

New Education requirements for Audit Professionals

The Education Committee of the IFAC is proposing new guidance that will assist current and prospective audit professionals in carrying out their public interest responsibilities. To ensure that these professionals have the necessary knowledge, skills, values, ethics and attitudes to perform competently, the committee has released an exposure draft (ED) of a proposed International Education Standard (IES) entitled *Competence Requirements for Audit Professionals*. The proposed IES will apply to all professional accountants who have a substantial involvement in the audit assignment and who are responsible for making significant judgment decisions contributing to the overall audit opinion, not just the audit engagement partner.

The proposed standard provides a common foundation for the competence of all audit professionals around the world, which is an essential step in strengthening the profession and maintaining public confidence in audits of financial statements.

The proposed standard calls for audit professionals to have an advanced level of knowledge in three areas: financial statement audits, financial accounting and reporting, and information technology. This advanced level of knowledge is deeper than that expected of other professional accountants. The proposed standard also requires individuals to gain a period of relevant practical experience before having substantial involvement in a financial audit assignment.

IFAC Board takes key decisions

The IFAC Board agreed to launch new initiatives to meet the needs of developing nations, took actions to strengthen its international standard-setting processes, and reconfirmed its focus on supporting professional accountants in carrying out their corporate governance responsibilities. The decisions to this effect were taken at the March 17-18 meeting of the Board at Capetown in South Africa.

Member Body Compliance Program: The Board considered recommendations from the Compliance Advisory Panel to suspend from membership those member bodies, which had not responded to IFAC staff regarding Phase I of the Member Body Compliance Program and agreed to suspend six member bodies for failure to respond to the Phase I assessment, but expressed a commitment to further efforts to work with these member bodies.

Developing Nations: The Board supported the following recommendations from the Prague Consultative Conference in respect of several issues facing developing nations. These included;

- Developing a country-specific

approach to supporting developing nations, helping both those countries where there is no established profession and those that have only begun to build the professional, financial and regulatory architecture necessary to support economic growth.

- Continuing to reinforce the need for International Financial Reporting Standards that can be effectively implemented for developing nations, particularly by SMEs.

Corporate Governance: The Board agreed that IFAC working group, together with the Professional Accountants in Business Committee, would further develop a position paper regarding the role of professional accountants in business relating to corporate governance. The Board will review this paper in July 2005.

IFAC Seeks Public Members for IPSASB

The International Federation of Accountants (IFAC) is seeking public members for the International Public Sector Accounting Standards Board (IPSASB). Member bodies, other organisations and the general public may submit nominations for public member positions by May 31, 2005. The IPSASB will have five vacancies

at the end of 2005. Up to two of these vacancies are for public member seats to be filled from nominations by IFAC member bodies, by other organisations and by the general public. The remaining vacancies will be filled by nominations from IFAC member bodies.

Competition Act to be amended

The Competition Commission of India (CCI) may end up not having a pan-India presence as the Government plans to do away with the concept of having benches across the country. With the Ministry of Company Affairs framing its views on the proposed amendments to the Competition Act, the ball is again rolling on getting the competition authority going.

While sticking to its stand that the chairman of the Commission should be an expert in competition related matter, the ministry has proposed to set up a Competition Tribunal to hear appeals against the commission. But a three way split as envisaged in the Supreme Court order is unlikely to come through.

With the proposed changes, the government is attempting to retain the CCI as an expert body and yet not run into trouble with the apex court at a later stage. ■