

# IAASB CAG PAPER



**International Federation of Accountants**

545 Fifth Avenue, 14th Floor, New York, NY 10017 USA

Tel +1 (212) 286-9344 Fax +1 (212) 286-9570 www.ifac.org

## Agenda Item

**Committee:** IAASB Consultative Advisory Group

**Meeting Location:** Toronto

**Meeting Date:** September 11-12, 2006

### **SME / SMP / Developing Nations Audit Considerations**

#### **Objectives of Agenda Item**

1. As indicated in David Damant's memorandum to IAASB CAG members of July 2006, the objective of this agenda item is to discuss certain aspects of the impact of ISAs on the audit of SMEs.

#### **Background**

2. The Clarity project has already made considerable strides in accommodating the particular points which arise in the context of the audit of SMEs, but concerns are still expressed in the area of audit documentation.
3. Audit documentation, together with a discussion of the impact of ISQC 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" in the same context, will be taken at this meeting. IAASB CAG members and others have submitted papers for purposes of this discussion (see below).
4. A separate matter, *not for discussion at this meeting*, is whether an assurance standard could be developed that provides for an appropriate assurance service, which is not a full audit, to be rendered to SMEs. As mentioned in David's memorandum to IAASB CAG members of August 15, 2006, this matter will be discussed by the IAASB and the IAASB CAG at meetings and roundtables next year. However, some of the papers submitted for this agenda item cover aspects of this separate matter.

#### **Material Presented – IAASB CAG PAPERS**

Agenda Item I.1	Audit Difficulties faced by SMEs and SMPs (ECSAFA)
Agenda Item I.2	Briefing Note to the members of the European Parliament (FEE)
Agenda Item I.3	Letter on the Impact of ISQC 1 from Roberto Tizzano, IAASB Member
Agenda Item I.4	Implementation Issues Pertaining to ISQC 1 (Professional Practices Board of the New Zealand Institute of Chartered Accountants)