

# Audit profession in Estonia: past, present and future

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## Estonian audit environment

- Audiitorkogu – legal person in public law
  - Development of profession
  - Oversight
  - 25th anniversary of the audit profession in Estonia this year
- Financing
  - State budget
  - Membership fees
- Members
  - 360 certified public accountants
  - 152 audit firms
- New members
  - 9 modules
  - All electronic, but on location
  - ca 500eur for exams



## Estonian audit environment

- Breakdown of the economy:
  - ca 150 000 entities in commercial registry
  - ca 100 000 operating entities
  - ca 9000 entities require auditor involvement
- Audit market ca 22meur, slow growth
  - Other activities approx. same turnover: accounting, tax advise, legal assistance, transactions, IT audit etc.
- Full adoption of ISA's in 2010
  - Re-exams
- Audit and review
  - Positive feedback from business community
- New services
  - Packaging audit
  - Other possibilities



## Challenges

- Service quality
- Poor service value awareness
- Entry into the audit profession
- Accounting directive
  - Thresholds
- Audit directive
  - Services
  - Rotation
  - Changes to oversight



## Service quality

- Issues with documentation quality
- Small and some medium-size audit firms use self-developed documentation approach
  - Ca 135 of 151 audit firms are local
- Documentation fragmented, no comprehensive, integrated system
- Fragmented documentation causes inefficiencies as well as jeopardises quality

## Service quality – E-dok

- Secure
- EST, ENG, RUS...
- Online-offline
- Project management
- Accounting data import
- Built-in use of various templates
  - Project
  - Document
  - Risks, etc
- Teamwork
- Information sharing
- Archiving (-> automatically re-using part of the work next year)

## Poor service value awareness

- Branding
- New website
- Working with journalists, state institutions
- Accounting health index
- Auditor network, including alumni

# Entry into the audit profession

- Positives
  - Transparent
  - Elimination of judgement bias
- Negatives
  - Does it test the right skills?



## Accounting directive

- Thresholds
- 4 company types
  - Micro (14%)
  - Small (85%)
  - Medium (0,3%)
  - Big (0,06%)
- Compliance for micros
- Less reporting for small
- Same for medium & big

Thresholds	Old	New
Audit (2/3)		
Sales (meur)	2	4
Assets (meur)	1	2
Employees (#)	30	60
Audit (1/3)		
Sales (meur)	6	12
Assets (meur)	3	6
Employees (#)	90	180
Review (2/3)		
Sales (meur)	1	1,6
Assets (meur)	0,5	0,8
Employees (#)	15	24
Review (1/3)		
Sales (meur)	3	4,8
Assets (meur)	1,5	2,4
Employees (#)	45	72



## Audit directive

- Services
  - Maximum allowed, nothing added
  - Legal services...?
- Rotation
  - Probably 10yrs
- Oversight
  - Decision-making out of profession

AITÄH! AČIŪ!