz AlivarManuchehr Kazemi-Abolfazl Nikoukar

One of the challenges of accounting recently has been how to recognition of currency translation in corporate financial accounts. Given the recent changes in the foreign exchange market, one of the main questions for accountants and users of financial statements that are somehow involved in foreign exchange operations, which plays a decisive role in their revenues, is the way to translate currencies items.

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Accountant Day Celebrations

REPORTAGE



Role of internal control system in institutionalization and realization of the objectives of comprehensive reform program of the administrative system

Mohammadali Bagherpour valashani-Ahmad Hasani

The purpose of this paper is to provide a brief description of the comprehensive reform of the administrative system and explain the role of the internal control system in the implementation and institutionalization of the provisions as well as the realization of its objectives.

AUDITING



Dividend puzzle; an overview of dividend theories

Parvaneh Moti-Ali Bakhshi-Amirhadi Manavimoghadam

There are areas in the financial sciences that make the researchers confused. One of these areas is the dividend payable of companies. The purpose of this paper is to elaborate a discussion of dividend profits from a variety of theories.

CAPITAL MARKET



Relationship between audit tenure and the risk of fraud in financial reporting by controlling the effect of environmental uncertainty

Seyyed mohammad taghi Mirfendereski-Bahman Ghaderi-Majid Akhoundi

In this research the relationship between audit tenure and the risk of fraud in financial reporting by controlling the effect of environmental uncertainty has been investigated. Risk of fraud in financial reporting is dependent variable. Audit tenure is the number of years in which auditor and the client have relationships. Results show that there is no significant relationship between audit tenure and the risk of fraud in financial reporting.

CAPITAL MARKET



Is excessive tolerance in the board of directors allowed?

Richard Chambers-Chairman of the International Institute of Internal Auditors: Translated by: Roya Bahmani-Vahid Yadollah nejad

Let's face it; in the twenty-first century, tolerance has been very rare; whether on social media, on the highway, or even in the queue of a fast food restaurant, humility and mutual respect for goods have been reduced. The only place where there seems to be tolerance is and is well adhered to is the board of directors' room. Now, one should ask: Is there too much tolerance where its members should be skeptical about all the land?

AROUND THE WORLD

Translated and developed by Mojdeh Kadkhodae



At the ceremony on the accountant day in the Ministry of Economic Affairs and Finance: It should not be distanced between the government and accounting organizations



List of Audit Firms which are Members of the IACPA (December, 22, 2018)



Tendering for audit services is a negation of transparency

Rahmatollah Sadeghian

One of the challenges faced by audit profession in recent years has been to conclude a contract for professional services in some organizations through tender offer. Unfortunately, this method has been used by many public and non-governmental organizations, including municipalities. Hence, the Supreme Council of the Iranian Association of Certified Public Accountants tried to put an end to this problem. The Supreme Council's argument in this regard is well-grounded. Meanwhile, this argument is based on the needs of today's Iranian economy to promote financial transparency and, on the other hand, relies on current laws and regulations on holding tenders.

First of all, concluding an audit contract based on the lowest proposed price, in practice, decreasing the quality of services leads to a reduction in financial transparency. It is clear that a reduction in audit fees is possible only in two ways: Only lowering approved rates or reducing working hours can provide lower fees for auditing services. Both in practice lead to a reduction in audit quality. Deviation from the approved rates leads to the use of inexperienced or non-qualified experts in work, and the reduction of working hours results in a deterioration in the quality of the audit.

For this reason, the Council of the IACPA, except in certain circumstances, such as a reduction or suspension of the normal operation of the reported unit, has prevented audit firms from lowering audit fees comparing to the previous fiscal year.

In addition to the economic reasoning for rejecting auditor selection on the basis of a tender, it is also contrary to the rules. The rules on audit fee rates and related overheads are determined in accordance with the procedure for determining the basic audit fee and the rules on working hours of auditing grades are also permitted by the statutory rules to provide professional and professional audit services. We know that both of these regulations are approved by the Minister of Economic Affairs and Finance. Therefore, the audit fee is subject to clause (c) (Article 29) of the bidding rule, and hence selection of the auditor based on the lowest price, is contrary to the law of conducting tenders.

According to article 29 of the Law on tendering for purchase of movable and immovable property and goods or services, or the price determined or less, or the rights determined by the competent authorities, are not required to be tendered, and governmental organizations can accomplish the transaction without executing bidding procedures.

However, the organizations that appeal to the selection of the auditor should also be justified in this regard. Therefore, in recent months, the Legal and Technical Counsel of the Court of Audit, following the inquiry of the board of directors of the IACPA, while confirming the reasoning presented in the this article, explicitly stated that "since the provision of audit services is exempted from the provisions of paragraph (C) Article 29 (Law on tendering), the selection of the auditor on the basis of a tender is not required by law. The recent council resolution on the ways to maintain and improve the quality of auditing also emphasizes this subject.