



***West Bank / Gaza Accounting
and Auditing Sector Program***

Quarterly Report Q1-2002
January 2002 – March 2002

Submitted by:

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Quarterly Report

Q 1- 2002

January 01 – March 31, 2002

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Summary

When the Program began 2002, its final year, its first priority was to accelerate organizational development and professional growth. Strategic choices were made allocating additional resources to the development of SROs and implementation of a comprehensive professional certification program.

Innovation is our primary driver of success in a most challenging environment,

During this quarter, innovative approaches were taken in communications technology and educational resources, upgrading them. Additionally steps were taken to ensure local national organizations would have the potential of consistently meeting future demands of the professional.

The powerful, transformation trends previously noted continued in all of the areas where the Program operates: training, and educational and regulatory reform. Constituencies are committed to move forward even under the extreme circumstances they face.

Noteworthy accomplishments of the Quarter include:

- ☞☞ **Organizational development** gained momentum with “open meetings”. Dialogue amongst all parties was increased with the establishment of monthly “town hall” events by the Palestinian Association of Accountants and Auditors
- ☞☞ **University activities** moved further towards full local national ownership. Several courses were passed on to resident professors. Additionally, publication of local language texts continued, one book was issued (Advanced Auditing) and another is in progress (Management Accounting)
- ☞☞ **Professional certification** was addressed in several ways. Implementation of a certification examination moved toward resolution by both SROs. Discussion on the legal regulation of the Profession enjoyed substantial public exposure.
- ☞☞ **Media and Public Awareness** communicated Program activities to many and continues to leave long-term evidence of its presence.

While the Program has achieved a great deal of progress, there remains a lot of hard work ahead to complete the overall mission of expanding economic opportunities for Palestinians.

The Program’s local national team dedication to mission has never been more evident than in this quarter. They have risen to many challenges and continue to exceed expectations – always setting new standards.

Training Activities

The first element of the Program's strategy was the development of a platform upon which the compelling reasons for reform and change could be presented – our training activities have achieved this and are leading the way in delivering results.

Analysis of Q1-2002 activities is representative of the over 30 man-years of training performed over the last 15 months. The male female ratio was approximately 75% to 25%. Coverage of SRO membership was very high amongst the Palestinian Society of CPAs, averaging 80%, however low (averaging less than 20%) in the Palestinian Association of Accountants and Auditors. The Palestinian Association of Accountants and Auditors has around 4000 members, the Palestinian Society of CPAs has approximately 220. In addition to SRO members in attendance at training activities, there is a material group of "non-affiliated" individuals – approximately 15%.

The largest contribution that achievements in training will make will be development of a structured and organized CPE program, bonding together the members into a profession

Both SROs have made moves in this direction. From the PSCPA, a greater level of involvement in "back-office" training organizational activities was registered. Cross training occurred. After a longer period of absence, the PSCPA resumed training activities. Instructional materials on Auditing and Accounting, prepared by the Program, were once again presented. Individuals from a wide spectrum of industry had an opportunity to attend – Public Accountants were only approximately 12% of overall attendance. The Program remains very thankful to the visionary leadership displayed by the West Bank leadership of the PSCPA, which helped this happen.

Moving closer toward the overarching goal of establishing education leading to "professional certification", the Board of Directors, in a democratic manner, of the Palestinian Association of Accountants took the leadership roll by integrating three courses – Basic Auditing, Ethics, and Advanced Auditing – into one education stream – a group of individuals was specifically nominated to pass through this. Results and achievements of this group will provide leading indicators about the probability of the success of introduction of exams – such as the ASCA-ACPA, IMA-CMA/CFM, and IIA-CIA.

The PAAA continues to eclipse the PSCPA in the area of Continuing Professional Education.

Ethics Training – using the recently translated "CPA's Guide to Professional Ethics" commenced during the quarter. In addition to presenting this material to the Profession, the Program also offered it as a "University" seminar. During the

quarter approximately 193 persons had taken or were engaged in this intensive ethics seminar – unique to the Arabic speaking world.

Educational Reform

All of our Program activities point to the future, in the context of educational reform the future is being created presently. Clearly, educational reform achievements in this quarter are further indications that the Program understands the framework and mechanisms of cooperation for accounting and auditing educational reform within academic communities.

The process of full migration of Program course materials started. Professor Dr. Nasser Abdel Karim, a leading individual in both the Profession and Academia in Palestine, reviewed and assumed responsibility for instructing of the Program's Auditing course begin offered at Bir Zeit University in the Spring Semester. Professor Yousef Hassan, Chairperson of the Accounting Department at Hebron University did the same.

During the quarter, the Program completed instruction of Accounting and Auditing Classes, three sessions at both Hebron and Bir Zeit University. Discussions with An Najah University (Nablus) indicated that the Program's IAS/ISA course would be added to their official curriculum in the nearest future.

Further the "Basic Finance" Course (FI 230), at Bir Zeit University, supported by the Program on a provisional basis as another platform to demonstrate the usefulness of International Standards on Auditing, International Accounting Standards, International Valuation Standards, and Statements of Management Accounting closed successfully.

Accounting Departments at Gaza Universities demonstrated their continuing ability to operate and contribute in a changing environment. Professor Dr. Jarbou of Islamic University completed his "Advanced Auditing" book. This text, which utilizes the International Standards on Auditing, will form a basis for one of courses at the Palestinian Association of Accountants and Auditors leading towards a type of "professional certification" for Auditors.

Further, through the diligent efforts of the Program's Technical Manager – Gaza office, Mr. Sharif Qishawi both Al Azhar and Islamic University continue to have high levels of attendance at Program offerings. Mr. Qishawi is committed to sustaining Program efforts in Gaza.

In keeping with the educational standards and guidelines of the International Federation of Accountants and the United Nations Conference on Trade and Development, the Program began the donation of a portfolio of accounting, auditing and ethics textbooks. During this quarter three works, focused on International Accounting Standards were distributed, next quarter additional texts

and teaching materials will be distributed. Once completed these materials will comprise a core foundation for faculty training in integration of IAS, ISA, SMA, IVS, in their regular instruction, should Program time and resources be available.

Service to academic institutions in the form of instruction and provision of materials and other resources enables them to perform and to succeed in passing on the visionary leadership that many of the leading Palestinian accounting professors have, even in emergency conditions. No abbreviations, condensation, or a compromise in instructional materials has been experienced by the Program when working together with the Universities. The Program has achieved the objective of causing IASs and ISAs to be part of the educational process in Palestine.

Through Q1-2001, the Program has had 1016 (F=25%,M=75%) students pass through its University based activities. "Market share" of students studying accounting ranges from 68.8% at Al Azhar to 9.9% at An Najah University. Average class size has been 56. In this area of the Program's activities have both a great multiplier effect - in spreading knowledge and displaying positively the overall mission of USAID - as well as building up a critical mass who will carry forward on reform, in their work places and organizations once the Program has terminated.

Although the number of students, which the Program has reached is large, on an overall basis it represents only 43% of the population of students of accountancy over the period of operation.

Regulatory Reform

Law

Political conditions faced heavy and ever increasing pressures during this Quarter.

However, the open and transparent environment created by the Program means that this is an area where immediate and significant change can occur once the temporarily extreme condition pass.

Both the Palestinian Society of CPA's (PSCPA) and the Palestinian Association of Accountants and Auditors (PAAA) legal committees were very active – independently and with assistance from the Program. The PAAA moved along the avenue of interactive discussion of the issue – a material portion of "open meeting" time (11% plus) was dedicated to discussion on legal regulation. The PSCPA dedicated an article in their quarterly journal to discussions of the matter. Each organization supports their own version of a law.

What is significant to note here is that several hundred professionals have, as a result of these actions been exposed to and have had an opportunity to comment, this will encourage responsive legislation.

Addressing the challenges presented by the PAAA and the PSCPA, the Program started organization of a “summit” meeting – activating a “back-to-basics” strategy. The objective of which will be to respond to latent concerns and to build a working environment that will present an opportunity to structure and position legal regulatory reform of the accounting and auditing sector so that it contributes to economic growth. The Program plans to provide guidance to each organization how it can expand its significance within the environment, without negatively influencing the professional climate.

SRO & Standards

One of the elements of success in SRO development is transparency of operations – democracy and debate. The Program working together with the Palestinian Association of Accountants and Auditors achieved phenomenal success in this respect during the quarter.

Sponsored and supported by the Board of Directors of the PAAA, a pattern of routine, monthly conference call meetings – with fixed and advertised agendas – open to all – linking Ramallah, Gaza, Nablus and Hebron took shape. Average attendance per city was 87 of which approximately 17% were PSCPA members. Topics discussed included Ethics, the International Accounting Standards, the Law, CPE, and others. A translation of the transcript of the most recent meeting is attached, and indicates that issues are address head-to-head; leadership is able to gather the voice of membership and act on it. Further development of this form will permit the PAAA to expand its presence to the West Bank.

In addition, worthy of note is that the technology used in conference calls is ideal for distance learning – and was “beta” tested during the Ethics training noted above – Hebron and Nablus were successfully linked.

Contributing to overall professional development – the PSCPA prepared another edition of its journal, “The Auditor”. In addition to relevant articles, practical practice guidance, in the form of “audit program” was started. The PSCPA intends to incorporate similar tools into each future edition.

Activities in respect of the International Accounting Standards are on hold. The PSCPA was able to secure exclusive Palestinian representation on the translation committee “officially” appointed by the IASC as the sole body authorized to produce an Arabic language version of the International Accounting Standards. This text is expected to be released June 2002.

Other Activities

Joint Tasks

After having provided focused support to the FMI-Capital Markets Access Program during Quarter Four 2001, additional opportunities to assist that Program did not present themselves. This Program was however able to support training in IAS #39 Financial Instruments: Recognition and Measurement (important for Banks), which help the efforts of the KPMG-Barents Project “ Bank Supervision Activity”.

Media

Communicating with the media provides opportunities for growing a network as well as opportunities for understanding. Understanding the environment and being understood by it are critical to provide quality service to it.

The Program endeavored to use each significant event and achievement of a milestone as a media event – the initiative was taken – press releases were prepared and issued. Additionally, a routine of emailing “newsletters” to interested parties was expanded upon. Over three hundred addresses are regularly informed of developments in the accounting and auditing sector. In addition to providing information on the Program, with a vision of a future SRO Newsletter – professional materials, such as the bulletins on local and international developments are sent.

Awareness Promotions

One of the top priorities the Program is to recognize the type of commitment that will form the basis of long-range success and survival of its efforts.

During this Quarter several opportunities arose for the issuance of additional memorials – Leadership was the key theme. Leadership has been demonstrated by several persons within the academic community (Professors Shammass and Abu Humos, Bir Zeit University) in understanding and acting upon upgrading accounting and auditing education in Palestine. Additionally, the proud history of education excellence in Palestine continues with publication – several books providing practical guidance in Arabic on International Accounting and Auditing Standards have been published and other books are in production.

Community support, in the form of paid advertising, was recognized as one of the elements to insuring financial sustainability.

The spirit of local national pride will be key to making use of the momentum and technical assistance provided by this Program - we support it.

United States Agency for International Development

West Bank / Gaza Mission

Accounting and Auditing Sector Program

Quarterly Report

Q 1 – 2002

◆ Training Activities

• Activity Charts

- Training Activity Gender Analysis
- Ethics Book Training – Professional & Academic
- PSCPA Quarter One Training
- ISA Book Quality Survey

United States Agency for International Development

West Bank / Gaza Mission Accounting & Auditing Sector Program Analysis of Training Q1 -2002

	West Bank			Gaza			Total		
	M	F	Total	M	F	Total	M	F	Total
Accounting	496	88	584	906	103	1009	1402	171	1573
Auditing	283	254	537	360	133	493	643	387	1030
Ethics	598	89	687	352	253	605	950	342	1292

Subject	West Bank		Gaza		Total	
	%	%	%	%	%	%
Accounting	87.3%	12.1%	89.8%	10.2%	89.1%	10.9%
Auditing	52.7%	47.3%	73.0%	27.0%	62.4%	37.6%
Ethics	87.0%	13.0%	58.2%	41.8%	73.5%	26.5%

Subject	PSCPA		PAAAA		Neither	
	% of total	% of Membership	% of total	% of Membership	% of total	% of Membership
Accounting	12.5%	89.1%	61.7%	24.3%	25.8%	
Auditing	19.7%	92.3%	43.9%	11.2%	38.8%	
Ethics	11.8%	69.9%	12.5%	4.0%	75.7%	

Subject	PSCPA			PAAAA			Neither		
	M	F	Total	M	F	Total	M	F	Total
Accounting	188	8	196	677	93	770	337	70	407
Auditing	194	9	203	322	126	448	127	252	379
Ethics	144	9	153	124	37	161	662	296	958

Subject	PSCPA		PAAAA		Neither	
	%	%	%	%	%	%
Accounting	95.3%	4.1%	90.4%	9.6%	82.8%	17.2%
Auditing	95.8%	4.4%	71.9%	28.1%	33.5%	66.5%
Ethics	94.1%	5.9%	77.0%	23.0%	69.7%	30.3%

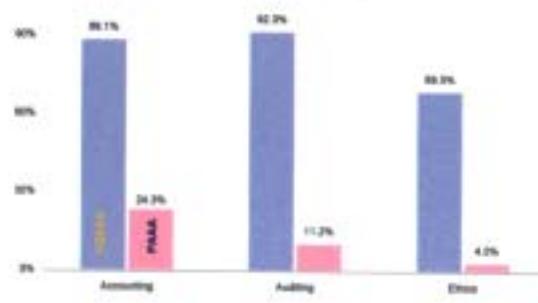
Subject	PSCPA		PAAAA		Neither	
	%	%	%	%	%	%
Accounting	37.9%	62.1%	96.8%	3.2%	24.0%	76.0%
Auditing	68.6%	31.4%	89.4%	10.6%	19.8%	80.2%
Ethics	24.1%	75.9%	36.2%	63.8%	71.8%	28.2%

Subject	PSCPA		PAAAA		Neither	
	%	%	%	%	%	%
Accounting	13.4%	4.7%	62.6%	54.4%	34.0%	45.9%
Auditing	30.2%	2.3%	50.1%	32.6%	19.8%	65.1%
Ethics	15.2%	2.6%	13.1%	10.8%	71.6%	65.5%

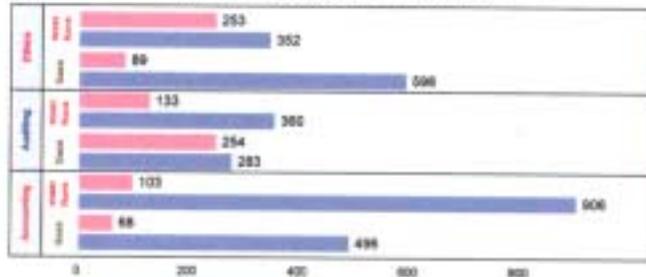
Attendance Per Centage by Group



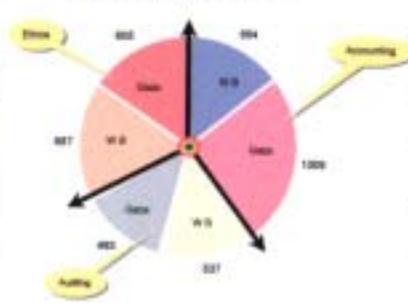
By Subject Membership Coverage Per SRO



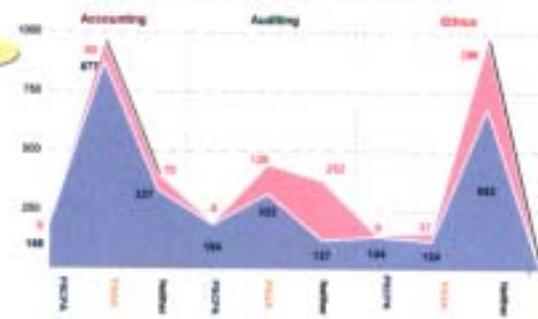
Attendees By Subject By Area By Gender



Attendees By Subject By Area



Attendees by Subject By Gender By Affiliation



United States Agency for International Development
West Bank / Gaza Mission
Accounting & Auditing Sector Program
Analysis of Ethics Training
Professional & Academic
Q1 -2002

	Date	Total	Male		Female		Branch												
			Public Acct.	Import / Export	Tourism	Manufacturing	Financial Services	Services	Teachers	Public Sector	Other								
Hebron	23-Mar	44	39	5	36	0	0	1	5	0	2	0	0						
	24-Mar	53	48	5	36	0	0	2	6	3	2	2	0						
	April 6th																		
	April 7th																		

Planned to be Continued in the next Quarter

Average	49	44	5	37	0	0	2	6	2	2	1	0						
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	Date	Total	Male		Female		Branch												
			Public Acct.	Import / Export	Tourism	Manufacturing	Financial Services	Services	Teachers	Public Sector	Other								
Nablos	23-Mar	28	24	4	16	1	0	2	3	2	1	2	1						
	24-Mar	37	30	7	19	1	0	3	5	3	1	4	1						
	April 6th																		
	April 7th																		

Planned to be Continued in the next Quarter

Average	33	27	6	18	1	0	3	4	3	1	3	1						
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	Date	Total	Male		Female		Branch												
			Public Acct.	Import / Export	Tourism	Manufacturing	Financial Services	Services	Teachers	Public Sector	Other								
Ramallah	23-Mar	57	45	12	43	2	1	0	5	2	2	2	0						
	24-Mar	56	45	11	43	2	1	0	4	2	2	2	0						
	April 6th																		
	April 12th																		

Planned to be Continued in the next Quarter

Average	57	45	12	43	2	1	0	5	2	2	2	0						
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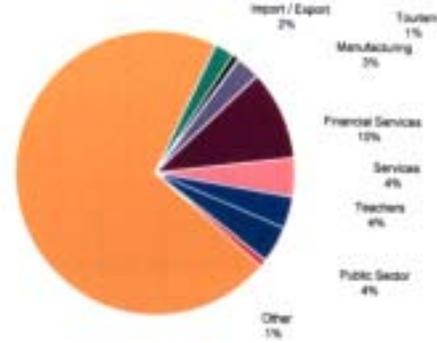


	Date	Total	Male		Female		Minor											
			Business	Marketing	Computer	No Minor												
Bethlehem	9-Feb	53	30	23	40	4	3	6										
	15-Feb	56	31	25	42	5	3	6										
	2-Mar	58	31	25	42	5	3	6										

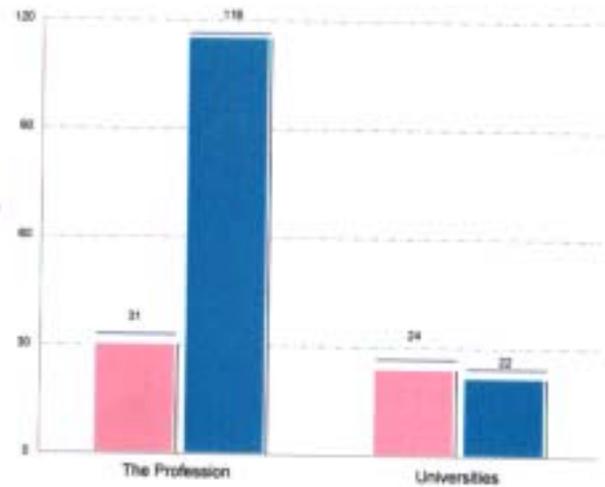
University Average	55	31	24	41	5	3	6											
Profession Average	138	116	22	98	3	1	4	14	6	5	6	1						
Total Average	193	146	46															

Professional Attendance by Branch

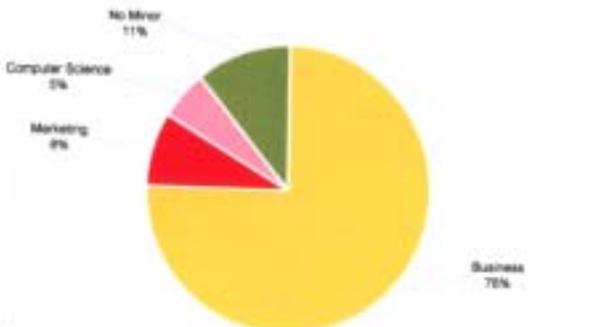
Public Acct. 71%



Attendance by Gender



University Attendance by Minor



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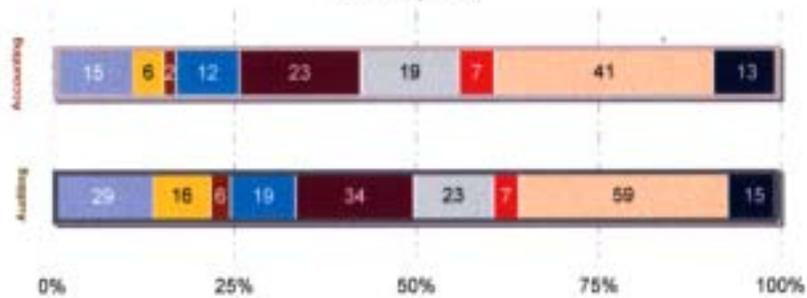
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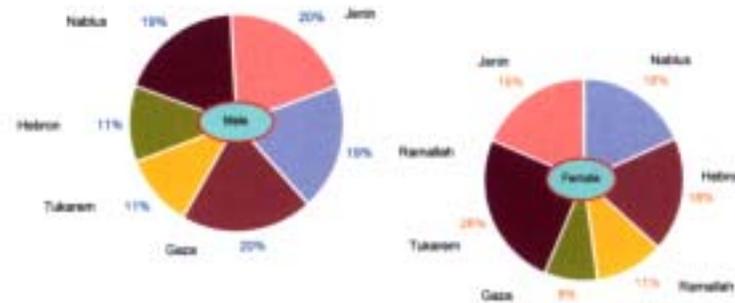
PSCPA Training

	Branch											
	Public	Male	Female	Public Acct.	Import / Export	Tourism	Manufacturing	Financial Services	Services	Teachers	Public Sector	Other
Auditing												
Nablis	54	54	10	9	4	2	5	9	5	3	15	6
Jerin	68	58	10	8	8	0	5	11	5	2	24	5
Ramallah	37	31	6	5	3	2	5	6	4	2	6	2
Gaza	37	33	5	6	3	1	4	6	5	0	11	2
	207	177	30	28	16	0	19	34	23	7	59	15
		85.5%	14.5%	13.5%	7.5%	2.7%	9.0%	16.2%	11.0%	3.4%	28.7%	7.3%
Accounting												
Tulkarem	67	54	13	7	3	1	4	11	9	4	22	7
Hebron	66	59	10	9	3	1	8	12	10	3	19	6
	133	113	33	15	6	2	12	23	19	7	41	13
		82.9%	17.1%	11.1%	4.2%	1.7%	8.7%	16.8%	13.6%	4.9%	30.0%	9.2%

Attendees by Branch



Month	Accounting	Auditing	Total
Jan	1,550	596	965
Feb	1,007	540	1,067
Mar	447	447	-
Total	3,794	1,673	2,031



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ISA Book Survey
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Quarterly Report

Q 1 – 2002

◆ Educational Reform

- **Activity Charts**

- University Activities Gender & Coverage Analysis

- **Curriculum Development**

- Text Book Published – Adv. Auditing

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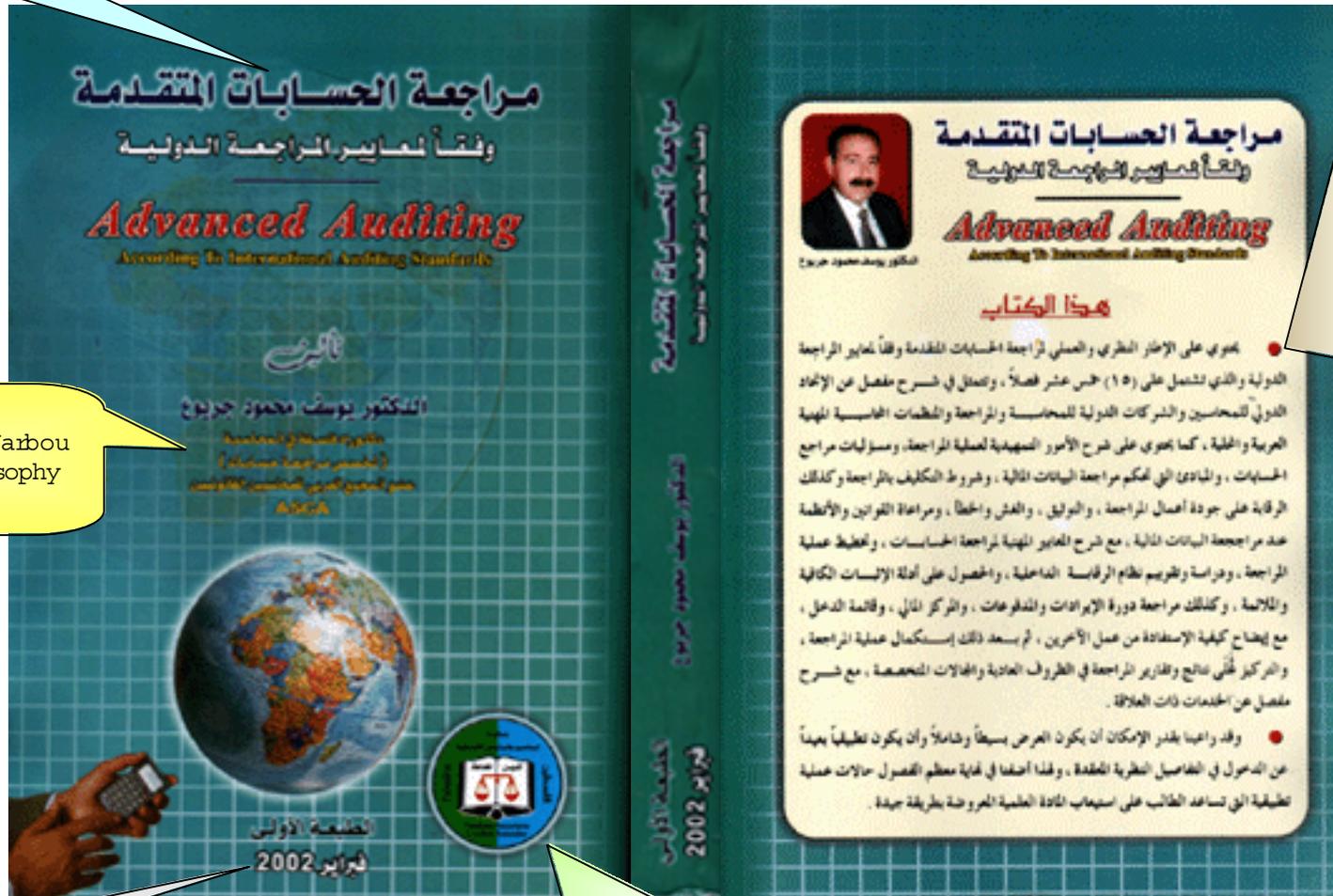
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Organizational Development

Quarter 1 - 2002

Advanced Auditing According To International Auditing Standards

This book contains 15 CH According to IA, "International, Regional and Local Associations", "Introductory Matters", "Responsibilities", "Professional Auditing Standards", "Planning an Audit & the Supervision on the Assistants", "Internal Control", "Audit Evidence", "Audit Revenue & Expenditure Cycle", "Auditing the Balance Sheet Elements", "Auditing the Income Statement Elements", "Using the Work of Others", "The Completion of Audit Work", "Audit Conclusion And Reporting", "Specialized Areas", "Related Services".

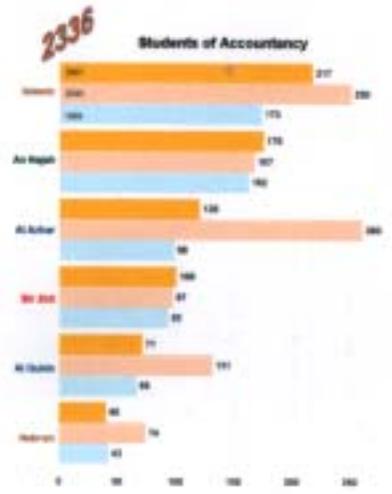
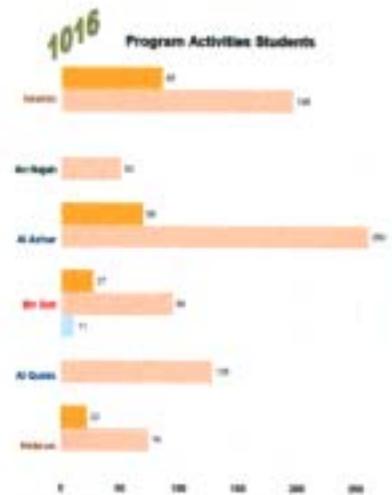


Dr. Yousef M. Jarbou PHD in Accounting Philosophy ASCA Member

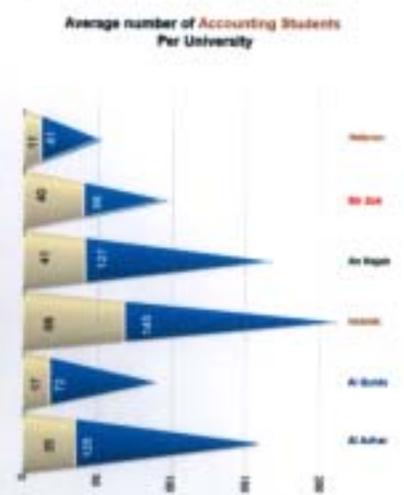
First Edition February 2002

Palestinian Accountants & Auditors Association

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Accounting Auditing Sector Program

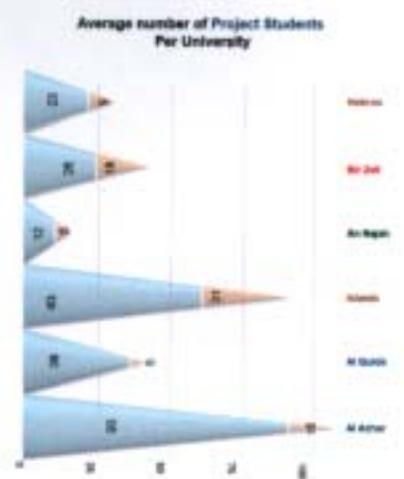
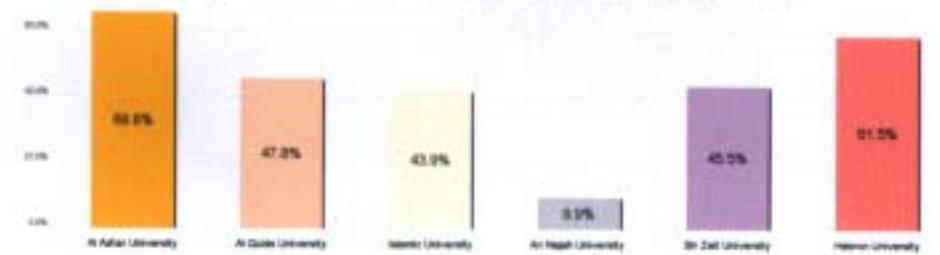


Project Students	Total Students of Accounting			Male / Female Ratio Program Activities	Program Ratio / Total Population Ratio	Average Number of A.S.A. per Year	Male / Female Ratio Total Population	Coverage Ratio	
	M	F	T					M	F
1016	Al-Azhar University	75	28	103			71.4%	28.6%	100.0%
	Al-Quds University	110	15	125			88.0%	12.0%	100.0%
	Islamic University	110	15	125			88.0%	12.0%	100.0%
	Al-Najah University	120	30	150			80.0%	20.0%	100.0%
	Bir Zeit University	8	2	10	80.0%	20.0%	100.0%	80.0%	20.0%
2336	Al-Azhar University	210	21	231	90.5%	9.5%	100.0%	89.5%	10.5%
	Al-Quds University	170	10	180	94.4%	5.6%	100.0%	93.4%	6.6%
	Islamic University	170	10	180	94.4%	5.6%	100.0%	93.4%	6.6%
	Al-Najah University	170	30	200	85.0%	15.0%	100.0%	84.0%	16.0%
	Bir Zeit University	130	10	140	92.9%	7.1%	100.0%	91.9%	8.1%
Total	Al-Azhar University	285	49	334	85.3%	14.7%	100.0%	84.3%	15.7%
	Al-Quds University	280	25	305	91.8%	8.2%	100.0%	90.8%	9.2%
	Islamic University	280	25	305	91.8%	8.2%	100.0%	90.8%	9.2%
	Al-Najah University	290	60	350	82.9%	17.1%	100.0%	81.9%	18.1%
	Bir Zeit University	240	20	260	92.3%	7.7%	100.0%	91.3%	8.7%



Average	Total			Male / Female Ratio Program Activities	Program Ratio / Total Population Ratio	Average Number of A.S.A. per Year	Male / Female Ratio Total Population
	M	F	T				
Al-Azhar University	81	18	99				
Al-Quds University	38	5	43				
Islamic University	82	23	105				
Al-Najah University	12	8	20				
Bir Zeit University	28	18	46				
Hebron University	22	8	30				
Total	233	62	295	78.7%	21.3%	100.0%	78.7%

Program's Activities Overall Penetration of Total Students of Accountancy Percentage



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Accounting and Auditing Sector Program

Quarterly Report

Q 1 – 2002

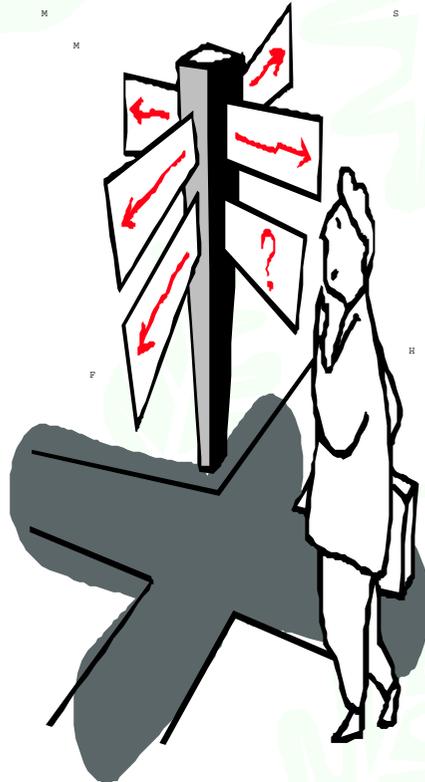
◆ Regulatory Reform

- **Organizational Development**
 - Open Meeting Photo Montage
 - Open Meeting Analysis
 - PSCPA Magazine Index
 - Magazine Articles Translations

Open Meeting

Nablus

Gaza



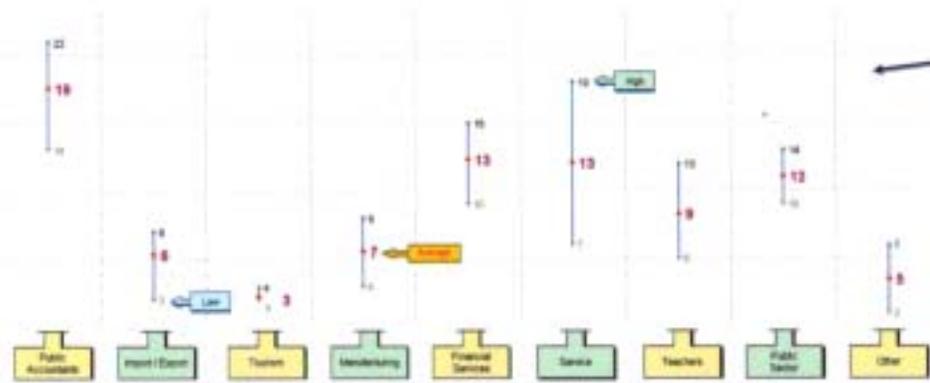
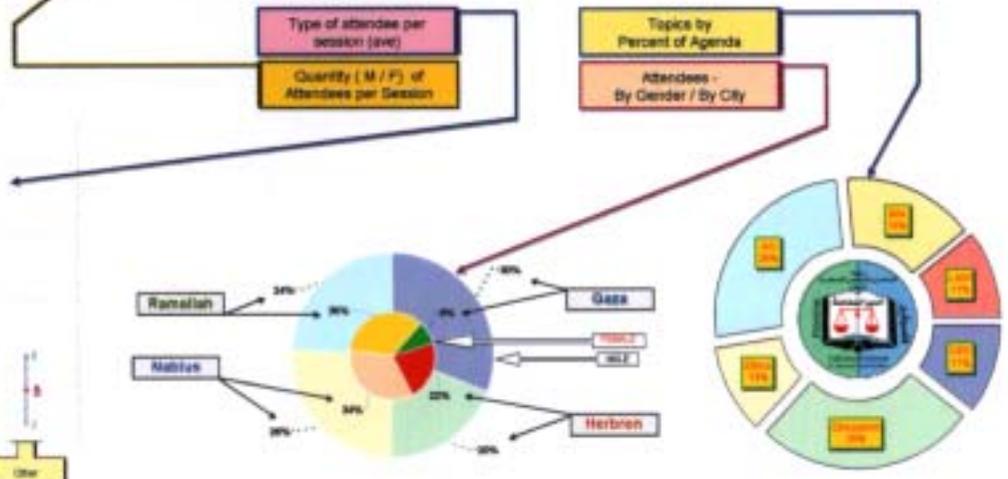
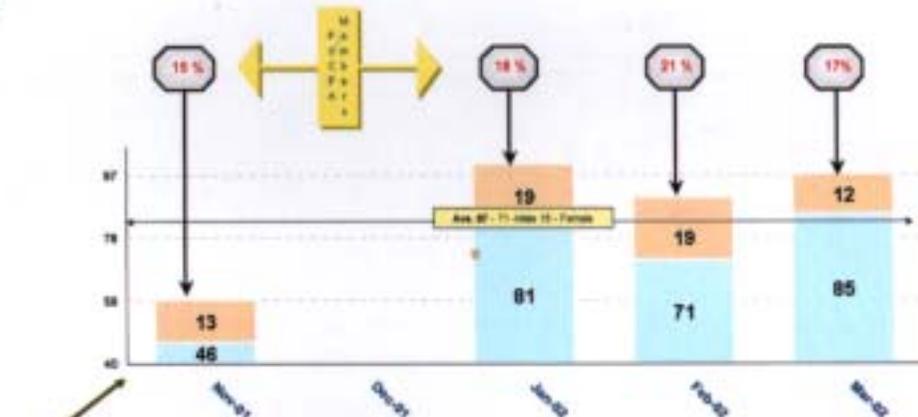
Ramallah

Hebron



United States Agency for International Development
West Bank / Gaza Mission
Accounting Auditing Sector Program
 PAAA Open Meetings Analysis

Topic	Date	Males		Females		Topic												
		M	F	M	F	Public Audit	Accounting	Internal Control	Financial Reporting	Procurement	Information Systems	Other	Public Sector	Other				
Introduction to the AIC's Adaptive Process	18-Mar	Available	10	13	9	4	3	2	1	4	3	2	1	2	1	1	1	1
		Not Available	24	14	1		6	1	1	1	2	1	1	1	1	1	1	1
		Male	34	27			10	4	3	5	5	3	2	2	2	2	2	2
		Female	23	14			4	1	1	4	3	2	1	1	1	1	1	1
TOTAL		57	41	9	1	14	5	4	9	7	4	3	3	3	3	3	3	
Introduction	18-Jun	Available	24	20	9	6	3	3	3	6	4	4	4	3	2	2	2	2
		Not Available	27	10	5		4	1	2	3	3	5	1	3	1	1	1	1
		Male	51	30			10	4	5	9	7	9	5	5	3	3	3	3
		Female	28	10			4	1	2	3	3	5	1	2	1	1	1	1
TOTAL		79	40	9	1	14	5	7	12	10	10	6	4	4	4	4	4	
Copyright Permissions PAAA Book	11-Mar	Available	27	18	7	5	3	2	2	2	3	3	3	3	1	1	1	1
		Not Available	20	16	6		4	1	2	2	2	3	1	3	1	1	1	1
		Male	47	34			9	4	4	4	5	6	4	4	2	2	2	2
		Female	17	14			4	1	1	2	2	2	2	1	1	1	1	1
TOTAL		64	48	7	1	13	5	6	6	7	6	6	3	3	3	3	3	
Addressing Auditing Controls Issues	11-Mar	Available	16	17	3	4	3	1	1	4	2	3	2	2	2	2	2	2
		Not Available	27	24	7		5	1	2	2	4	9	3	2	1	1	1	1
		Male	43	41			9	2	3	6	6	11	5	5	3	3	3	3
		Female	20	17			5	1	2	5	5	3	6	1	1	1	1	1
TOTAL		63	58	3	1	14	3	5	11	10	8	6	4	4	4	4	4	



Open Meeting for the Palestinian Association for Accountants and Auditors

Monday March 11,

Salem Sabah, Member of the Board of Directors of the PAAA

We will start our meeting according to the agenda we have with Dr. Yousef Jarbou' to give us a summary about his recent book "Advanced Auditing – According to the International Standards on Auditing".

Dr. Yousef Jarbou'

20 We're now in the beginning of the first decade of the twenty one century which requires preparation to face the information generation and doing the business combination and transiting the public sector to the private sector which will expand the markets in the financial aspects, and the transactions will move from the local form to the international one, and the parent holding multi – international companies will control the strategic levels of the international economy, and this will increase the importance of the financial information which will help the investors in the areas of finance and investment, but to have these financial information meet the needs of the users in the areas mentioned above, it should have the following characteristics:

First, this information should have sufficient amount of reliability to make the users able to rely on these information in planning and making decisions.

Second, the information should be comparable to get accurate indicators from it. The use of International Standards on Auditing became basic requirement for all the concerned parties from the external independent auditor, the financial community and government.

40 In previous years, the objectives of the auditing process were limited to inspecting the records and discovering fraud and error, then expressing an opinion with regard to these records. The objectives now are different, the auditor is asked by the financial community to show many of the important financial issues in his report whether with regard to the plans and its implementation or the measurement of efficiency and effectiveness in the companies or the evaluation of the professional performance in these companies. The International Standards on Auditing were a result of the work of a specialized professional committee from U.S.A, U.K, NewZeland, Canada, Australia and other countries, this Committee worked hard on the Auditing Standards which we have now and which we work on implementing it in all the Arab Countries, the implementation of these standards in the Arab Countries in general and especially in Palestine will help in accepting Palestine as associate member this year and full member in the year 2005 in the World Trade Organization. This Committee worked on

eliminating many of the difficulties in the countries signing for membership in the World Trade Organization especially in the area of Taxation.

This is an introduction to the International Standards on Auditing; with regard to the book we'll go through it briefly, the book is 15 chapters as follow:

Chapter 1 is about the International, Regional and Local Associations.

Chapter 2 discusses the Introductory Matters related to the auditing standards and related services.

60 Chapter 3 goes more in the Auditor's Responsibilities, Objectives and General Principles Governing the Audit of Financial Statements, Terms of Audit Engagement, quality control of audit work, documentation, fraud and error and finally the consideration of laws and regulations in an audit of financial statements.

Chapter 4 talks about the professional standards for auditing, whether general (personal) standards, fieldwork standards and reporting standards.

Chapter 5 focuses on the planning of the audit process and the supervision of assistants which includes planning the audit, types of audit programs and audit materiality.

Chapter 6 was totally assigned to the study and evaluation of the internal control structure.

In Chapter 7, discussion is related to audit evidence, special consideration was given to the sufficiency and appropriateness of audit evidence.

Chapter 8 includes a review to the audit of revenue and expenditure cycle.

In Chapter 9 there is a discussion of the audit of the balance sheet elements.

80 And to have the cycles complete, Chapter 10 considers the audit of income statements elements.

Chapter 11 talks about using the work of others including other auditors, internal auditors and experts.

Chapter 12 is about the completion of audit work.

Chapter 13 is about audit conclusion and reporting.

Chapter 14 is about the specialized areas in audit.

And finally Chapter 15 covers the related services issue.

We were interested in having in the end of most of the chapters practical examples to enable the user of this book to get sufficient information with limiting this information to the theoretical frame only.

Salem Sabah

100 Thanks for Dr. Jarbou' for this illustration, and also for the efforts he had made in this book, giving that the PAAA will work hard to get benefit from the book by holding workshops and seminars for accountants and auditors using the materials in this book. And in behalf of the Accounting and Auditing Sector Program in the West Bank and Gaza please let me give this memorial gift for Dr. Jarbou' for his efforts.

We'll move now to the second part of our meeting with Mr. Habeeb Jaradeh, the Chairman of the Ethics Committee in the PAAA, giving that Mr. Jaradeh is ex-Chairman of the PAAA.

Habeeb Jaradeh, Chairman of the Ethics Committee in the PAAA

120 There should be a code of ethics for every work, and now we're concerned with the Code of Ethics for Professional Accountants, the Professional Accountant can be employed in private sector or public sector or can be professional accountant in public practice who owns his practice office, or a partner in a specialized audit firm, or a member in IFAC member body. The professional services require accountancy or related skills performed by a professional accountant including accounting, auditing, taxation, and management consulting and financial management services.

IFAC believes that the identity of the accountancy profession is characterized worldwide by its endeavor to achieve a number of common objectives and by its observance of certain fundamental principles for that purpose, therefore IFAC recognizing the responsibilities of the accountancy profession as such, and considering its own role to be that of providing guidance, encouraging continuity of efforts, and promoting harmonization, has deemed it essential to establish an International Code of Ethics for Professional Accountants to be the basis on which the ethical requirements for professional accountants in each country should be founded.

The profession is distinguished by certain characteristics including mastery of a particular intellectual skills, acquired by training and education, adherence by its members to common code of values and conduct established by its administrating body, including maintaining an outlook which is essentially objective and acceptance of a duty to society as a whole (usually in return for restrictions in use of a title or in the granting of a qualification). A distinguishing

140 mark of the profession is acceptance of its responsibility to the public, the accountancy profession's public consists of clients, credit grantors, governments, employers, employees, investors, the business and financial community, and others who rely on the objectivity and integrity of professional accountants to maintain the orderly functioning of commerce. This reliance imposes a public interest responsibility on the accountancy profession; the public interest is defined as the collective well being of the community of people and institutions the professional accountant serves.

160 A professional accountant's responsibility is not exclusively to satisfy the needs of an individual client or employer. The standards of accountancy profession are heavily determined by the public sector, for example; independent auditors help to maintain the integrity and efficiency of the financial statements presented to financial institutions in partial support for loans and stockholders for obtaining capital, financial executives serve in various financial management capacities in organizations and contribute to the efficient and effective use of the organization's resources, internal auditors provide assurance about a sound internal control system which enhances the reliability of the external financial information of the employer, tax experts help to establish confidence and efficiency in, and the fair application of, the tax system and management consultants have a responsibility toward the public interest in advocating sound management decision making.

180 Professional accountants have an important role in the society. Investors, creditors, employers and other sectors of the business community, as well as the government and the public at large rely on professional accountants for sound financial accounting and reporting, effective financial management and competent advice at on a variety of business and taxation matters. These objectives require basic needs to be met; **Credibility**: in the whole of a society there is a need for credibility in information and information systems, professionalism: there is a need for individuals who can be clearly identified by clients, employers and other interested parties as professional persons in the accountancy field, quality of services: there is a need for assurance that all services obtained from a professional accountant are carried out to the highest standards of performance, confidence: users of the services of professional accountants should be able to feel confident that there exists a framework of professional ethics which governs the provision of those services, integrity: a professional accountant should be straightforward and honest in performing professional services, objectivity: a professional accountant should be fair and should allow prejudice or bias, conflict of interest or influence of other override objectivity, professional competence and due care: a professional accountant should perform professional service with due care, competence and diligence and has a continuous duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives and advantage of competent professional service based on up – to – date developments in practice, legislation and techniques, confidentiality: a professional accountant should respect the

confidentiality of information acquired during the course of performing professional services and should not use or disclose any such information without proper and specific authority unless there is a legal or professional right or duty to disclose, professional behavior: a professional accountant should act in a manner consistent with the good reputation of the profession and should refrain from any conduct which might bring discredit to the profession, and technical standards: a professional accountant should carry out professional services in accordance with the related technical and professional standards promulgated by the IFAC, International Accounting Standards Committee, the members' professional body or other regulatory body and the relevant legislation.

The objectives as well as the fundamental principles are of a general nature and are not intended to be used to solve a professional accountant's ethical problem in a specific case. However, **the Code provides** some **guidance** as to the application in practice of the objectives and fundamental principles with regard to a number of typical situations occurring in the accountancy profession.

Salem Sabah

Thanks for this illustration about the Code of Ethics, and I would like to add that the **PAAA has in its bylaws code of ethics requirements**, and **the committee is working now on adapting these requirements with the IFAC code of ethics**, and we can say **that there is no clear difference between the requirements we use now and those required by the IFAC.**

We'll move now to the most important part of this meeting in which we'll discuss the draft accounting and auditing practice act, which was prepared by the legal committee in the PAAA, and this is a specialized committee worked on preparing this draft using the current applicable local and Arabic laws then called for workshops in which more discussion was done by professionals and academics and a recommendation was submitted to the Board of Directors of the PAAA who submitted it to the Minister of Finance to give it to submit it to the Legislative Council. We'll listen now to Mr.Fayez Al Qudwa, the chairman of the legal committee in the PAAA to give us clearer picture about this draft.

Fayez Al Qudwa, Chairman of the Legal Committee – PAAA

We have the following comments on the law submitted to the Legislative Council which passed the first reading and waiting for the second one,

Chapter 1, Section 1, our recommendation is "Practicing the Accounting and Auditing Profession Act" and the board is the auditing practice board formed by this law.

Section 3, the auditing license board created by this act, and the board is formed from....., our recommendation is the Minister of Finance instead of his deputy.

Section 9, related to the first University degree and two years in audit work as a senior auditor, **we recommend canceling the two year experience condition as a senior auditor to give more auditors the chance to get the license**, we want to expand the audit profession in Palestine according to the applicable rules and regulations and as per the International Standards on Auditing to enhance the level of this profession.

Paragraph 4-a in section 9, and paragraph 4-b canceling two years experience as senior auditor.

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Chapter 5, section 17, in the project submitted to the Legislative Council, "as per the provisions of this act, a society of Palestinian CPA's is to be established under the name of Palestinian Society of CPA's. The Society's objectives are to protect the interest of its members and to enhance cooperation among them. It also works on developing the educational and professional standards of its members". Our recommendation is to re-phrase this section to take in consideration the PAAA which was established since 1979.

Section 17, Paragraph 2, "Being a member is mandatory. Violations will result in suspension and projection from practicing and as per the regulations of the society". Our recommendation is the same as in the previous section.

The draft presented to the Legislative Council didn't include two main sections as below:

Section 4, Paragraph a,

As per this act, an accounting standard board will be created and referred to as the "Palestinian Accounting Standards Board" which is a completely independent board responsible for:

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- 1- Promulgation, development and issuance of Palestinian accounting standards in light of the International Accounting Standards.
- 2- The creation of an environment appropriate to the development of the accounting profession.
- 3- To conduct researches and scientific studies focusing on accounting standards.
- 4- To take all steps necessary for the preparation and issuance of the standards.
- 5- To train accountants and upgrade the standards of the profession.
- 6- To prepare an accounting conceptual framework (Palestinian).
- 7- To ensure that financial statements used by governmental entities are prepared in conformity to accounting standards promulgated by the standard board.

Paragraph b,

- 280
- 1- The board is comprised of 9 members who are competent and experienced accountants... academics, bankers, members from the ministry of finance and public entities.
 - 2- The board can seek assistance from whoever sees appropriate to accomplish its tasks.

Section 5, related to the auditing standards board,

Paragraph a, as per this act, an auditing standards board will be created which is completely independent board responsible for:

- 1- Promulgation, development and issuance of Palestinian auditing standards in light of the International Standards on Auditing.
- 2- To conduct researches and scientific studies focusing on auditing standards.
- 3- The preparation for all necessary systems... the preparation and issuance of auditing standards and qualifying auditors to apply them.
- 4- The cooperation with specialized bodies to implement auditing standards.
- 5- Follow up with all what is newly issued in terms of researches regarding those standards.

300 Paragraph b, The committee is comprised of people who are competent and experienced as prescribed in section 4 paragraph b and can seek assistance from others who are experienced when needed.

Paragraph c, appointment of the members of the accounting standard board and the auditing standards board is a decision made by the board of ministers based on nominations made by the Palestinian Association for Accountants and Auditors.

We are aware to the need to discuss this laws from a professional and legal prospective in a positive atmosphere in order to adapt a law that organizes the profession in Palestine. **We in the PAAA hope that will reach in this meeting or any other meeting or workshop or in the Legislative Council second hearing will reach to law that organize the profession on the basis of the general Palestinian benefit.**

Salem Sabah

Thanks for this interesting illustration, we'll give now time for questions and comments.

320 Mohamad Arafat, Accounting student, Al Najah University

With regard to the accounting standard board or the auditing standard board, isn't there a possibility to have these two boards on the Arab world level? I mean, did the PAAA start any kind of coordination in this regard with the other Arab countries? Giving that this will add value to the work of the board and will reduce the expense of these boards allocated to the PAAA.

Fayez Al Qudwa

Thanks for the question, I wish this can happen, and I think that the Arab Union for Accountants and Auditors can play more active role in this regard. But for the status of the profession in Palestine, we can't ignore that it is low and needs development.

Baha' Al Jabi, Independent Auditor, Nablus

Some of the licensed accountants and auditor misuse they career by getting involved in inappropriate actions especially with the way they deal with their clients, what limitations can be implemented to reduce these events?

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Salem Sabah

I think that the implementation of the IFAC Code of Ethics can reduce these actions, for example, rule # 10, Audit Fees –the one implemented now by the PAAA-, the member should not argue directly or indirectly with the client about his fees to get a job done by other member. Accordingly, when superseding another professional accountant in public practice, the auditor should follow the requirements of rule # 13 of the IFAC Code of Ethics "Relations with other Professional Accountants in Public Practice".

A question from one of the participants in Hebron

Section 4 paragraph b of the act, how the members of the board are selected?

Fayez Al Qudwa

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Appointment of the members of the accounting standard board and the auditing standards board is a decision made by the board of ministers based on nominations made by the Palestinian Association for Accountants and Auditors. The nomination by the PAAA is based on established criteria related mainly to integrity, experience, professionalism.... etc.

A question from one of the participants from Nablus

First, is the Palestinian nationality a condition to get the license?
Second, in the law submitted by the PAAA there is no definition and separation between accounting and auditing.
Third, in most of the countries there is a society for accountant and another society for auditor, why you insist in this law to have both in one society?

Fayez Al Qudwa

For nationality, as per section 7 of the act, the applicant must be Palestinian.

380

For the two societies, most of the Arab countries around us have one society, this is not the issue, **what we really need is to have real training programs** to help Palestinian accountants and auditors to work on the basis of the International Accounting Standards and International Standards on Auditing.

Jamal Mulem, CPA \ Member of the Palestinian Society for Certified Accountant, Ramallah

Thanks for your efforts, and based on the papers we have I want to comment briefly on the following:

First, Mr. Qudwa mentioned that "review" is more comprehensive than "audit", and I think is the more comprehensive word, and if we look to the standards in the U.S.A and other countries it is "Auditing Standards" and not "Review Standards". Accordingly the act should be the Auditing Practice Act.

Second, Section 7, to get the license you have to be a member in the PAAA. I think you have to change this, the licensing first and then the membership should be optional in the PAAA.

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Section 8, there is duplication with section 7, one should be canceled.

In the same section, there is duplication with regard to the university degree.

Section 15, for the meeting to be legal it must be attended by at least five members provided that one of them is the president or the vice president, and decisions by the board need the vote of the majority of those who attend. In case the vote is equal on both sides, the side of the president will prevail. I recommend adding the deputy of the chairman in his absence.

Section 19, a licensed auditor should inform the society of the address of the office...., I think that the legal maximum period to inform the society should be mentioned.

Fayez Al Qudwa

"Review" and "Audit" have different meaning in Arabic than English, and whether it is named the review act or the audit act we are interested more in the content of the act.

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For section 7, will take your comment in consideration, the same will be for section 15 and section 19.

A question from one of the participants in Gaza

Is the Legislative Council going to take in consideration the law prepared by the PAAA especially that they already working on another version?

Fayez Al Qudwa

For the one they are working on now we can't cancel it, but we had communications with the legislative council members, and **we were able to postpone the second hearing till give our comment which will be taken in consideration.** It is important to mention that we are not against the law they are working on, but we believe that substantial adjustment should be done to get the most suitable law for the benefit of the profession.

Salem Sabah

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Thank you very much, hopefully will meet you again in the PAAA next open meeting in **April 8.**

United States Agency for International Development

West Bank / Gaza Mission

Accounting & Auditing Sector Program

PSCPA Magazine – Second Edition – Index

Q1 - 2002

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International Standards on Auditing Between Theory and Practice

Prepared by:

S. Abu Hakmeh
Palestinian CPA
Member of the Palestinian Society
for Certified Public Accountants

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Chapter 1

Overview and Historical Background

The development in all human sciences is a reflection of the development in humanity and its new needs, and this is applicable for our subject International Standards on Auditing. Auditing is one of these sciences which has its accepted principles and standards, and has also its art and procedures in solving its related problems, where these components of principles, standards and arts formed the foundation of this science which is a result of the efforts of individuals and organizations. Giving that the International Federation of Accountants (IFAC) played an important role in developing this science, which made its objective to develop and enhance the accounting profession in a way to make it able to provide continuing and high quality services for the benefit of public .

IFAC worked in creating, developing and updating the International Standards on Auditing (ISAs) and International Audit Practice

Statements (IAPSs) on Auditing and Related Services to obtain uniformity in the public practice in the world, while the auditing procedures required to apply these standards were left to the auditors professional judgment and which will depend on the special circumstances for each case.

Knowing its responsibilities, the Palestinian Society for Certified Public Accountants (PSCPA) worked on developing the auditing profession in Palestine by adapting the International Standards on Auditing in order to enhance the level of performance for those who work in this field and to develop the services provided for the users of the financial statements to help them in taking the right decision in different fields especially in the areas of investment and finance, and this can be done only through accurate reports based on clear and accepted bases can reflect the position of the companies in a correct manner with providing accurate bases for comparisons with other reports for other companies in the same field in order to reach to a comprehensive development in all economy sectors.

The profession faces many threats in reaching these objectives, and this is resulted from dealing with moving economic units influenced by many transactions, these threats can be summarized in the following:

- 1- The challenge between the services provided by the auditors and the needs of the users of the financial statements for extended services in the light of developments in information technology.
- 2- Globalization challenge in moving the companies from its local levels to the international ones, which require more experience in international business.

These challenges require moving immediately from the theoretical aspects of the International Standards on Auditing to the serious work on immediate and efficient implementation of these standards to cope with the information technology revolution including computers, emails, internet.....and the need for the flow of economic information which represent the core of the world trade and the transactions and decisions made by companies and mainly multi national ; international companies.

We can mention in this regard what Dr. Ghayath Naqshabandi states to summarize his writing about the flows of capitals and its movements finally I have to assure that the future movement in the next century will be more than ever before toward transparency and asking for financial information prepared according to international accounting standards and principles to help investors to make their decisions in the most appropriate way and this will cause more challenges on accounting and public practice professions to play this role .

Accordingly, publishing the **International Standards on Auditing** is considered an advanced step in achieving a globalization in the public

practice profession and this is because these standards represent a major step to accept the financial information on the international level and this will contribute to the service of the international investment and developing it.

We can support our discussion about the auditing science and its international standards considering the historical background of the profession to understand the role the audit played in the development of different nations till achieving the international standards on auditing, the start was in Two Rivers nation which founded the confirmation principles, the Egyptian nation which gave the auditor a special position, and this was the same for the Romans.

There was a similar role in the Islamic State where the financial records of Biet Al Mal (the States Monies) was audited by different auditors distributed in different parts of the Islamic countries, this is continued later where the landlords used to audit the work of farmers who work in their lands.

All these indications introduced the actual start of auditing in Great Britain in 1780 after the industrial revolution where the large industrial companies were founded and the investment companies, the important feature of these companies is the segregation between owners (capital) and managers, then the British companies law played another important role since it asked all general companies to audit its accounts by an independent auditor in 1844, this was followed by the other commercial legislations in the world which focused on the necessity to attach an auditors report with the financial statements, also the investors and creditors played a role in strengthening the position of the auditor and his opinion to make sure that the management has integrity and this raised the economic importance of the auditor for the users when they take their economic decisions.

This pushed toward the necessity to have specialized experts in the audit work in the company and out of it, and this developed these tasks to be a special profession that has different forms. The following theories explain the theoretical development for this science,

- 1- The Police Man Theory, it was applicable until 1940 and it was based on considering the auditors role limited to determine the accurateness of the financial statements and detect and discover fraud and error.
- 2- The Lending Creditability Theory, and this is based on the imposed legally aspect by the users of the financial statements who ask auditor to increase the reliability of these statements produced by the management and used by owners.
- 3- The Moderator of Claimants Theory, this reflected the auditor's role in pushing the owners to continue and increase their investments since they get fair percentages of profits according to their investments.

4- Judge Theory, that the auditor exercises his professional judgment after studying the case.

5- Agency Theory, this focused on the auditor's role in proving the reliability of the management's assertions including the ability to continue as a going concern, the management is the owner's agent in using efficiently the available resources and the auditor is the owner's agent in performing the sufficient and necessary audit .

All these theories were not sufficient to explain audit and auditors responsibilities, since it is focused on some aspects and ignored others. But on the other hand the development of these theories facilitated developing the International Standards on Auditing that meets the needs of users of the financial statements on acceptable bases and principles to give reliability to financial reports prepared by management, these standard segregate clearly between the auditors and management responsibilities.

International Audit Practice Committee (IAPC) is one of the International Federation of Accountants committees that played an active role in having the international standards and in developing the quality of services provided by auditors, the IAPC worked on,

- 1- Publishing the International Standards on Auditing for audit and related services.
- 2- Publishing interpretations and explanations to apply these standards.
- 3- Working on adaptation of these standards in the world to have uniformity in auditing standards, this is through having the different countries adapt voluntarily these standards as it is, or with some adjustments or to use it as bases for their local standards.
- 4- Working on gaining support for these standards from legislators, securities markets,....etc.
- 5- Facilitating discussions between professional accountants in public practice and users of the financial statements in the world to determine if there is a need to issue new auditing standard and audit statements .

Accordingly, more than 50 countries adapted these standards and used it for local use , one of these countries was Palestine: the Board of Directors of the Palestinian Society for Certified Public Accountants adapted the International Standards on Auditing and the Code of Ethics for Professional Accountants published by the International Federation of Accountants to be used in Palestine, this was based on PSCPA Board of Directors resolution made in the Board of Directors meeting in November 11, 2001, the minutes of the meeting and the resolution was published in the local newspapers.

Chapter 2 Auditing and its Standards

1- Definition and Authority

To discuss the **International Standards on Auditing**, we have to look first at the audit in general and its objectives, the American Institute of Certified Public Accountants (AICPA) defined audit as an organized process to obtain and evaluate audit evidences related to the assertions concerned with economic transactions to assure that these assertions comply with acceptable standards (Generally Accepted Auditing Standards or International Standards on Auditing) and reporting results to users of financial statements .

From this definition we can see that the audit process should be organized and according to specific objectives to obtain evidences objectively and neutrally through the financial statements and the accounting system to reach the required result: determining the quality and fairness of financial information by a report addressed to the concerned users and all of this according to acceptable standards. The International Audit Practice Committee in the IFAC didn't give a specific definition for auditing but explained the main objective of the auditing process: to enable the auditor to give an opinion about whether the financial statements comply from all material respects with a specific framework to prepare financial statements (Generally Accepted Accounting Principles or International Accounting Standards).

Accordingly, the audit of financial statements for a specific enterprise aims to (using the work and knowledge of independent auditor) test whether these statements in general were prepared within an acceptable basis according to the general acceptable accounting policies and procedures and the applicable laws and regulations to give a true and fair view of the financial position of the enterprise and the results of its operation .

According to the above, we can see that audit follows a documented plan in which the auditor analyses the financial statements using different techniques.

The report about the fairness of financial statements, relates to whether the financial statements were prepared according to acceptable and appropriate accounting principles, appropriateness is related to the specific circumstances of the enterprise including the sufficient disclosure and presentation on the materiality bases .

The auditing standards were defined as these basic principles and requirements related to these principles designed to assure the quality of audit services performed, while the audit procedures are the tasks performed to achieve the objectives of these standards . The auditing standards can be defined also as general term for standards applied in

the audit of financial statements and performed on related services, and the standards used to report on the fairness of the statements .

The authority of International Standards on Auditing is applicable for the audit of financial statements and can be used also (after adjusting were necessary) for the audit of other information and related services. Its important to mention here that the audit of prospective financial information as per International Standard on Auditing # 810 The Examination of Prospective Financial Information which include providing investors with information related to the expected return on subscribed shares, and also the report to the creditors about the enterprises ability to cover its debt in the future year (or years). Giving that in exceptional circumstances the auditor may depart from an International Standard on Auditing, but the auditor should be prepared to justify the departure.

It is also important to mention that the International Standards on Auditing only apply to material matters, that is, matters that are important to achieving the objectives of the professional service, and International Standards on Auditing are applicable to public sector entities unless otherwise noted in the Public Sector Prospective, which follows Basic Principles and Essential Procedures in the Guide published by the International Federation of Accountants to the International Standards on Auditing and Related Services.

In the end of the discussion about the authority of the International Standards on Auditing, it is important to mention that these standards do not override the local or national regulations .

2- Basics and Procedures

After discussing the historical importance of auditing and the development of the International Standards on Auditing, we will give now a brief idea about the International Standards on Auditing, these standards follow 10 basic standards divided to 3 groups: group 1 about personality, group 2 about field work, and group 3 about reporting as follow:

a) Personality standards:

- 1- Professional competence in providing audit services for the auditor and audit firm providing these services.
- 2- Independence, auditors actual and appearance independence, when accepting the audit, planning, performing the audit procedures and reporting.
- 3- Due care when performing audit procedures and issuing the auditors report.

b) Field work standards:

- 1- Planning for the audit procedures should be sufficient and appropriate especially when there are assistants.
- 2- Understanding and evaluating the internal control structure to determine if the auditor can rely on this structure and determine accordingly the timing, nature and extent of audit procedures needed to achieve the audit objectives.

c) Reporting standards:

- 1- Reporting whether financial statements were prepared according to acceptable accounting standards.
- 2- Reporting whether there is a consistency in applying the accounting procedures used in this period in comparison with previous period (s).
- 3- The level of reliability for the financial statements about the financial statements related to the financial position and performance.
- 4- Expressing an opinion about the financial statements as a whole

These are the basic principles, the auditor can exercise his professional judgment to apply the appropriate procedures which fulfill with the above mentioned standards, and all of this is within specific framework determined by the acceptable auditing standards and interpretations published by the professional bodies and governmental organizations responsible for organizing the profession.

These bodies are responsible to follow up on these standards and regulations, and these bodies are responsible to commit auditors to use these standards and regulations and assure discipline in using it

From this assessment for the auditing standards and procedures, we can say that the **International Standards on Auditing** start from determining the objective and general principles governing an audit of financial statements, then the terms of audit engagements, and the quality control for it, documentation, fraud and error and consideration of laws and regulations in an audit of financial statements. The field work standards concern with planning the audit process, obtaining knowledge of the business, audit materiality, risk assessment and internal control, auditing in a computer information system environment and audit considerations relating to entities using service organizations.

The last group focuses in audit evidence and additional considerations for specific items and initial engagements (opening balances), analytical procedures and audit of estimates, audit sampling and other selective testing procedures, related parties, subsequent events, going concern, management presentations, using the work of others whether auditors, internal auditors or experts, and finally the reporting issues as the auditors report on financial statements considering comparatives,

other information in documents containing audited financial statements, the auditors report on special purpose audit engagements and the examination of prospective financial information.

3- Formatting Mechanism

After giving a general overview about the International Standards on Auditing, we need to give a brief idea about the committee responsible for issuing these standards and its work procedures; this is the International Audit Practice Committee (IAPC).

IAPC is a standing committee of the International Federation of Accountants. Currently it has 14 representatives from member bodies. IAPC establishes subcommittees, composed of committee members and individuals from countries that are not on IAPC, to prepare and present draft auditing standards and statements to the committee. After extensive discussion and debate, the IAPC approves an exposure draft. The exposure draft is widely circulated for comment to member bodies of IFAC and to international organizations interested in auditing. After exposure, the comment letters are considered and the subcommittee working with the IAPC prepares a revised document. After extensive discussion of the comments, a final International Standard on Auditing (ISA) or International Audit Practice Statement (IAPS) is approved. Each member of IAPC has one vote. A quorum for meeting is ten members. Exposure drafts and final standards and statements require approval of three-quarters of the members (countries) present but not less than ten.

It is important to mention that IAPC takes in consideration, when issuing the International Standards on Auditing, the differences between the countries in order to be acceptable internationally, this goes with the fact that when these standards contradict with the local requirements and regulations, the users of these standards will apply their local requirements.

4- Relationship with personality and Code of Ethics

In this phase, it is important to discuss briefly the professional accountant in public practice and the related audit work in general and the applicable ethics. In some countries, the professional accountant in public practice is defined as person trained in academic program and completed the licensing requirements like age, university degree, nationality, and years of experience.

The professional accountant in public practice gets his license from a professional body or governmental institution and the professional accountant in public practice in the United States of America is called Certified Public Accountant (CPA), and this is the same in Australia, Japan and other countries. In addition, is called Certified Accountant (CA) in countries like Canada, United Arab Emirates, and United

Kingdom. Giving that the professional accountant responsibility is to audit the financial statements for publicly traded shares companies and to audit the smaller companies according to the laws and regulations in each country .

Accordingly, a closer look to the auditing standards will lead us to the conclusion that these standards can not be separated from the code of ethics in any way, since the code of ethics requirements represent the source of the standards. The code of ethics requirements can be divided to:

- 1- Basic Principles: Should be followed without weighting it using the good or bad base, since these are general principles founded to be committed by the professional accountants.
- 2- Beneficiary Principles: Used after deciding if it is good or bad in relation to the decision to be taken. The decision leads to the most benefit is the best one.

The Code of Ethics we discuss is the IFAC Code of Ethics for Professional Accountants used internationally, the fundamental principles of this code apply to all professional accountant whether they are in public practice (auditors) or employees (in industry, commerce, public sector or education). These fundamental principles are not used to solve specific ethical problems. The fundamental principles are:

- 1- Integrity: A professional accountant should be straightforward and honest in performing professional services.
- 2- Objectivity: A professional accountant should be fair and should not allow prejudice or bias, conflict of interest or influence of others to override objectivity.
- 3- Professional Competence and Due Care: A professional accountant should perform professional services with due care, competence and diligence, and has a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives the advantage of competent professional service based on up-to-date development in practice, legislation and techniques.
- 4- Confidentiality: A professional accountant should respect the confidentiality of information acquired during the course of professional services and should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose.
- 5- Professional Behavior: A professional accountant should act in a manner consistent with the good reputation of the profession and refrain from any conduct that might bring discredit to the profession.
- 6- Technical Standards: A professional accountant should carry out professional services in accordance with relevant technical and professional standards.

The main principle that applies to professional accountant in public practice only is:

- 7- Professional Accountants in Public Practice (Auditors) when undertaking an engagement that involves the expression of an opinion (or performing a review) on financial information:
 - a- Should be independent (Independence in fact), and
 - b- Should appear to be independent (Independence in appearance).
- 5- Adaptation characteristics and Related Organizations

Although the adaptation of the International Standards on Auditing is an issue which has many aspects, mainly the cultural differences for each of the countries where for example the family and personal relationships concept differs from one country to another and how it affect the independence, the adaptation of these standards gives more comfort for users in any commercial and investment framework, since these standards work on organizing and controlling any of these frameworks in an ethical and legal way, accordingly the adaptation of these standards will give the following characteristics:

- 1- Having a standard and stable criteria to evaluate the performance of institutions, its going concern and risk analysis.
- 2- Giving the users a criteria to determine the best and safest place for investment.

In addition, here raises the critical role for government and standards setting committees to achieve these two characteristics and to enhance the quality of the financial information reports to establish a clear bases, logical and acceptable commercially. Clear relates to understandability and free of complexity, commercially acceptable means reflecting the facts so the individuals and institutions influenced by the institution using these standards will be confident with the financial information they receive, finally the standards should be logical having common sense in its sequence, content and the way it apply.

To have the adaptation process successful, different institutions should support the process including:

- 1- Governments and organizers of financial markets: organizing the adaptation process and establishing mechanisms for implementation.
- 2- Financial managers: rejecting alternative treatments even if it is easier.
- 3- Non-financial managers: they should not stop using these standards.
- 4- Local standards setting committees: they should support adapting the international standards.
- 5- Audit firms: pushing the audited institutions to apply these standards.

International institutions should support this adaptation like:

- 1- International Monetary Fund (IMF) and the International Bank: they should play important role in cooperation to establish strong financial structures based on right principles, this is the same for the Financial Stability Forum. These institutions can play important role in pushing the countries to use high quality standards acceptable internationally.
- 2- International Organization of Securities Commissions (IOSCO): It affects the international financial markets.
- 3- Financial Analysts: they affect the beliefs of individuals and institutions to the importance to apply the international standards in order to avoid the risks of not using it.

This will lead finally to achieve economical benefits shared by everybody , this is in addition to the fact that adaptation became a necessity for the following reasons:

- 1- Adapting the international standards by most of the countries in the world except United States of America and United Kingdom who have their own standards, giving that there is a strong movement in United Kingdom to change this fact.
- 2- The popularity of the International Standards on Auditing for most of the countries in the world which will facilitate the transactions between these countries and this will help in satisfying the different needs of the users whether locally or internationally.
- 3- Movements to globalization, all the countries are trying to be part of this system.
- 4- The other services provided by auditors in addition to expressing an opinion on the financial statements, including understanding and evaluating the internal control structure and the compliance with laws and regulations.

In certain circumstances, the adaptation of the international standards does not prevent from establishing standards related to specific financial issue in each country, and the adaptation of the international standards should not override the legislations and legal requirements as stated in the introduction of the international standards, also there is a margin for the professional judgment to be exercised by each auditor in relation with the specific audit procedures . It is important to point to the fact that adapting the international standards will help in reducing the Expectation Gap; the differences between the users an observers of the financial statements about the duties and responsibilities of the auditors .

Chapter 3
Implementing the International Standards on Auditing

Internationally:

The creation and development of international accounting and auditing standards was a result of the huge growth in the size of investment and the international capital which pushed the users and observers (those who prepare and audit) financial statements to find international standards with high quality and can be applied locally and internationally. This resulted in publishing the International Standards on Auditing in 1994 by the International Audit Practice Committee (IAPC), and was followed by adapting these standards by the responsible professional bodies and auditors all around the world. More than 1000 companies prepare its financial statements according to the International Accounting Standards and audit it on the basis of the International Standards on Auditing, these companies publish its financial statements all around the world for the benefit of the different users; mainly shareholders and investors.

This number is expected to be many thousands within short period, and this because of expanding the international standards in an increasing rate, this can be figured from the following facts:

- 1- The United States of America investment in companies using the international standards is 500 billion U.S Dollars and more.
- 2- The use of the international standards by the foreign branches of the U.S companies, the directors and auditors of these branches were asked to use the international standards in preparing and auditing their financial statements.
- 3- The big audit firms are using the international standards as a basis for their audit work.
- 4- Extending the use of the financial reports for the international companies beyond the local levels in order to get the international investment in these companies.
- 5- The use of the international standards by many of the local institutions.
- 6- Adapting the professional bodies in many of the countries the international standards either as their local standards or a basis for their local accounting and auditing standards.
- 7- Conditioning the use of the international standards by many of the international institutions in order to get membership in it, for example; the International Organization for Cooperation and Economic Development.
- 8- Adapting the international standards by the local audit firms as a basis for providing audit and related services.

A survey was made in this regard on the IFAC members showed that 18 countries out of the 65 countries adapted the international standards completely, there was minor differences between the local standards and international standards of 28 countries, 9 countries showed major differences between their local standards and the international standards, and 10 countries were not able to identify clearly these differences.

After publishing the international standards, many of the countries showed interest and ability to use these standards in developing their own local standards. Some of these are:

- 1- Netherlands: used the international standards completely and canceled the option of developing local standards.
- 2- United Kingdom: Although they prepared their local standards, they added complementary sentences for many of the standards that it agrees with the international standards.
- 3- South Africa: They are working on adapting the international standards with the local standards.
- 4- European Union: A study in this regard showed that there is a material reliance on the international standards for many of the union members when preparing the local standards.
- 5- Canada: The Canadian Union for Certified Accountants recommended that Canada should play a main role in creating the international standards for auditing and apply these standards in Canada.
- 6- United States of America: In spite of having local auditing standards, the specialized boards recommended encouraging the cooperation projects and helping in providing the needed information to prepare the international standards .

The above instances show the great development in many of the countries to adapt the International Standards on Auditing, giving that our search in the above example focused on the major countries and this should give an idea about other countries moving in the same direction.

In the Arab World:

We have to draw attention first to the fact that the commercial activities in the Arab world are controlled mainly by individuals or families, and this leads to weak institutions and part of this comes from the cultural thoughts and ideas, the individuals and families control over these institutions affected negatively the required transparency to extract the financial reports, since the individuals and families control canceled the role of internal auditors, auditors, financial managers and consultants.

The other aspect in the Arab world which is considered a real danger on the economic situation and prevents many of the investors from investing their monies in the Arab countries is the lack of laws to protect the those investors, this requires immediate adaptation of modern and developing laws and the international standards on auditing to provide transparency for all the concerned users, the required adaptation should be on a wide base represents societies, associations and individual accountants who are in public practice, those should move toward creating an Arab league or making this the

responsibility of the Arab Union for Accountants and Auditors to study, coordinate and recommend the next steps .

Some of what was done recently is the announcements made by some of the professional organizations that they are adapting the international accounting and auditing standards as it is without any consideration to the special needs and regulations of these countries.

We recommend a united and organized adaptation on the Arab world level for the international standards after studying it, and this agrees with the world uniformity in adapting these standards like what was done in Europe, South America, Africa and Asia. This can be seen also in the main international audit firms who applied these standards jointly.

Other things to make the adaptation process in the Arab world successful include:

- 1- Organizing the licensing of professional accountants in public practice on stated and acceptable regulations agree with the international requirements.
- 2- Developing training programs before the licensing and after it, this is including adapting the Continuing Professional Education (CPE) concept.
- 3- The discipline concept, by developing the role of the professional bodies organizing the profession to be responsible for monitoring the degree of commitment with the standards.
- 4- A permanent committee to follow up on the standards development.
- 5- Creating specialized institutions within the Arab league concerned with the auditing standards.
- 6- Publishing a specialized magazine and other handouts serves the scientific aspects to develop the profession.
- 7- Developing a unified and accurate translation for the main terms used in the auditing standards.
- 8- Holding courses, seminars, and professional workshops.
- 9- Encouraging the cooperation and partnership between the Arabic accounting and auditing firms.

In Palestine

To understand the application of the International Standards on Auditing in Palestine, it is important to give a preface about the status of the profession and its organizations in Palestine, in this regard we have to point to the high and clear activities by the related organizations in Palestine and especially the Palestinian Society for Certified Public Accountant (PSCPA) and this can be seen in its activities in the following areas:

- 1- Training courses (CPE) in cooperation with the Accounting and Auditing Sector Program funded by the [United States Agency for International Development](#).
- 2- Publishing specialized books also in cooperation with the [USAID Project](#), and it is important to mention here the most recent book; CPA Guide for Professional Ethics.
- 3- Submitting for the IFAC membership.
- 4- Publishing the first Arabic approved translation for the [International Standards on Auditing](#), the book which was published in the year 2000 after a whole year adaptation by the Auditing Standards Committee in the PSCPA contained all the International Standards on Auditing and the International Audit Practice Statements published by the International Audit Practice Committee in the IFAC till December 31, 1999 .
- 5- Publishing a specialized magazine focusing on the new developments in the profession, and for example the most recent edition of the magazine contained an Arabic translation for the new ISA published by the IAPC in the IFAC; ISA # 505 External Confirmations.
- 6- Working on a new law to organize the profession complies with the international standards requirements to replace the old one.

The Palestinian profession cooperation with the Arab countries started with the meeting with the Egyptian Commercial Society in October 1996 which focused on the procedures to activate the work of the Arab Union for Accountants and Auditors, also the PSCPA worked on expanding the activities with all the professional individuals and institutions in the Arab world through having the training courses and specialized seminars. It is important in this regard the activities in the European level and the work to establish the Arab European Union for Certified Public Accountants and exhausting the efforts to join the International Federation of Accountants .

To complete the good start done by the PSCPA when made a resolution in the Board of Directors meeting in November 2000 which stated the PSCPA adapt the International Standards on Auditing and the Code of Ethics for Professional Accountants published by the IFAC, it should consider the following:

- 1- Applying clear standards with high quality by the professional accountants in public practice in Palestine.
- 2- Training the members of the PSCPA members on the international standards and holding continuing courses to update the knowledge of those members.
- 3- The contribution by other governmental and nongovernmental bodies, mainly ministries and financial markets.
- 4- Supporting all the uniformed efforts in the Arab world to enhance the level of the profession.

Conclusion

Based on what was discussed in the previous pages we conclude that adapting the [International Standards on Auditing](#) which is part of the international culture became an international and local necessity, but this adaptation if not accompanied with a serious study for these standards to determine the specific needs for each of the countries and especially the Arab countries and how to use it by determining the appropriate mechanisms by the professional bodies, this adaptation will become meaningless in content and objectives, accordingly the adaptation should be accompanied by programs study this adaptation and put right bases including the legislations on the government level, this is in addition to the training and the continuing professional education for the professional accountants in public practice with high commitment to the code of ethics for professional accountants and mainly professional competence and objectivity in performing tasks.

If the adaptation was accompanied with what mentioned above, this will provide a suitable background to develop the Palestinian and Arabic economy on appropriate bases and will create the good atmosphere and circumstances for investment and expanding it internationally.

Towards Complying with IAS's Lessons from IAS # 12 ;Income Taxes;

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Member of the PSCPA

Since the profession in Palestine adapted the international standards whether accounting or auditing, the financial statements prepared under these standards should comply with each applicable International Accounting Standard in order to be prescribed as IAS compliant, and to have the auditor issue an unqualified opinion on these statements. One the International Accounting Standards that needs a special treatment and should be accompanied with development in related laws and regulations is IAS # 12 ;Income Taxes;, the following paragraphs discuss the main aspects of this standard.

IAS # 12 prescribes the accounting treatment of income taxes. IAS 12 also addresses the recognition of deferred tax assets arising from unused tax losses or unused tax credits, the presentation of income taxes in the financial statements and the disclosure of information relating to income taxes.

The principal issue in accounting for income taxes is how to account for the current and future tax consequences of:

- a- The future recovery (settlement) of the carrying amount if assets (liabilities) that are recognized in an enterprises balance sheet; and
- b- Transactions and other events of current period that are recognized in an enterprise financial statements.

IAS 12 uses the following term:

Accounting Profit: is net profit or loss for a period before deducting tax expense.

Taxable Profit (tax loss): is the profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes re payable (recoverable).

Tax expense (income): is the aggregate amount included in the determination of net profit or loss for the period in respect of current tax and differed tax.

Current tax: is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities: are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets: are the amounts of income taxes recoverable in future periods in respect of:

- a- Deductible temporary differences,
- b- the carry forward of unused tax losses, and
- c- the carry forward of unused tax credits.

Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Temporary differences may be either:

- a- Taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) for future periods when the carrying amount of the asset or liability is recovered or settled; or
- b- Deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

The tax base of an asset or liability is the amount attributable to that asset or liability for tax purposes.

Recognition of Current Tax Liabilities and Current Tax Assets

Current tax for current and prior periods should, to the extent unpaid, be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess should be recognized as an asset.

The benefit relating to a tax loss that can be carried back to recover current tax of previous period should be recognized as an asset.

Recognition of Deferred Tax Liabilities and Deferred Tax Assets

Taxable Temporary Differences

A deferred tax liability should be recognized for all taxable temporary differences, unless the deferred tax liability arises from:

- a- Goodwill for which amortization is not deductible for tax purposes; or
- b- The initial recognition of an asset or liability in a transaction which:
 - 1- Is not a business combination.
 - 2- At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

However, for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, a differed tax liability should be recognized in accordance with the requirements of ;Investments in Subsidiaries, Branches and Associates and Interests in Joint Ventures;.

Deductible Temporary Differences

A deferred tax asset should be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax asset arises from:

- a- Negative goodwill that is treated as deferred income in accordance with IAS 22 ;Business Combinations;.
- b- The initial recognition of an asset or liability in a transaction which:
 - 1- Is not a business combination; and
 - 2- At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Measurement

Current tax liabilities (assets) for the current and prior periods should be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) and have been enacted or substantially enacted by the balance sheet date.

The measurement of deferred tax liabilities and deferred tax assets should reflect the tax consequences that would follow from the manner in which the enterprise expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets should be reviewed at each balance sheet date. An enterprise should reduce the carrying amount of deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. Any such reduction should be reversed to the extent that it becomes probable that sufficient taxable profit would be available.

Recognition of Current and Deferred Tax

Accounting for the current and deferred tax effects of a transaction or other event is consistent with the accounting for the transaction or the event itself. The following paragraphs implement these principles:

Income Statement

Current and deferred tax should be recognized as income or expense and included in the net profit or loss for the period, except to the extent that the tax arises from:

- a- A transaction or event which is recognized, in the same or different period, directly in equity; or
- b- A business combination that is an acquisition.

Items Credited or Charged Directly to Equity

Current tax and deferred tax should be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Presentation

Tax Assets and Tax Liabilities

Tax assets and tax liabilities should be presented separately from other assets and liabilities in the balance sheet date. Deferred tax assets and liabilities should be distinguished from current tax assets and liabilities.

When an enterprise makes a distinction between current and noncurrent assets and liabilities in its financial statements, it should not classify deferred tax assets (liabilities) as current assets (liabilities).

Offset

An enterprise should offset current tax assets and current tax liability if, and only if, the enterprise:

- a- Has a legally enforceable right to set off the recognized amounts; and
- b- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

An enterprise should offset deferred tax assets and deferred tax liabilities if, and only if:

- a- The enterprise has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

- 1- The same taxable entity; or
- 2- Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Disclosure

The major components of tax expense (income) should be disclosed separately.

The following should also be disclosed separately:

- a- The aggregate current and deferred tax relating to items that are charged or credited to equity.
- b- The expense (income) relating to extraordinary items recognized during the period.
- c- An explanation of the relationship between tax expense (income) and accounting profit.
- d- An explanation of changes in the applicable tax rate(s) compared to the previous accounting period.
- e- The amount (and expiry date, if any) of deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized in the balance sheet.
- f- The aggregate amount of temporary differences associated with investments in subsidiaries, branches, and associates and interests in joint ventures, for which deferred tax liabilities have not been recognized.
- g- In respect of each type of temporary difference, and in respect of each type of unused tax losses and unused tax credits:

- 1- The amount of the deferred tax assets and liabilities recognized in the balance sheet for each period presented.
- 2- The amount of deferred tax income or expense recognized in the income statement, if this is not apparent from the changes in the amount recognized in the balance sheet date.

- h- In respect of discontinued operations, the tax expense relating to:
 - 1- The gain or loss on discontinuance.
 - 2- The profit or loss from the ordinary activities of the discontinued operation for the period, together with the corresponding amounts for each prior period presented.

An enterprise should disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- a- The utilization of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.
- b- The enterprise has suffered a loss in either the current or the preceding period in the tax jurisdiction to which the deferred tax asset relates.

United States Agency for International Development

West Bank / Gaza Mission

Accounting and Auditing Sector Program

Quarterly Report

Q 1 – 2002

◆ Other Activities

- **Media**

- Media Matrix
- Newspaper Articles Translation

- **Awareness Promotion**

- Leadership – Academic Publishing
- Leadership – Academic Development
- Community Support of the Profession

United States Agency for International Development

Accounting and Auditing Sector Program

Media Activity

Q1-2002

	Appearing in / on	Date	Subject	
1	Al Ayyam	15/01/02	Open Meeting	Newspaper
2	Al Hayyat	15/01/02	Open Meeting	Newspaper
3	Al Quds	25/01/02	Graduation – Al Azhar U - Gaza	Newspaper
4	Al Quds	11/02/02	Quarterly Report Issuance	Newspaper
5	Al Ayyam	12/02/02	PAAA - CMA / CFM	Newspaper
6	Al Hayyat	21/02/02	PSCPA – Auditor Magazine	Newspaper
7	Al Hayyat	28/02/02	Training with PSCPA	Newspaper
8	Amwwaj	07/03/02	F. Zaghal show “Amwwaj Al Sabaah” He talked about 1) Bir Zeit University Course 2) IMA 3) Int’l Valuation Stds	Private Radio Station
9	P S C	18/03/02	Discussions of the Program – Open Meetings and progress	T V



PSC

The First Palestinian TV Channel that was made after the declare of Independence. And the biggest TV channel in Palestine. Its main office is in Gaza. It has both Local and Satellite channels CH 35 UHF

Amwwaj

It is the largest Private Radio Station in Palestine. The main office is in Ramallah and now its working as a combination with The Call of Palestine “The governmental Radio Station” FM 91.5 MHz

Al Quds

It is the Largest Daily local Newspaper that is issued in Jerusalem and distributed to the Arab world and has the largest amount of readers in both the Newspaper and the Web Site on the Internet.

Al Ayyam

Is the Second newspaper after Al Quds and considered new one but accomplished a lot within a short period of time and distributed from Ramallah to all the cities in Palestine and has a Web on the Internet.

Al Hayyat

It is considered as the Youth News paper that talks most about the development of the youth and the economics and can also be considered as a Governmental Newspaper.



Tuesday 15/1/02
Al Ayyam Newspaper

In a Meeting of the PAAA in Al Bireh

Calling the universities to Develop their Accounting curriculum

Mr. Taqqash, chief of International Accounting Standards Committee in PAAA (Palestinian Association of Accountants and Auditors) called Palestinian universities to develop the curriculum of the Accounting sciences asking all accountants in and outside Palestine to work together.

This came in a public meeting organized by the PAAA in cooperation with Accounting & Auditing Sector Program (USAID) in the City Inn Palace in Al Bireh. Conference call system was used to connect the four cities Gaza, Ramallah, Nablus, Hebron due to the political situation in Gaza and West Bank.

Mr. Taqqash presented this work (translation of the international accounting standards) to his excellence Yasser Arafat thanking him for supporting the profession.

Mr. Taqqash gave the attendees an idea about the PAAA plan for the year 2002 that includes issuing the IAS book and translating SMA and starting the work on Certification CMA and CFM.

Mr. Sabbah, coordinator of the committee and Board member in PAA, said the committee finished the draft of Accounting standards & they are working to finish the book as soon as possible. He added the committee has adapted 34 standards & their 25 SIC, in addition to the framework.

The committee comprised of Mr. Taqqash as the head, Dr. Salem Helles, Dean of Commerce Faculty in the Islamic University, Dr. Ali Shaheen, Professor in the Islamic University, Majed El Bayed, general manager in UNRWA and Dr. Anees Hajji, Regional Manager of Housing Bank and Committee's member.

Mr. Majed El Bayed explained the cooperation between PAAA and IMA in USA and the Accounting & Auditing Sector Program in translating the SMA pointing out that the Project has distributed a number of the English copies to the universities. He also added that both the PAAA and the Project will start courses in CMA and CFM for a number of the accountants and auditors.

دعوة الجامعات الفلسطينية إلى التوسع الأفقي في علم المحاسبة



كتب فراس طينة :

دعا طي طقس رئيس لجنة معايير المحاسبة الدولية في جمعية المحاسبين والمراجعين الفلسطينيين إلى ضرورة توجيه الجامعات الفلسطينية لمحاسبة المحاسبين إلى التوسع الأفقي في علم المحاسبة دعماً لمستقبل المحاسبين داعياً المحاسبين في الشتات إلى التواصل مع زملائهم في فلسطين. جاء ذلك خلال الاجتماع الدوري السنوي الذي عقده جمعية المحاسبين والمراجعين الفلسطينية بالتعاون مع برنامج قطاع المحاسبة والتدقيق، أمس في فندق سيتي إن ماليس، بالبييرة واستخدم في الاجتماع طريقة الثلاثة الجماعية لربط المشاركين في أربع مدن فلسطينية في الخليل، غزة، ورام الله وذلك بسبب العصار الإسرائيلي الذي حال دون عقد الاجتماع في مكان واحد.

المشاركون في الاجتماع

عدم الموازنة في وكالة الفوت للتدقيق للاجئين. وتناول مجيد الشايخ التعاون بين جمعية تدقيق الحسابات ومعهد المحاسبة الإماراتية (IMA) في الولايات المتحدة الأميركية وبرنامج قطاع المحاسبة والتدقيق لترجمة بيانات المحاسبة الإماراتية (SMA) ونوه إلى أن برنامج قطاع المحاسبة والتدقيق قدم عدداً من بيانات المحاسبة الإماراتية باللغة الإنجليزية لطلبة الجامعات الفلسطينية للاستفادة منها. وكثف التأييد أن برنامج قطاع المحاسبة وجمعية تدقيق الحسابات سيبدأان قريباً بعقد دورات لعهد من المحاسبين والتدقيق لإعدادهم لاجتياز امتحان المحاسب الإداري المرخص والتدقيق الإداري المرخص.

إدارة جمعية المحاسبين والمراجعين الفلسطينية بإنهاء اللجنة عملها في إعداد التسمية الأولى من معايير المحاسبة منوهاً إلى أن العمل جار على قدم وساق لإصدار الكتاب. وأوضح أن اللجنة أعدت 34 معياراً، بما فيها أحدث معايير، وهما الاستثمارات العقارية وآثر تعديل إضافة إلى الإطار الفكري، كما تبنت 26 تعبيراً لهذه المعايير. ومن أن اللجنة بشرائها، على طقس ونشم في عضويتها كلاً من د. سالم دمس، عميد كلية التجارة في الجامعة الإسلامية بغزة، ود. علي شالح، استاذ المحاسبة في نفس الجامعة، ود. أنيس الحجة، المدير الإقليمي لبيحة الإسكان، والمخاض شرميل الزعيم، ومجاهد البايخ، مدير

والعدي طقس، آخر إصدارات الجمعية المعلقة بترجمة كتاب معايير المحاسبة الدولية إلى اللغة العربية إلى الرئيس ياسر عرفات لدعمه الجمعيات المهنية والتقنية في فلسطين. واستعرض طقس أهم الخطط للعام الجاري التي اعتمدها إماماً كاتب محقق للمحاسبة الدولية وترجمة بيانات المحاسبة الإدارية وبدء العمل على عقد دورات تدقيق شبهة المحاسب الإداري المرخص (CFM) والتدقيق الإداري المرخص. وذكر سالم الصياح منسق لجنة المعايير في الجمعية، وعضو مجلس



الجمعة 25/1/2002

Al Quds Newspaper
Friday 25/1/2002

Al Azhar celebrates the graduation of ISA Training Course.

Gaza - Al Quds Reporter - Al Azhar University celebrates the graduation of "International Auditing Standards training course" for the Accounting & Business Administration departments with a participation of 30 students. This event was financed and supervised by USAID.

Mr. Hazem Sheik - Dean of Diploma Department in the University - talked about the importance of such training courses in developing the potentials of the participants in order to improve their work.

Dr. Ali Al Nami - Head of Training Committee in PAAA and one of the instructors in the course - said that this course covered a lot of important topics and programs that concern the participants and help them to cultivate their knowledge and improve in their works.

Mr. Sharif Kishawi - USAID representative - said that the program is always working to develop administrative and accounting situations in the associations, he also pointed out to the necessity of developing the local associations to go along with the progress and technical development in accounting and administrative areas.

جامعة الأزهر تحتفل بتخريج دورة في «معايير التطبيق الدولية»

غزة/مراسل، القدس، الخاص - احتفلت امس عمادة كلية العلوم المتوسطة بجامعة الأزهر بتخريج دورة جديدة في «معايير التطبيق الدولية» لقصمى الحاسبى وإدارة الأعمال بالكلية بمشاركة ثلاثين مشاركاً وتمويل وإشراف مؤسسة USAID. وتحدث حازم سكيك عميد كلية الدراسات المتوسطة بالجامعة عن أهمية هذه الدورات في تنمية القدرات العلمية للمشاركين، التي تساعدهم في مجال عملهم. وقال د. علي النعامي رئيس لجنة التدريب في جمعية المحاسبين والمدرس بالدورة، إن هذه الدورة احتوت على الكثير من البرامج والموضوعات التي تهتم المشاركون، وتساعد على نقل قدراتهم في مجال عملهم. وقال شريف القيشاوي ممثل مؤسسة USAID إن المؤسسة تسعى دائماً لتحسين الأوضاع المحاسبية والإدارية في الجمعيات والنقابات. وأشار إلى ضرورة تطوير الجمعيات المحلية لوكالة القاييس العلمية والتطور التقني الهائل في مجال المعلومات والعلوم الإدارية والحاسبية.



الرقم 2002/2/11

Al Quds Newspaper
Tuesday 2/11/2001

The A&ASP prepared its Q4 /2001

Al Bireh – Mahmoud Fataftah: The Accounting & Auditing Sector Program issued their Q4 / 2001 in which it presents the main achievements and activities done during that quarter in cooperation with the local associations mainly the preparation of the IAS copy and the SIC issued by the IASB.

In addition the project published the CPA's Guide to Professional Ethics Book after translating it into Arabic. This book assists the accountants in understanding and implementing the ethical issues.

This guide is the first one to be issued in Arabic and for that reason it has a great importance in applying the Code of Ethics that helps in creating competent and objective accountants who enjoy integrity.

اشاد بالانجازات والانشطة التي تمت

قطاع المحاسبة والتدقيق يصدر تقريره للعام ٢٠٠١

المهنة محمود الفاطمة- اسدر قطاع المحاسبة والتدقيق اسر تقريره الرابع للعام ٢٠٠١ والذي استعرض اهم الانجازات والانشطة التي تم تطبيقها خلال الربع الاخير من العام المنصرم بالتعاون مع عدد من المؤسسات المحلية المعنية لا سيما الجاز العائير الدولية للتقارير المالية والتضمنة تلك العائير الدولية والشروعات الصادرة عن مجلس معائير المحاسبة الدولية.

دليل المحاسب

كما ونشر القطاع دليل المحاسب الهلئ للقواعد الاخلاقية الذي تم ترجمته الى اللغة العربية ويهدف الى مساعد المحاسبين القانونيين حتى يتمكنوا من فهم وتطبيق الالة المتعلقة بالاخلاقيات الهلئية لا سيما تلك الصادرة عن العهد الامريكى للمحاسبين.

ويعتبر هذا الدليل الاول الذي يصدر باللغة العربية لذلك له اهمية كبيرة في مدى تطبيق قواعد السلوك الهلئ الذي يدور يواى الى ايجاد محاسبين قانونيين يتصفون بالزاهة والوضوحية والكفاءة.



Al Ayyam Newspaper
Tuesday 12/2/02

PAAA starts its courses in CMA & CFM

Ramallah - Firas Tarieneh: Maher Abu Shabaan declared yesterday that the association will start its courses in CMA & CFM next March.

This was mentioned in the 3rd public meeting that was organized by the PAAA in cooperation with the Accounting & Auditing Sector Program (USAID) in four Palestinian cities Ramallah, Hebron, Gaza and Nablus through the conference call technique.

The main objective of the meeting was to present and discuss the achievements of the association and the future activities and to raise some controversial issues that concern the accounting and auditing sector such as IAS, the law and the ethics.

Mr. Majed Al Bayed, IAS committee, talked about the efforts made by the members in preparing this copy of the IAS. He also explained the difficulties the committee faced in obtaining the copyright permission pointing out that the committee will submit this copy to the Board to do what is necessary.

Salem Sabbah, Head of the ethics committee, spoke about certain ethical issues emphasizing that the PAAA will adopt and implement the code of ethics which will create accountants enjoying integrity and objectivity. These elements would contribute to the development of the Palestinian economic and reinforce the confidence in its financial institutions.

Fayez AlQudwa, Head of the Law committee in the PAAA, said in his word that he submitted a comprehensive paper - approved by the ministry of Finance - organizing the profession in Palestine to the legislative council. He talked about the council's notes on organizing the profession.

Dr. Nidal Sabri, BirZeit University, gave a brief summary of the contents of the book "Accounting Management" which he is authoring. While, Dr. Yousef Jarbou' talked about the book he preparing under the name of "Advanced Audit".

شرعت بترجمة بيانات المحاسبة الادارية

جمعية المحاسبين تبدأ بعقد ورشات العمل الخاصة بشهادتي المحاسب الاداري والمدير المالي المرخصين

رام الله - فراس طنينة: أعلن ماهر أبو شباان، عضو لجنة معايير المحاسبة الدولية في جمعية المحاسبين والمراجعين الفلسطينيين، أمس، عن بدء ترجمة بيانات المحاسبة الادارية وورشات العمل على شهادتي المحاسب الاداري المرخص «CMA» والمدير المالي المرخص «CFM» في مطلع آذار المقبل. وجاء ذلك خلال الاجتماع العام الثالث الذي نظمته جمعية المحاسبين والمراجعين الفلسطينية بالتعاون مع برنامج قطاع المحاسبة والتدقيق «USAID»، أمس، في أربع مدن فلسطينية هي: غزة، والخليل، ونابلس، ورام الله عبر استخدام أسلوب المكالمات الجماعية. وبين أن الهدف من الاجتماع هو استعراض ومناقشة إنجازات الجمعية والنشاطات المستقبلية لها، وم طرح قضايا جوهرية حساسة لقطاع المحاسبين والمراجعين مثل المعايير المحاسبية الدولية، وسلوكيات المهنة وقانونها.

بدوره، استعرض ماجد البايض، عضو اللجنة الجهد الذي بذل في إعداد هذه النسخة من المعايير والصعوبات التي واجهت اللجنة للحصول على حق النشر، منوهاً إلى أن اللجنة قررت رفع كتاب المعايير إلى مجلس إدارة الجمعية لاتخاذ الاجراء المناسب.

وتطرق سالم الصباح، رئيس لجنة أخلاقيات المهنة في الجمعية إلى آداب وسلوكيات المهنة، مؤكداً عزم الجمعية على تبني وتطبيق هذه السلوكيات والتي ستشجع من ايجاد محاسبين على أعلى درجات النزاهة والموضوعية والكفاءة، منوهاً إلى أنها تسهم في تنمية الاقتصاد الفلسطيني وكسب الثقة في مؤسساته المالية.

وأشار فايز القدوة، رئيس اللجنة القانونية في الجمعية إلى أن الأخيرة قدمت مشروعاً شاملاً لتنظيم مهنة المحاسبة والمراجعة التي تم اعتمادها من وزير المالية، وقدمت لادارة الفتوى والتشريع لمراجعتها وعرضها على المجلس التشريعي، وعرج على الملاحظات التي ابدتها المجلس التشريعي لتنظيم مهنة تدقيق الحسابات من جهته، قال د. نضال صبري، استاذ المحاسبة في جامعة بيرزيت أنه بصدد إعداد كتاب بعنوان «محاسبة إدارية»، مقدماً تلخيصاً للحضور حول محتواه والأمر ذاته فعله د. يوسف جربوع، أستاذ المحاسبة في الجامعة الإسلامية، إن قدم تلخيصاً لكتاب يقوم بإعداده بعنوان «تدقيق متقدم».

الخميس 21/2/2002

Al Hayat Al Jadida
Thursday 21/2/2002

The PSCPA issues a new edition of the "Auditor " Magazine

Ramallah - The PSCPA, in cooperation with the Accounting & Auditing Program, issued the Forth Edition of the "AUDITOR" Magazine, which dealt with the adaptation process of the ISA by the ISA committee in the PSCPA. It also focuses on the society's resolution of implementing, in Palestine, the ISA issued by the IFAC till 31/12/1999.

This edition presented the achievements and the future activities of the CPE department that are all organized in cooperation with the Accounting & Auditing Sector Program. In addition, the magazine concentrated on the importance of the code of ethics and the current condition of the profession through the laws.

What make this edition so distinct is the ISA number 500 and the complete translated copy of the Code of Ethics which was approved by the Board of the society. This translated copy contains the sections that are applicable to professional accountants, professional accountants in Public Practice and professional accountants employed.

The PSCPA took this chance to announce that they were provided with the following ISBN (9950302005) for the ISA book 'Arabic Version Used in Palestine' by the center of the ISBN in Palestine. This step will help in publishing the book and presenting the society in all over the world.

**جمعية مدققي الحسابات القانونيين
تصدر عددا جديدا من مجلة المدقق**

رام الله - أصدرت جمعية مدققي الحسابات القانونيين الفلسطينية العدد الرابع من مجلة «المدقق» تناول عملية تبني معايير التدقيق الدولية من قبل لجنة معايير التدقيق التابعة للجمعية وقرار الجمعية بتبنيها للعمل بها في فلسطين والنهوض بهذا القطاع من خلال ابراج كافة المعايير الصادرة عن الاتحاد الدولي حتى 31/12/1999. والإنجازات والخطط المستقبلية لادارة التعليم المهني المستمر التي تتم بالتنسيق الكامل مع قطاع المحاسبة والتدقيق. والسلوك المهني للمحاسبين والواقع الذي تعيشه المهنة من خلال التشريعات والقوانين.

ان اهم ما ميز هذا العدد هو الغرامة في المعيار الدولي للتدقيق رقم 500 والنص الكامل للترجم للغة العربية والمصادقة عليه من قبل الهيئة الادارية لجمعية مدققي الحسابات القانونيين الفلسطينية للقواعد الاخلاقية للسلوك المهني. هذا النص الذي شمل الجزء القابل للتطبيق على كل المحاسبين المهنيين الغزواين للمهنة وايضا الجزء القابل للتطبيق على المحاسبين المهنيين الموظفين.

كما ان الجمعية اغتنمت هذه الفرصة للاعلان عن حصول كتاب المعايير الدولية للتدقيق «النسخة العربية المعمول بها في فلسطين» على الرقم الدولي التالي 9950302005 الصادر عن المركز الوطني للترقيم المعياري الدولي في فلسطين اذ ان هذه الخطوة تساعد في نشر الكتاب وبرز اسم الجمعية عربيا ووليا.

2002/2/28 الخميس

Al Hayat Al Jadida
Thursday 28/2/2002

Training Course in Gaza & West Bank about the ISA

Ramallah - The Accounting & Auditing Sector Program in cooperation with the PSCPA is holding nowadays a training course about the ISA in Ramallah, Nablus, Jenin and Gaza.

The trainers are covering very important issues in this course: the auditing market, code of ethics, components of auditing process, methods of clients acceptance, planning, and internal control system, substantial procedures and reporting phase. This course aims at familiarizing the participants with the latest International Standards on Auditing.

This course is part of a series of courses that will be held in response to the Board resolution taken on 9 September 2001 that says that the PSCPA has adapted the ISA and the Code of Ethics that are issued by the IFAC.

It is worth mentioning that the Auditing Standard Committee in the society in cooperation with the Accounting & Auditing Program had translated and published the ISA in a book under the name 'THE ISA, ARABIC COPY USED IN PALESTINE' after being reviewing to fit in Palestine.

دورة في الضفة وغزة حول المعايير الدولية للتدقيق

رام الله - الحيات الجديدة - يعقد برنامج قطاع المحاسبة والتدقيق بالتعاون مع جمعية مدققي الحسابات القانونيين الفلسطينيين في هذه الأيام دورة تدريبية حول المعايير الدولية للتدقيق في رام الله ونابلس وجنين وغزة.

ويتطرق المدربون في هذه الدورة إلى مواضيع مختلفة أهمها: عناصر عملية التدقيق وأساليب قبول العمل وعملية التخطيط وأنظمة الرقابة الداخلية والإجراءات الداخلية والجوهرية وانتهاء عملية التدقيق وإصدار التقارير والخلافات المهنية. وتهدف الدورة إلى تعريف المشاركين بأخر ما تم التوصل إليه من المعايير الدولية للتدقيق.

وتأتي هذه الدورة ضمن سلسلة دورات تتسجم مع القرار الصادر عن مجلس إدارة الجمعية في ٨٩ أيلول ٢٠٠١ الذي ينص على تبني معايير التدقيق الدولية وأداب وسلوكيات المهنة الصادرة عن الاتحاد الدولي للمحاسبين.

يذكر أن لجنة معايير التدقيق التابعة للجمعية وبالتعاون مع برنامج المحاسبة والتدقيق قامت بترجمة المعايير الدولية للتدقيق بعد موافقتها ومراجعتها لتناسب الواقع الفلسطيني وإصدارها في كتاب تحت عنوان المعايير الدولية للتدقيق، النسخة العربية المعمول بها في فلسطين.



West Bank / Gaza Mission

Accounting and Auditing Sector Program

Certificate of Outstanding Leadership
in the
Development of the Professions of Accounting and Auditing in Palestine

Presented to:

Mr. Muester Mann
BYZ University

For

- Publication of
 - International Accounting according to IAS-Practical Application
 - Advanced Auditing
- As leading "Arabic" language books demonstrating International Accounting and Auditing Standards
- Acting as a role model to future generations of Palestinian Financial Professionals

14 March 2002

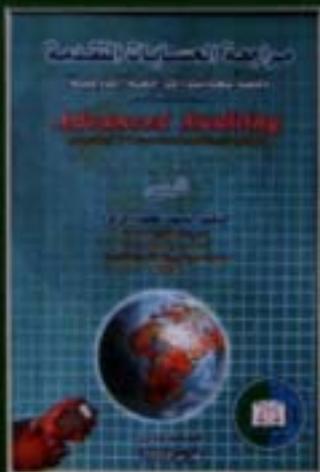




Leadership

مراجعة الحسابات المتقدمة

Advanced Auditing

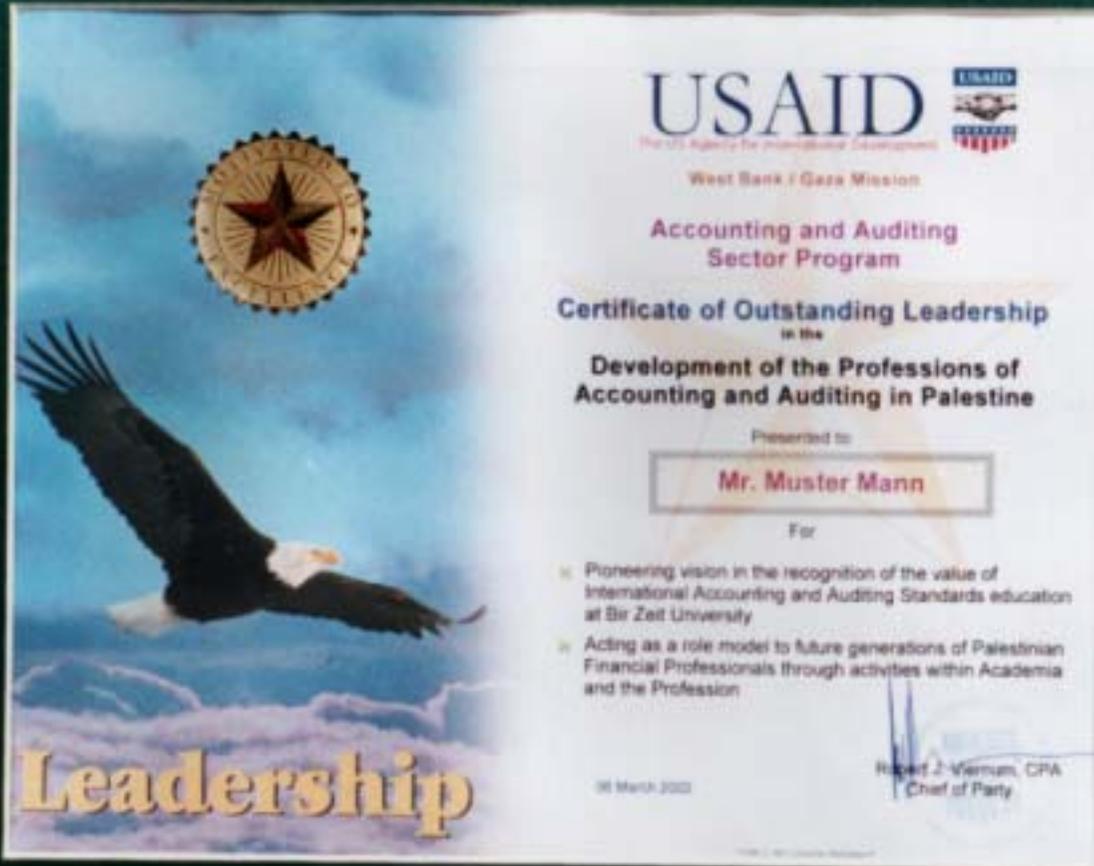


اساسيات الإصدار العملي

في مراجعة الحسابات



الطبعة الأولى
يونيو 2001



USAID
The U.S. Agency for International Development



West Bank / Gaza Mission

**Accounting and Auditing
Sector Program**

Certificate of Outstanding Leadership
in the
**Development of the Professions of
Accounting and Auditing in Palestine**

Presented to

Mr. Muster Mann

For

- Pioneering vision in the recognition of the value of International Accounting and Auditing Standards education at Bir Zeit University
- Acting as a role model to future generations of Palestinian Financial Professionals through activities within Academia and the Profession

Leadership

08 March 2002

Robert J. Vernon, CPA
Chief of Party






USAID
U.S. Agency for International Development
West Bank / Gaza Mission

Accounting and Auditing Sector Program
Certificate of Contribution
to the Development of the Professions of
Accounting and Auditing in Palestine

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Volume 10 Number 4
Quarter Four 2001

In behalf of those dedicated to developing the Professions
Thank you for this vital support for the future of the Professions

أحمد الجراد
Adeem Jaradat
President - PCCPA
West Bank Region

Prof. M. Muxter Mann
Chief of Party
Accounting & Auditing
Sector Program

الاسطورة تتحقق

الاسطورة تتحقق
في سيارة فورد
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اسعار خاصة للمعلمين



شركة الراسي موتورز

1000 شارع فلسطين - رام الله - فلسطين
1000 شارع فلسطين - رام الله - فلسطين
1000 شارع فلسطين - رام الله - فلسطين

المصدق

AL MUDAQEN

مكة المكرمة - عمان - بيروت - القاهرة - الرياض - دمشق - حلب - اللاذقية - حمص - ادلب - حماه - تدمر - دير الزور - حلب - اللاذقية - حمص - ادلب - حماه - تدمر - دير الزور

المعايير الدولية للتدقيق

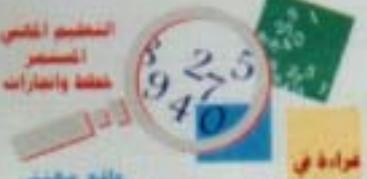
خطوة على طريق تطوير المهنة

التطبيق الخفي
المصمم
خطوة وانجازات

فراة في
المعيار الدولي
للتدقيق رقم 500

الحاسبة والتدقيق في عصر العولمة

نواعد السلوك الخفي
للمحاسبين الخفيين




جمعية المدققين المحاسبين
المحاسبين المحاسبين