



Federation of European Accountants
Fédération des Experts comptables Européens

INFO

Standing for trust and integrity

For immediate use: 8 December 2008

Public sector auditor needs to be ready for accrual accounting!

Brussels – FEE (Fédération des Experts comptables Européens – Federation of European Accountants) outlines that implementation of accrual accounting has had a significant impact on public sector audit.

Several countries have moved or are moving towards accrual accounting either at central government level, local level or both. This continuing trend was highlighted in an earlier Discussion Paper of FEE on “Accrual Accounting in the Public Sector”. FEE has now examined whether the wider use of accrual accounting in the public sector has affected public sector audit. FEE undertook a survey covering 26 countries and assessed what implications there are for educating an auditor undertaking public sector audit. FEE is now publishing its Discussion Paper “Implementation of Accrual Accounting: The Impact on Public Sector Audit”.

FEE President, Jacques Potdevin, underlined that “The audit of accrual based public sector financial statements is more complex than the audit of cash-based public sector financial statements. It also requires more judgement to be made by the auditor - be it a public sector auditor or a private sector auditor. Because of the additional complexity and judgement, the application of Generally Accepted Auditing Standards such as ISAs is necessary to assure a uniform audit quality in the public sector”. He emphasised that “Quality control procedures in audit bodies may need to be enhanced as audit judgements become more significant”.

Caroline Mawhood, Chair of the FEE Public Sector Committee, noted that “Contracting all or part of public sector audits to third parties, notably private sector audit firms, can help bring specialist skills to audits where those skills are not present in the public sector audit body. A direct benefit is that it offers the opportunity for public sector audit bodies to maintain their audit methodologies in line with best practice in the private sector”.

– ENDS –



NOTES FOR EDITORS

The Discussion Paper can be downloaded free of charge from the FEE website @ www.fee.be

About FEE

FEE (Fédération des Experts comptables Européens – Federation of European Accountants) represents 43 professional institutes of accountants and auditors from 32 European countries, including all of the 27 EU Member States.

In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 500.000 professional accountants, working in different capacities in public practice, small and big firms, government and education, who all contribute to a more efficient, transparent, and sustainable European economy.

For more information: News@fee.be

Tel: + 32 2 285 40 85

Fax: + 32 2 231 11 12