

IESBA SME/SMP Working Group

IFAC Exposure Draft Public Interest

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Background

- Working group formed – range of experience
- Terms of Reference – advise Board on unique and challenging issues faced by SMEs & SMPs in complying with the Code
- Identifying issues
- Further research & discussion required
- SMP Forum & SMP Committee in March

Terms of Reference

- As discussed by the Board in Singapore, except objective clarified by including wording from background paper
- Working Group supports approval
- Request Board approval of Terms of Reference, as set out in the revised Agenda Paper 4-A

Status Report – preliminary list of issues

- Knowledge & understanding of the Code
 - Resource constraints, length, language
 - Impact on learning
 - Consider packaging & guidance
- Safeguards available to small firms
 - Examples listed may not be readily available
 - Consider other possible safeguards

Status Report – preliminary list of issues

- Non-audit services performed by auditors
 - SME resource constraints; services provided
 - Informed management taking responsibility
 - Consider guidance on information to be communicated to management
 - Review safeguards & consider guidance for
 - Assistance with preparation of SMEs' accounting records & financial statements
 - Certain tax & valuation services provided to SMEs

Status Report – preliminary list of issues

- Topics not addressed in detail in the Code, such as guidance for
 - Professional accountants in SMPs providing non-assurance services (separate from auditor independence guidance)
 - Professional accountants in SMEs