

Accounting and Auditing Standards Update

reflecting developments from September 2016 to December 2016

Standards Developments In Brief

Financial reporting	3
Audit and Assurance	4
Standard setting governance	5
Wider standard setting	6

ANNEX A: Activity Summary

Financial reporting standards	7
Audit and Assurance standards	10
CIPFA responses	12

ANNEX B: Background to consultation processes

Accounting overview	13
Audit and Assurance overview	14
Glossary And List Of Acronyms	15

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

CIPFA contributes directly to some technical and standards development through representation on relevant committees and groups. More generally CIPFA responds to consultations by standard setters and others on matters which are relevant to the public benefit sector. CIPFA Policy and Technical Directorate develops these responses taking expert advice from members of CIPFA's Accounting and Auditing Standards Panel.

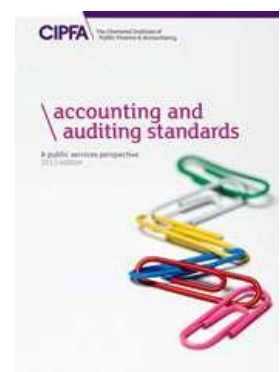
More information on the work of the Accounting and Auditing Standards Panel can be found online at www.cipfa.org/Policy-and-Guidance/Technical-Panels-and-Boards/Accounting-and-Auditing-Standards-Panel

This update provides information on standards developments in the fields of accounting and audit (in this context normally referring to 'external' or 'independent' audit). It reflects standards, other guidance and consultations developed or reviewed by

- UK standard setters including the Financial Reporting Council (FRC), its Standards and Codes Committee, and its advisory panels the Accounting Council and the Audit and Assurance Council
- International standard setters, including the International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and the International Auditing and Assurance Standards Board (IAASB)
- Interpreters of financial reporting standards, including SORP making bodies, HM Treasury and other 'relevant authorities' for central government, the devolved administrations, local government and health sectors, and the Financial Reporting Advisory Board (FRAB)
- Other bodies developing, interpreting or commenting on standards matters relevant to financial reporting and audit

Weblinks provide information from the issuer's website where available.

Overview diagrams are provided at Annex B to this update. More detailed background and information on the public services dimension of standard setting are provided in *Accounting and Auditing Standards: A Public Services Perspective (2013 Edition)* which is available from the CIPFA shop



Standards Developments In Brief

Financial Reporting – September 2016 to December 2016

New Standards and Guidance

<i>UK GAAP</i>	No UK pronouncements were issued.
<i>IFRS</i>	IASB provided interim IFRS 4 amendments pending issuance of a revised insurance standard expected in 2020. Various improvements and clarifications to standards were also made.
<i>Public Sector</i>	No IPSASB pronouncements were issued.

CIPFA Responses to Consultations

<i>Public Sector</i>	CIPFA responded to FRC consultations setting the ground rules behind its triennial review of UK GAAP, and IPSASB’s Consultation Paper on public sector specific financial instruments.
----------------------	--

Open Consultations

<i>UK GAAP</i>	<p>FRC is consulting on its research agenda, and CIPFA will be responding to this.</p> <p>CIPFA will not respond to a Discussion Paper on improving cash flow statements, with a view to influencing IFRS development,</p> <p>CIPFA will also not respond to two UK GAAP consultations which are not relevant to public sector or not-for-profit.</p>
<i>IFRS</i>	No consultations were issued
<i>Public Sector</i>	No consultations were issued.

Audit and Assurance – September 2016 to December 2016

New Standards and Guidance

UK standards and guidance

FRS 101 and FRS 102 were amended to remove the requirement to notify shareholders in writing where an entity intends to take advantage of disclosure exemptions.

CIPFA Responses to Consultations

Public Sector Audit

CIPFA responded to the Public Audit Forum SORP consultation on Practice Note 10: *Audit Of Financial Statements Of Public Sector Bodies In The United Kingdom* in September 2016.

Open Consultations

UK standards and guidance

The FRC consulted on PN 20 which relates to the audit of insurers. CIPFA did not respond

IAASB

The IAASB has issued consultations on the use of Data Analytics and on Agreed Upon Procedures, to which CIPFA will be responding.

Standard Setting Governance – September 2016 to December 2016

While most of the work of CIPFA's Accounting and Auditing Standards Panel (AASP) is concerned with the development of new and revised standards, AASP also considers a range of other significant developments which are relevant to the standards environment.

This includes initiatives by standard setters, regulators and governments which affect the governance, process, strategy and workplan of standard setters, and the applicability of standards.

Key developments in the current period are set out below.

Consultations and Other Governance Process

FRC

On 15 December 2016, the FRC issued its Draft Plan & Budget and Levy Proposals 2017/18

IASB

On 2 November 2016, the International Accounting Standards Board published the conclusions from its recent Agenda Consultation and its five-year work plan.

Wider Standard Setting – September 2016 to December 2016

While most of the work of CIPFA's Accounting and Auditing Standards Panel (AASP) is concerned with standards for financial reporting and independent audit and assurance, AASP also reviews developments in related areas.

This includes standards and guidance relating to wider reporting on governance, sustainability and other matters, including developments in 'integrated reporting'. It also encompasses standard setting such as that for professional valuation which interacts with financial reporting.

A report on developments in the current period is set out below.

FRC

On 14 December 2016 the Financial Reporting Council (FRC) published a revised suite of Technical Actuarial Standards (TASs).

ANNEX A: Activity Summary – Financial Reporting Standards

UK standards and guidance				
Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
FRC (Accounting Council)	13.12.2016	Amendments to FRS 101 and FRS 102 - Notification of shareholders FRC web page	01.01.2016	FRS101 and 102 preparers with shareholders
International standards and guidance				
Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
IASB	12.09.2016	Amendments to existing insurance contracts Standard, IFRS 4	01.01.2018	IFRS appliers
	08.12.2016	<i>Annual Improvements to IFRS® Standards 2014–2016 Cycle</i> IASB Press Release	01.01.2017/ 01.01.2018	IFRS appliers
	08.12.2016	<i>IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration</i> IASB Press Release	01.01.2018	IFRS appliers
	08.12.2016	<i>Transfers of Investment Property</i> IASB Press Release	01.01.2018	IFRS appliers
IPSASB		No pronouncements issued		

ANNEX A: Activity Summary – Financial Reporting Standards

UK consultations					
Issuer	Issue date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
FRC Corporate Reporting	27.09.2016	Consultation: <i>Triennial review of UK and Ireland accounting standards - Approach to changes in IFRS</i> FRC web page	31.12.2016	UK GAAP appliers	Yes (sent 15.12.2016)
	20.10.2016	Discussion Paper: <i>Improving the Statement of Cash Flows</i> FRC web page	28.02.2017	Informing IFRS development	No
	9.12.2016	Consultation: Financial Reporting Council's corporate reporting research activities FRC web page	30.03.2017	Informing IFRS and UK GAAP development	Yes
	13.12.2016	FRED 66: <i>Draft amendments to FRS 101 Reduced Disclosure Framework - 2016/17 cycle</i> FRC web page	31.3.2017	Subsidiaries of IFRS appliers	No

* The Accounting and Auditing Standards Panel takes a view on which consultations are sufficiently relevant to CIPFA to warrant a formal response. If you have a different view on which matters should be responded to, please contact Steven Cain, CIPFA's Technical Manager, Financial Reporting and Auditing Standards e:steven.cain@cipfa.org

ANNEX A: Activity Summary – Financial Reporting Standards

International consultations					
Issuer	Issue date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
IASB		No consultations were issued			
IPSASB		No consultations were issued			

* The Accounting and Auditing Standards Panel takes a view on which consultations are sufficiently relevant to CIPFA to warrant a formal response. If you have a different view on which matters should be responded to, please contact Steven Cain, CIPFA’s Technical Manager, Financial Reporting and Auditing Standards e:steven.cain@cipfa.org

ANNEX A: Activity Summary - Audit and Assurance Standards

UK standards and guidance

Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
FRC (Audit and Assurance)	n/a	No pronouncements issued.		

International standards and guidance

Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
IAASB	06.10.2016	Revision of ISA 250, <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i> in line with changes to IESBA Ethics Code IAASB web link	15.12.2017	All sectors

ANNEX A: Activity Summary - Audit and Assurance Standards

UK consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
FRC (Audit and Assurance)	25.10.2016	Consultation Paper and Impact Assessment: Proposal to revise Practice Note 20 FRC web link	16.12.2016	Insurance	No
International consultations					
IAASB	01.09.2016	Request for Input, <i>Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics</i> IAASB web link	15.02.2017	All sectors	Yes
	29.11.2016	Discussion Paper, <i>Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards</i> IAASB web link	29.03.2017	All sectors	Yes

* The Accounting and Auditing Standards Panel takes a view on which consultations are sufficiently relevant to CIPFA to warrant a formal response. If you have a different view on which matters should be responded to, please contact Steven Cain, CIPFA's Technical Manager, Financial Reporting and Auditing Standards e:steven.cain@cipfa.org

ANNEX A: Activity Summary – CIPFA Responses

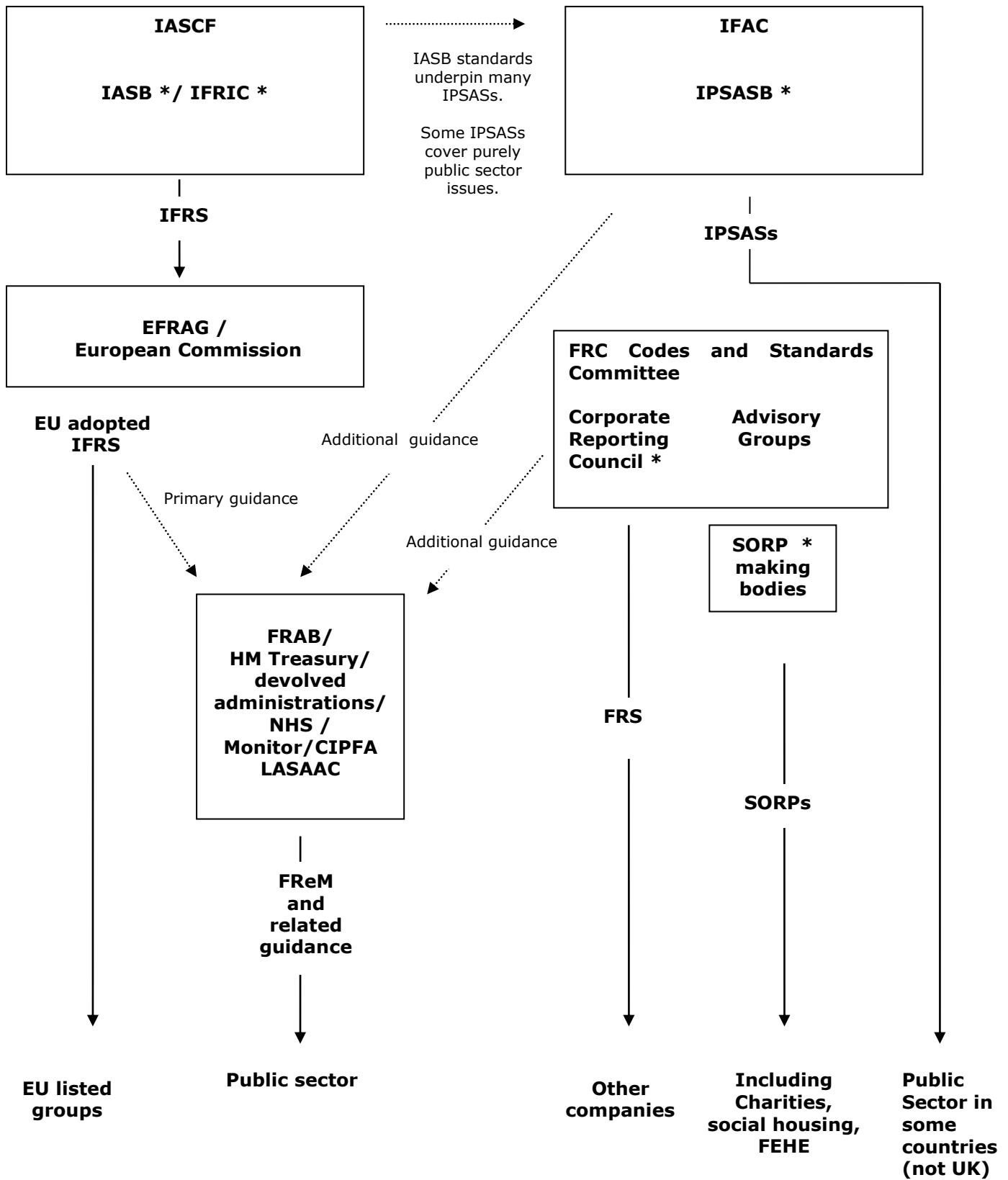
Issuer	Subject of Consultation	
FRC	Invitation to Comment on FRS 102	16.11.2016
	Consultation: <i>Triennial review of UK and Ireland accounting standards - Approach to changes in IFRS</i>	15.12.2016
IPSASB	Consultation Paper <i>Public Sector Specific Financial Instruments</i>	15.12.2016
Public Audit Forum	Practice Note 10: <i>Audit Of Financial Statements Of Public Sector Bodies In The United Kingdom</i>	21.09.2016

CIPFA responses on matters relating to accounting and auditing standards are also published at

www.cipfa.org/Policy-and-Guidance/Responses-to-consultations

ANNEX B: Background to consultation processes

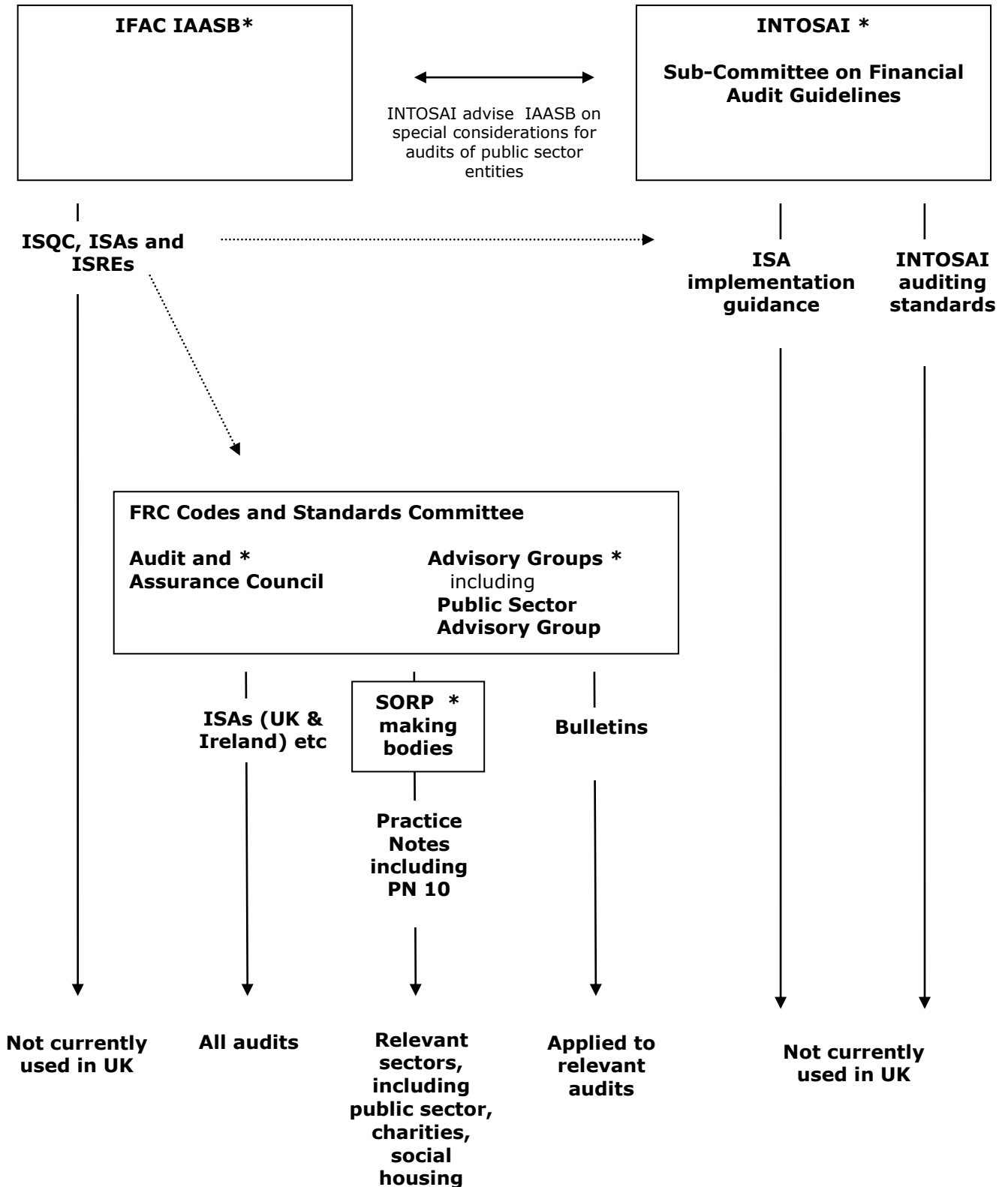
INTERNATIONAL, EUROPEAN AND UK FINANCIAL REPORTING STANDARD SETTING



CIPFA comments on most exposure drafts, discussion papers and consultations by bodies marked *, except for explicitly private sector issues

ANNEX B: Background to consultation processes

INTERNATIONAL AND UK AUDITING STANDARD SETTING



CIPFA comments on most exposure drafts, discussion papers and consultations by bodies marked *, except for explicitly private sector issues

ANNEX B: Background to consultation processes

GLOSSARY AND LIST OF ACRONYMS

(not all of which appear in the current update)

<i>Audit and Assurance Council</i>	The Audit and Assurance Council advises the FRC Codes and Standards Committee on matters relating to auditing standards. The Council replaced the previous developer of UK auditing standards and guidance, the Auditing Practices Board (APB), from July 2012.
<i>Corporate Reporting Council</i>	The Corporate Reporting Council advises the FRC Codes and Standards Committee on matters relating to financial reporting standards. Known as the Accounting Council until 1 April 2016, the Council replaced the previous developer of UK financial reporting standards and guidance, the Accounting Standards Board (ASB), from July 2012.
<i>EPSAS</i>	European Public Sector Accounting Standards. The European Commission has proposed that Europe should develop accrual accounting standards using IPSAS as a reference point, following a consultation by Eurostat on whether IPSAS should be adopted directly.
<i>Eurostat</i>	Eurostat is the statistical office of the European Union
<i>FRC</i>	The Financial Reporting Council sets the framework of codes and standards for the accounting, auditing, actuarial and investor communities in the UK and oversees the conduct of the professionals involved. Some FRC pronouncements apply in the Republic of Ireland.
<i>FRS</i>	Financial Reporting Standard. FRSs are the principal form of pronouncement on UK financial reporting issued by the FRC.
<i>FRED</i>	Financial Reporting Exposure Draft. FREDs are the principal consultation document for UK financial reporting issued by the FRC.
<i>IAASB</i>	International Auditing and Assurance Board, a standard setting board of IFAC.

ANNEX B: Background to consultation processes

<i>IAESB</i>	International Accounting Education Standards Board
<i>IASB</i>	International Accounting Standards Board
<i>IESBA</i>	International Ethical Standards Board for Accountants
<i>IFAC</i>	The International Federation of Accountants.
<i>IFRS</i>	International Financial Reporting Standards. These are issued by the IASB. This term also encompasses older International Accounting Standards (IAS).
<i>IFRS for SMEs</i>	The International Financial Reporting Standard for Small to Medium-sized Entities.
<i>IIRC</i>	The International Integrated Reporting Council
<i>INTOSAI</i>	International Organisation of Supreme Audit Institutions. An umbrella body for 'supreme' (as distinct from 'regional') institutions responsible for public sector audits.
<i>IPSAS</i>	International Public Sector Accounting Standards.
<i>IPSASB</i>	International Public Sector Accounting Standards Board, a standard setting board of IFAC.
<i>ISA</i>	International Standard on Auditing, issued by the IAASB.
<i>ISA (UK & Ireland)</i>	Modified or additional ISAs applicable in the UK & Ireland, issued by the FRC.
<i>IVSC</i>	The International Valuation Standards Council, the international standard setter for valuation matters.
<i>SORP</i>	Statement of Recommended Practice, providing guidance on the application of FRC standards to specific economic sub sectors.
<i>UK GAAP</i>	UK Generally Accepted Accounting Practice. This is mainly taken to be based on standards issued by the FRC, although the term is sometimes taken to encompass UK use of EU adopted IFRS.