

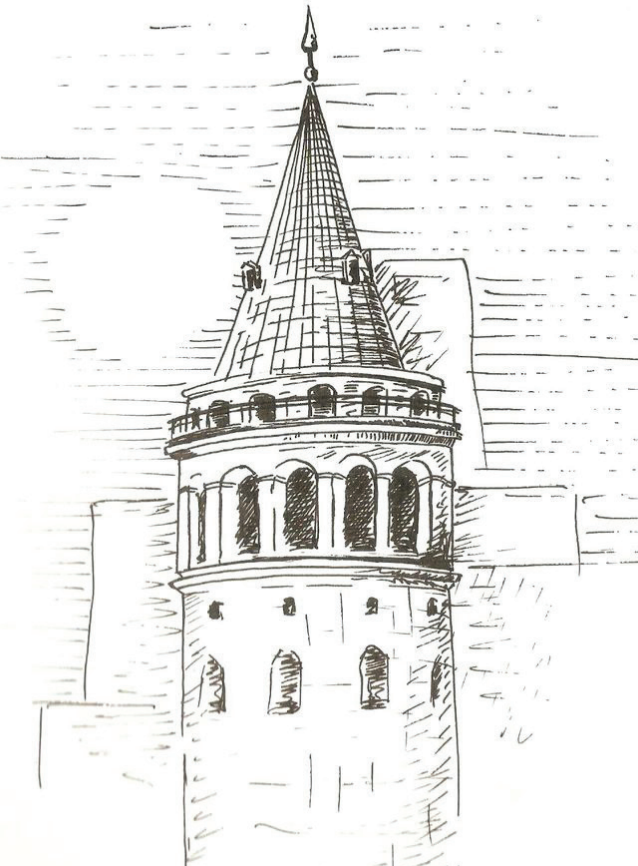


TURKISH COURT OF ACCOUNTS

FINANCIAL AUDIT IMPLEMENTATION SEMINAR

18 - 22
November 2019

Istanbul | TURKEY



FINANCIAL AUDIT IMPLEMENTATION SEMINAR

18-22 NOVEMBER 2019

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Purpose of the Seminar Programme

“ISSAI Framework”, which includes a comprehensive set of ISSAIs regarding the audit of financial statements, was adopted at the XIX INCOSAI in 2007. Since then, implementation of these standards has emerged as an important challenge for SAIs.

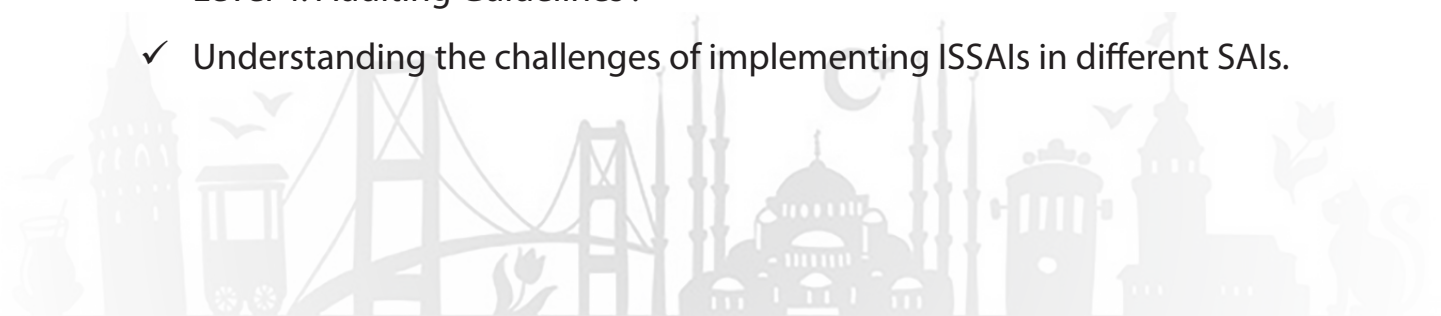
The SAIs, which adopt or deem Financial Audit ISSAIs as authoritative standards have been showing great efforts to implement these standards and develop their capacities in the pursuit of contemporary and strategic targets. Considering the inevitable convergence process for adopting ISSAIs, “Financial Audit Implementation Seminar” was intended to support these efforts and was designed for this specific purpose.

Within the programme, informative sessions were held in order to inform the participants on the basics of financial audit methodology according to the Financial Auditing Standards. Then, participants had a chance to share their experiences and practises with presentations. Sharing experiences and practises of the participant SAIs on financial audit engagement level provided us with an open learning platform where all the participants had the opportunity to learn from each other. Both presentations and informative sessions were divided into four main categories (planning, conducting, reporting, follow-up & quality assurance) to facilitate the whole programme.

All participants aimed to be able to evaluate their practises on the basis of the financial audit ISSAIs in terms of engagement level at the end of the programme.

Objectives of the Seminar Programme

- ✓ Understanding the basics of the ISSAI framework.
- ✓ Sharing of the experiences of participant SAIs about Financial Audit practises.
- ✓ Understanding the basics of Financial Audit Methodology given in the “ISSAI Level 4: Auditing Guidelines”.
- ✓ Understanding the challenges of implementing ISSAIs in different SAIs.



1 DAY

[Click for the Day 1 documents](#)



On the first day of the seminar, facilitators from the Turkish Court of Account (TCA) made presentations on the recent changes to the general framework of the INTOSAI auditing standards. It became clear to us that the new framework (IFPP/INTOSAI Framework for professional Professional) categorizes the professional pronouncements as INTOSAI principles, INTOSAI standards and INTOSAI guidance.

[Opening Speech of Mr. Seyit Ahmet BAŞ, the President of the Turkish Court of Accounts \(TCA\)](#)



Click for Video

➤ **Introduction to ISSAIs (IFPP) & Public Sector Financial Auditing**

Facilitator: Mr. Semih ZENCİRKIRAN (Principal Auditor, TCA)

- ✓ Introduction of IFPP & Financial Auditing Standards

➤ **Planning**

Facilitator: Ms. Müjde AKSOY (Principal Auditor, TCA)

- ✓ Planning the Financial Audit
- ✓ Case Study 1: ISSAI 2315: Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
- ✓ Case Study 2: The Auditor's Responses to Assessed Risks



DAY

2

On the second day of the seminar, we had the honor of hearing and reviewing four presentations delivered by the SAI Belarus, SAI Qatar, SAI Mongolia and SAI Kuwait regarding the planning phase of financial audit process.

➤ **Presentations by the participating SAIs on their practices:**

- ✓ Presentation of the Republic of Belarus
- ✓ Presentation of the State Audit Bureau of Qatar – Risk Based Audit Using GRC System
- ✓ Presentation of the SAI Mongolia – Planning an Audit of Financial Statements
- ✓ Presentation of the State Audit Bureau of Kuwait – Planning an Audit

Following the presentations, we concluded that:

- ✓ The presentations focused on understanding the audited entities and the process of identifying and evaluating risks. That is in preparation for setting and prioritizing the audit plan during the examination stage.
- ✓ The presentations showed that the planning stage requires a coordination and exchange of information between several departments within the SAI.
- ✓ The presentations agreed on two elements, the INTOSAI standards and the SAIs following their systems, which are often in compliance with the INTOSAI standards.

➤ **Conducting Phase of Audit**

Facilitator: Ms. Nihan POLAT (Auditor, TCA)

- ✓ Conducting Phase of Financial Audit
- ✓ Case Study: Conducting An Audit

[Click for the Day 2 documents](#)



3 DAY

[Click for the Day 3 documents](#)



On the third day of the seminar, we had a chance to discuss the presentations delivered by the SAI Georgia, Iraq and Ukraine regarding the execution phase of financial audit process.

➤ **Presentations by the participating SAIs on their practices:**

- ✓ Presentation of State Audit Office of Georgia
- ✓ Presentation of the SAI Iraq
- ✓ Presentation of the Accounting Chamber of Ukraine - Conducting Phase of Financial Audit in the SAI of Ukraine (ACU)

We found out the following:

- ✓ Most of the SAIs apply risk-based approach to financial audit.
- ✓ All the participants agreed that a sufficient determination of sample size using different methods based on risk errors should reduce the sampling risk to an acceptably low level.
- ✓ The presentations explained the importance of audit documentation to support the audit opinion.
- ✓ All presentations showed that the auditors should evaluate the effects of identified misstatements on the audit process. The participants also consensually agreed that uncorrected misrepresentations of financial statements should be assessed, as well.
- ✓ The presentations similarly stated that analytical procedures involved in the conducting phase of audit consist of evaluation of financial information through analysis of relationships in both financial and non-financial data.



DAY

4

On the fourth day of the seminar, the presentations were made by the SAI Moldova, SAI Kyrgyzstan, and SAI Palestine and SAI of the Turkish Republic of Northern Cyprus regarding forming an opinion and reporting phase of financial audit process.

➤ **Forming an Opinion & Reporting**

Facilitator: Mr. Semih ZENCİRKIRAN (Principal Auditor, TCA)

- ✓ Forming an Opinion and Reporting
- ✓ Case Study: Forming Opinion and Reporting

➤ **Presentations by the participating SAIs on their practices:**

- ✓ Presentation of SAI Kyrgyzstan
- ✓ Presentation of SAI Moldova
- ✓ Presentation of SAI TRNC
- ✓ Presentation of SAI Palestine

We concluded that:

- ✓ Some SAIs have specific requirements and formats for the audit report issued by formal SAI decisions.
- ✓ Some SAIs have experiences in the use of automated financial audit programs that contain forms to record the results of audit procedures. Additionally, some collaborate with professionals to develop audit methodologies for financial audit in accordance with the INTOSAI standards.

[Click for the Day 4 documents](#)



5 DAY

[Click for the Day 5 documents](#)



At the end of the seminar, we had the privilege to discuss the presentations delivered by the SAI Romania, SAI Turkey and SAI Kosovo regarding the follow up and quality assurance of financial audit process.

➤ **Follow-up & Quality Assurance**

Facilitator: Mr. Ferhat AKSOY (Auditor, TCA)

- ✓ Follow-up
- ✓ Case Study 1: Follow-up/Quality Control
- ✓ Case Study 2: Quality Assurance

➤ **Presentations by the participating SAIs on their practices:**

- ✓ Presentation of SAI Romania
- ✓ Presentation of SAI Kosovo
- ✓ Presentation of SAI Turkey

We understood that:

- ✓ SAIs submit their reports to the legislature, one of its commissions or to board of directors of audited entities in order to review and follow up specific recommendations for corrective action.
- ✓ Each SAI has its own follow-up system to ensure that the audited entities properly address their observations and recommendations as well as those made by the legislature, or one of its commissions or board of directors of audited entities.
- ✓ Some of the SAIs have newly established quality assurance departments.
- ✓ All the SAIs have the same vision regarding the quality control and follow-up activity, but they apply it in two different stages, one during the audit activity and the other one after carrying out the audit.

CONCLUSION

Introduction of the new INTOSAI Framework for Professional Pronouncement (IFPP), which officially took effect in the 23rd INCOSAI held in Moscow in September 2019, was one of the highlights of the seminar. Competency of auditors and professionalism would be one of the key issues in the upcoming years according to the newly introduced framework.

During the seminar, participants had a chance to listen about the ISSAIs, public sector auditing standards and financial auditing standards, as well as the auditing practises and experiences of different SAIs. Participants agreed on that sharing different perspectives and experiences was a highly interesting and fruitful experience for them.

We understand from the presentations made by the participants from several SAIs that SAIs are struggling with the implementation of financial auditing standards (ISSAIs). Also, they are using ISSAIs in different forms.

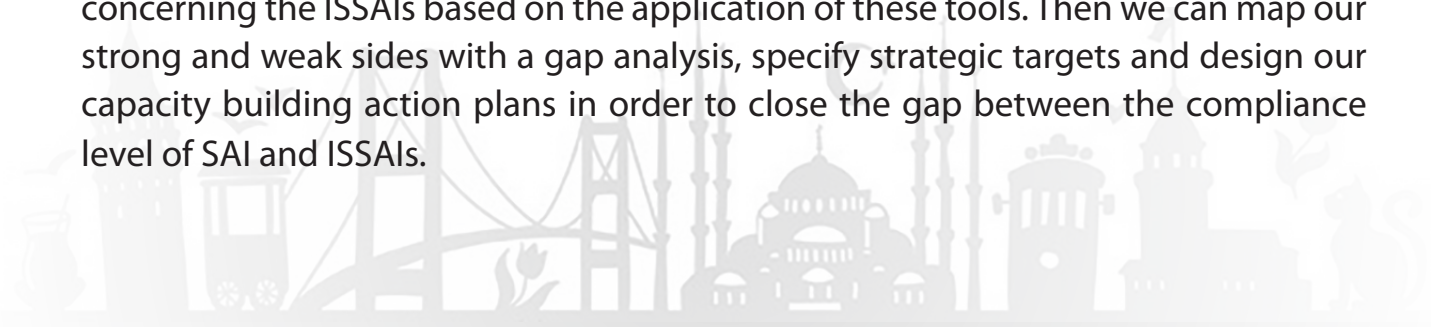
Here, in order to implement the ISSAIs, first we have to understand to what extent we comply with public auditing standards. In other words, we have to understand the level of compliance. To this end, the first step to understand how to support SAIs on their path for becoming compliant with international standards is to conduct a rigorous gap analysis. This analysis serves to evaluate how far the SAI has come in relation to the standards. It is also necessary to evaluate to what extent the legal framework in the country is in line with what is expected, as well as to evaluate how far the Public Financial Management system has come.

Only after these steps, we can make progress and prepare an action plan to increase our capacity in order to comply with the INTOSAI standards.




There are some public tools created by INTOSAI, which intends to help such assessments. Examples include the following:

- **ICAT (ISSAI Compliance Assessment Tools)**
- **SAI PMF (SAI Performance Measurement Framework)**
- **Peer Review (GUID 1900)**

As a conclusion of the seminar, it can be suggested that SAIs, which intend to comply with the ISSAIs, may consider ICATs, SAI PMF and Peer Review Guidelines as assessment tools in relation to ISSAIs. Thus, SAIs may find out the level of compliance concerning the ISSAIs based on the application of these tools. Then we can map our strong and weak sides with a gap analysis, specify strategic targets and design our capacity building action plans in order to close the gap between the compliance level of SAI and ISSAIs.



CLOSING SPEECHES & CERTIFICATE CEREMONY

- Closing Speech of Mr. Tareq Sulaiman AL-KANDERI, State Audit Bureau of Kuwait  [Click for Video](#)
- Closing Speech of Mr. Semih ZENCİRKIRAN, TCA  [Click for Video](#)
- Presentation of Certificates  [Click for Video](#)

SOCIAL PROGRAMME



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