



International Federation of Accountants

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February 12, 2010

Dear Key Contacts at Member Bodies, Associates, and Regional Accountancy Organizations and Acknowledged Accountancy Groupings:

In March 2009, the International Auditing and Assurance Standards Board (IAASB) issued a suite of clarified International Standards on Auditing (ISAs).¹ These ISAs are largely redrafted versions of the extant ISAs and as such do not change the risk-based approach that underpins them. We are aware some practices, especially small and medium-sized practices (SMPs) and those operating in developing and emerging economies, may not be leveraging the benefits of a risk-based approach as much as they could. Some may be doing more work than is needed and focusing work in the wrong areas when auditing small and medium-sized entities (SMEs).

To help SMPs apply ISAs in a cost-effective manner, the IFAC staff, in support of the Adoption and Implementation Support initiative is pleased to attach an article entitled *Tips for Cost-Effective ISA Application* written by Stuart Hartley, author of the IFAC SMP Committee's² publication *Guide to Using International Standards on Auditing in the Audit of Small- and Medium-sized Entities*.³ In addition to suggesting tips on how to apply the ISAs, the article references a range of materials produced by IFAC to assist with implementing the ISAs, all of which can be downloaded free of charge from the IFAC website.

This article has been commissioned and reviewed by IFAC staff and is intended to assist your organization in communicating to and providing implementation support for your SMP constituency. The content is not authoritative and does not necessarily reflect the views of IFAC committees or boards. While IFAC maintains copyright of the article, we welcome your organization to make use of the article as you wish. This may include, but not be limited to, including it in your journals, newsletters, websites, training courses, and other forums and activities where you wish to assist SMPs in implementing the Clarified ISAs. IFAC kindly requests that you include the following statement (perhaps as we have done in the article as attached): "Copyright © January 2010 by the International Federation of Accountants (IFAC). All rights reserved. Used with permission of IFAC. Contact permissions@ifac.org for permission to reproduce, store or transmit, or to make other similar uses of this document." **If you make use of the article please let us know. We also welcome any comments or feedback you may have.**

¹ See <http://web.ifac.org/clarity-center/index>.

² See <http://www.ifac.org/smp>

³ See <http://web.ifac.org/publications/small-and-medium-practices-committee>. A revised ISA Guide is scheduled for publication in the summer of 2010.

More than 120 countries are either using the ISAs adopted as written, or locally adapted through national standard setters. The adoption momentum is continuing as regulators, governments, and other key stakeholders see the benefits of a single set of high-quality auditing standards that creates a level playing field globally, contributing to high-quality and consistent auditor performance.

If you have any questions or feedback about these materials, please do not hesitate to contact me directly at paulthompson@ifac.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Thompson', with a stylized flourish at the end.

Paul Thompson

Senior Technical Manager, IFAC SMP Committee