



Lebanese Association of Certified Public Accountants

Audit Profession in Lebanon Challenges & Conclusions

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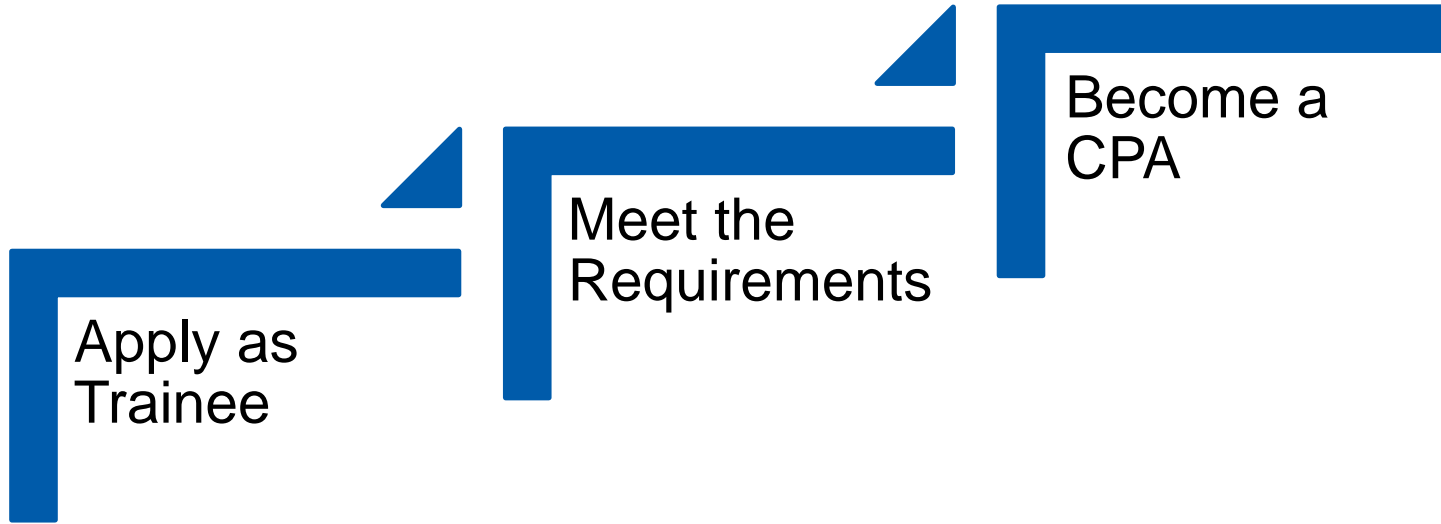
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Audit Profession in Lebanon

- The LACPA is the sole organization for the CPA profession in Lebanon
- It was formed in 1994 under the **Accountancy Profession Act Law No 364/94** issued in August 1st 1994
- Practicing in Lebanon = LACPA Membership



LACPA Membership



LACPA Membership Requirements

BS/ BBA

3 Years Training in Audit Firm

Pass the LACPA Exams:

- Lebanese Laws
- IFRS
- Audit
- Managerial Accounting

EXEMPTIONS

BS/ BBA + AICPA

1 Year training in Audit Firm

Exemption of 3 Exams

Pass the LACPA Exams:

- Lebanese Laws

BS/ BBA + DipIFR

3 Years Training in Audit Firm

Exemption of 1 Exam

Pass the LACPA Exams:

- Lebanese Laws
- Audit
- Managerial Accounting

BS/ BBA + CMA

3 Years Training in Audit Firm

Exemption of 1 Exam

Pass the LACPA Exams:

- Lebanese Laws
- IFRS
- Audit





Auditors' Role and Responsibilities



Code of Commerce

The Accountancy Profession Act
Law No 364

Tax Laws

Insurance Law



Banking Regulation & Circulars

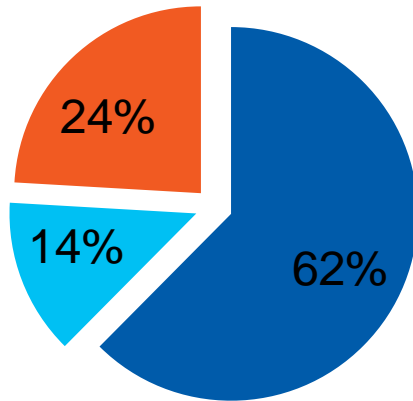
Capital Markets Laws

Anti-Money Laundering Laws

Standard Setters
ISA, IFRS



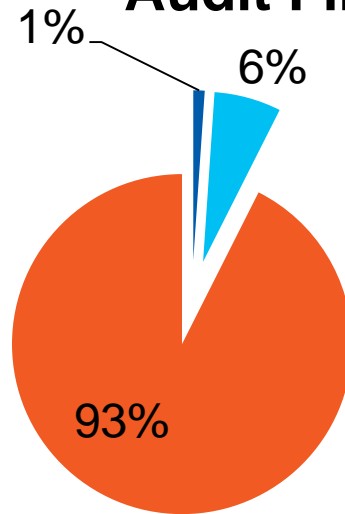
Members' by Category



- Total Practicing Members = 1444
- Non Practicing Members = 312
- Trainees = 557

LACPA Statistics

Audit Firms by Category



■ **Big Audit Firms Including Big 4 = 11**

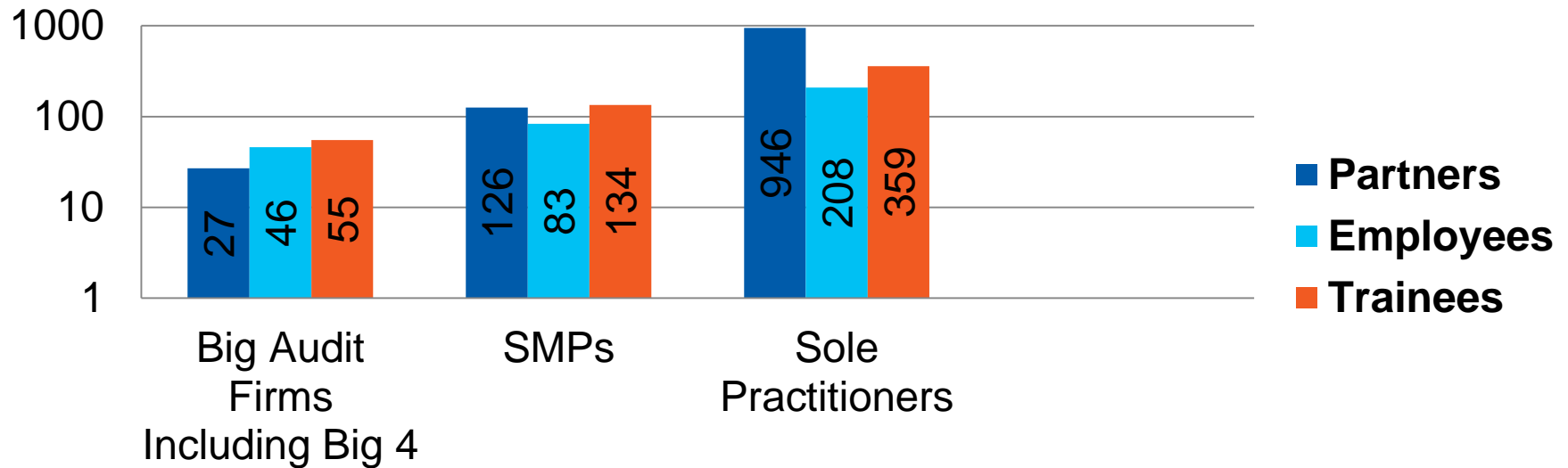
■ **SMPs = 65**

■ **Sole Practitioners Offices = 946**



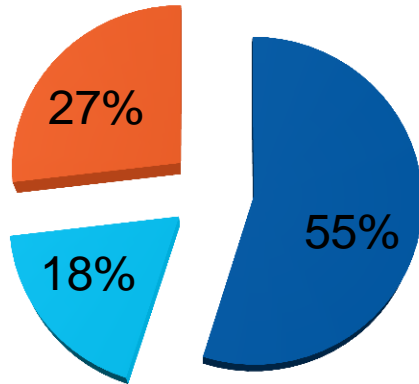
LACPA Statistics

Members' Distribution Among Firms



LACPA Statistics

AICPA Holders



- Practicing AICPA Holders = 51
- Non Practicing AICPA Holders = 17
- Trainees AICPA Holders = 25

**TOTAL
AICPAs**

93



- The LACPA is applying the 40 CPE requirements with no exception to all LACPA members.
- The training institute is offering specialized seminars and workshops on special topics as Audit and Assurance (ISAs), IFRS, Business Soft Skills, Taxation, etc...

Education

- As per the MOUs signed with the ACCA and IMA, the LACPA launched professional Diplomas: **DipIFR** (84 hrs.), **Auditing and Assurance** (42 hrs.), **Managerial Accounting and Reporting** (48 hrs.).
- Organized 2 sessions of professional diplomas classes for LACPA members and trainees.
- Amended the internal bylaws of the **Examination Committee**.
- Amended the **Examination Syllabi** as per IFRS, ISA & Managerial Accounting.
- The new syllabi were implemented during the LACPA examinations in **December 2014**.

Preparation for the Quality Control Program

- **The Audit File Manual:**
 - A Technical Committee assigned by the LACPA Board, finalized developing the Audit File Manual and related working papers to be used as **guidance for SMPs**.
 - Scheduled specialized 2 days' workshop training on the **Audit File Manual** starting March 13, 2015.

Peer Review and Quality Control Program

- **Launched** the Peer Review and the Quality Control Program.
- **Adopted** the Quality Control Manual in accordance with the revised **ISQC1**.
- Will start a **Quality Control Assurance Review** (Peer Review) on selected audit firms that audit listed and public interest companies in **October 2015**.
- External Quality Assurance **Reviewers** will be selected from Jordan.
- Appoint Members in charge of the Quality Control Supervisory Commission (**QCSC**).

**New Drafted Law Regarding the Accountancy
Profession**

The QCSC – Oversight Board

Enhancement of the procedures and processes of the
Disciplinary System

Professional **Indemnity Insurance** Cover

Set up the QCSC - OVERSIGHT BOARD

- Independent
- Decisions are Legally Binding
- Composed of 5 Members
- Members are appointed according to the following:
 - One member appointed by the Central Bank.
 - One member appointed the Capital Markets Authority.
 - A professor in Auditing and Accounting from one of the Lebanese Universities.
 - 2 retired members of LACPA appointed by the board.
- The mandate of the QCSC is 3 years.

Promotion of the Adoption of IPSASs

LACPA is currently working in collaboration with the **Ministry of Finance**, l'Institut des Finances – Bassil Fuleihan and the International Public Sector Accounting Standards Board - **IPSASB**, on organizing a 3 days' workshop on June 10, 11 and 12, 2015

Challenges

- ❑ Quality Control: Substance-over-form
- ❑ Quality Assurance Compliance Cost
- ❑ Independency and Confidentiality issues – Quality Assurance Program:
 - Quality Control Supervisory Commission (Laws; People)
 - Reviewers



Conclusion

- Oversight Board
- Application of Quality Assurance Review Systems within the firm (ISQC1, ISA 220)
 - Self Review, Leadership Responsibility within the Audit Firm (SMPs)
 - Ethical Requirements: Integrity, Objectivity, Professional Behavior, etc...
- LACPA Commitment to ensure compliance with professional International Standards



Conclusion (Cont'd)

- Application of Quality Assurance and Peer Review Programs
- Amendment of Law 364/ 94 Regulating the Profession in Lebanon
- Contributing in the Amendment of the Lebanese Commercial Law
- Ongoing Professional Coordination with Regulatory and Supervisory Bodies
- Special Events:
 - Business Community Events
 - Quality Assurance Awareness



www.lacpa.org.lb
