



Workshop 4: Audit of SMEs – Between Opportunity and Necessity

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Agenda

- ★ Benefits of SME Audit
- ★ Trends in SME Auditing
- ★ Different Services
- ★ EFAA's Assurance Project
- ★ References

Benefits of SME Audit

- ★ Auditor provides useful advice to management
- ★ Audit provides a check on accounting systems and records
- ★ Improves internal controls
- ★ Improves operational efficiency and effectiveness
- ★ Improves the quality of the financial information
- ★ Deters or reveals fraud by directors or employees
- ★ Gives assurance to external providers of finance
- ★ Has a positive effect on the credit rating score

Trends in Auditing

★ General:

★ Technology

★ Trust

★ Shifting geopolitical landscape

★ SME

★ Relentless rise in EU audit thresholds

★ Intense pressure to lower audit fees

★ Increased complexity of International Standards of Auditing (ISAs)

Different Services

- ★ Audit
- ★ Review
- ★ Compilation
- ★ Agreed-upon Procedures (AUP)
- ★ Advisory

EFAA's Assurance Project

- ★ Led by EFAA Assurance Expert Group
- ★ Survey on voluntary assurance
- ★ SMEs' motivations for choosing assurance
- ★ Objective:
 - ★ Timely input to IAASB's AUP project
 - ★ Arguments and data to support use of assurance

References

- ★ ["Determinants of voluntary audit and voluntary full accounts in micro- and non-micro small companies in the UK", Jill Collis, *Accounting and Business Research*](#)
- ★ [*Choosing the Right Service: Comparing Audit, Review, Compilation, and Agreed-Upon Procedure Services*, IFAC](#)
- ★ ["Response to the IAASB Discussion Paper, Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services", EFAA](#)
- ★ ["Building Trust Through Agreed-Upon Procedures", Bodo Richardt and Paul Thompson, IFAC Global Knowledge Gateway](#)
- ★ ["Digital Technologies' Implications for SMEs", Paul Thompson](#)
- ★ ["What can the European Profession learn from the 2016 IFAC Global SMP Survey", Bodo Richardt and Paul Thompson, EFAA](#)
- ★ ["The biggest challenges facing auditors in 2017", *Economia*](#)