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Founded in 1979 and chartered by Act No. 76 of 1993

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Dear Sir,

Association of National Accountants of Nigeria is very pleased to comment on the above mentioned Exposure Draft.

Association of National Accountants of Nigeria (ANAN) is a statutorily recognized professional accountancy body in Nigeria. The body is charged among others, with the duty of advancing the science of accountancy.

The Association was formed on 1st January, 1979 and operate under the ANAN Act 76 of 1993(Cap A26 LFN 2004), working in the public interest. The Association regulates its practicing and non-practising members, and is overseen by the Financial Reporting Council of Nigeria.

ANAN members are more than 21,000, they are either FCNA OR CNA and are found in business, practice, academic and public sector in all the States of Nigeria and Overseas. The members provide professional services to various users of their services.

ANAN is an Associate of the International Federation of Accountants (IFAC), Member of:- The International Association for Accounting Education & Research (IAAER), and The Pan African Federation of Accountants (PAFA), and Associate of Accountancy Bodies in West Africa (ABWA),

RESPONSE TO THE EXPOSURE DRAFT ON PROPOSED CHANGES TO THE INTERNATIONAL STANDARDS ON AUDITING (ISAs) and ADDRESSING DISCLOSURES IN THE AUDIT OF FINANCIAL STATEMENTS.

Our responses to specific matters for comments (1-3) are set out below:

Question 1:

Whether, in your view, the proposed changes to the ISAs are appropriate and sufficient for purposes of enhancing the focus of the auditor on disclosures and, thereby, will further support the proper application of current requirements in the ISAs?

Our Response:

It is our view in ANAN that the proposed changes are appropriate and sufficient for the purposes of enhancing the focus of auditor on disclosure because of the following provisions that form part of the proposed standards: -

- (a) Section A11 (page 23) – that stipulates that an exchange of ideas among engagement team members about how they believe the entity’s financial statements “*Including Disclosures*” may be susceptible to material misstatement due to fraud thus encouraging them to exercise the principle of “*Skepticism*” which would culminate to a thorough audit.
- (b) A11 point 3 (page 23) – A consideration that management may attempt to obscure information by presenting disclosures that are not clear and understandable thus making the audit team to develop a probing mind.

Question 2:

Are there any specific areas where, in your view, additional enhancement to either the requirements or guidance of the ISAs would be necessary for purposes of effective auditing of disclosures as part of a financial statement audit?

Our Response:

The disclosure should focus in addition on policies and policy statements bothering on powers of those charged with governance and the extent to which they exercise such powers within a reasonable limit expected of normal and responsible corporate administration (those charged with governance).

Question 3:

Whether, in your view, the proposed changes to the assertions will help appropriately integrate the work on disclosures with the audit work on the underlying amounts, thereby promoting an earlier and more effective audit of disclosures.

Our Response:

ANAN believes without doubt that the proposed changes to the assertions will help appropriately integrate the work on disclosures. Reasons for our conviction are: -

- (a) Section A12b on page 28 Strengthened the auditors need to plan well in order to ensure that issues that are germane are uncovered.
- (b) Section A12 point No 6 on matters communicated by Management to the auditors are expected to include “*the effect of significant changes to the applicable financial reporting framework*” This provision also strengthened the need to look beyond the numbers and report on the underlying framework.

Our responses to general matters for comments (a-c) are set out below:

Question A:

Preparers {including Small- and Medium-Sized Entities (SMEs)} and other Users – The IAASB invites comments on the proposed changes to the ISAs particularly with respect to the practical impacts, if any, of the proposed changes to the ISAs.

Our Response:

In the opinion of ANAN, the preparers {including Small- and Medium-Sized Entities (SMEs)} may experience some inconvenience in terms of cost and willingness to disclose what they would term “*confidential and personal policies*” because of their Micro Size, nevertheless with time it will dawn on them that credible financial statements thrives on total and honest disclosure of pertinent information including financial policy statement on which financial transactions are hinged.

Question B:

Developing Nations – Recognizing that many developing nations have adopted or are in the process of adopting the ISAs, the IAASB invites respondents from these nations to comment on the proposed changes to the ISAs, in particular, on any foreseeable difficulties in applying these in a developing nation environment.

Our Response:

1. It is the considered view of ANAN that the changes do not portend any special difficulties to the developing countries than it will to the developed countries reason being that issues that require disclosure are more prevalent in the governance of multi-national organizations whose home bases are the developed countries. The developing countries derive their policies from that of the home countries of the Multi-National organizations except those that are statutory.
2. Section A13 (page 26) when the internal auditor is brought into the audit process, the internal auditor is expected to provide information on “*Significant Communications*” between the entity and regulators.

The sections when aggregated as a tool seem well crafted enough to ensure provision of effective audit information disclosures.

Yours faithfully,

ASSOCIATION OF NATIONAL ACCOUNTANTS OF NIGERIA



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Registrar/Chief Executive