

Accounting and Auditing Standards Update

reflecting developments from January 2013 to April 2013

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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.

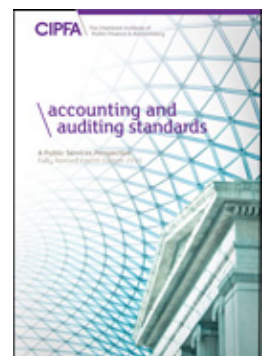
More information on the work of the Accounting and Auditing Standards Panel can be found online at www.cipfa.org/Policy-and-Guidance/Technical-Panels-and-Boards/Accounting-and-Auditing-Standards-Panel

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 (Fully Revised Fourth Edition 2010)* which is available from the CIPFA shop



Standards Developments In Brief

Financial Reporting

New Standards and Guidance

FRC Accounting Council

The FRC has finally issued the 'new UK GAAP' main standard FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Early adoption is permitted, but bodies which apply SORPs will need to wait until the relevant SORP is rewritten.

IPSASB

IPSASB has issued the first four chapters of its conceptual framework for public sector financial reporting: *Role and Authority of the Conceptual Framework, Objectives and Users of General Purpose Financial Reporting, Qualitative Characteristics, and Reporting Entity*.

CIPFA Responses to Consultations

Private sector / pan sector

CIPFA responded to IASB ED/2012/5 which seeks to clarify which approaches to measuring depreciation are allowed under IAS 16 and IAS 38.

Public sector

CIPFA responded to three IPSASB consultations, one relating to maximising the beneficial read-across between IPSASs and government finance statistics, and two conceptual framework exposure drafts on *Elements and Recognition* and *Measurement of Assets and Liabilities*.

CIPFA also responded to an IVSC exposure draft of guidance on valuation of specialised public sector assets

Open Consultations

UK

The National Housing Federation has issued an Invitation To Comment on the Housing SORP on behalf of the SORP making body. This is a 6 week initial consultation before issuing a full Exposure Draft in September 2013.

International Accounting Standards Board

The IASB has issued five exposure drafts. CIPFA will be responding to one, relating to Employee Benefits. The others mainly focus on issues relevant to private sector preparers.

IPSASB

IPSASB has issued a further Conceptual Framework ED on *Presentation*, to which CIPFA will be responding.

Audit and Assurance

New Standards and Guidance

FRC Audit and Assurance Council The FRC has issued Bulletin 2: *Guidance for Reporting Accountants of Stakeholder Pension Schemes in the United Kingdom*, updating guidance provided in APB Bulletin 2010/2.

International Auditing and Assurance Standards Board The IAASB has issued a revised International Standard on Auditing (ISA) 610 (Revised 2013), *Using the Work of Internal Auditors*, which incorporates guidance on direct assistance.

CIPFA Responses to Consultations

Private sector/all sectors Further to its 2012 consultation on revisions to ISA 610 the FRC issued and CIPFA responded to *Further consultation: Revision of ISA (UK and Ireland) 610*.

CIPFA also responded to an IAASB exposure draft of a revised ISA 720 on *Other Information*.

Open Consultations

IAASB The IAASB has continued its work promoting audit quality, in a Consultation Paper *A Framework for Audit Quality*, to which CIPFA will be responding.

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)	14.03.2013	FRS 102 <i>The Financial Reporting Standard applicable in the UK and Republic of Ireland</i> FRC Press Release	01.01.2015 Early adoption not permitted for SORP appliers until SORP redeveloped.	UK GAAP preparers
International standards and guidance				
Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
IPSASB	11.01.2013	Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (the Conceptual Framework) Chapter 1: Role and Authority of the Conceptual Framework Chapter 2: Objectives and Users of General Purpose Financial Reporting Chapter 3: Qualitative Characteristics Chapter 4: Reporting Entity IPSASB Press Release	Not applicable as standards, but of immediate relevance to standards development	Public Sector

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		No open consultations			
National Housing Federation (for SORP Making Body)	03.04.2013	Housing SORP 2014: invitation to comment NHF web link	17.05.2013	Social Housing	Probably – this will be followed by a further ‘full’ Exposure Draft in September 2013

* 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.uk

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	18.01.2013	Exposure Draft ED/2013/1 <i>Recoverable Amount Disclosures for Non-Financial Assets</i> Proposed Amendments to IAS 36 IASB Press Release	19.03.2013	IFRS appliers	No
	28.02.2103	Exposure Draft ED/2013/2 <i>Novation of Derivatives and Continuation of Hedge Accounting</i> Proposed amendments to IAS 39 and IFRS 9 IASB Press Release	02.04.2013 (30 day exposure)	IFRS appliers using hedge accounting	No
	07.03.2013	Exposure Draft ED/2013/3 <i>Financial Instruments: Expected Credit Losses</i> IASB Press Release	05.07.2013	IFRS appliers	to be reviewed but response not expected

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ANNEX A: Activity Summary - Financial Reporting Standards

International consultations (continued)					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
IASB (continued)	25.03.2013	Exposure Draft ED/2013/4 <i>Defined Benefit Plans: Employee Contributions</i> Proposed amendments to IAS 19 IASB Press Release	25.07.2013	IFRS appliers	Yes
	25.04.2013	Exposure Draft ED/2013/5 <i>Regulatory Deferral Accounts</i> IASB Press Release	04.09.2013	IFRS appliers	No
IPSASB	17.04.2013	Conceptual Framework Exposure Draft (CF-ED) 4 <i>Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports</i> IPSASB Press Release	15.08.2013	International public sector	Yes

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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)	05.02.2013	Bulletin 2: <i>Guidance for Reporting Accountants of Stakeholder Pension Schemes in the United Kingdom</i> FRC link	immediate	Pension scheme reporting
International standards and guidance				
Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
IAASB	19.03.2013	International Standard on Auditing (ISA) 610 (Revised 2013), <i>Using the Work of Internal Auditors</i> IAASB Press Release	15.12.2014	Pan sector

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)	06.02.2013	Feedback Statement and Further consultation: <i>Revision of ISA (UK and Ireland) 610</i> FRC Press Release	12.04.2013	All	Yes CIPFA response submitted
International consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should* CIPFA respond?
IAASB	15.01.2013	Consultation Paper <i>A Framework for Audit Quality</i> IAASB Press Release	15.05.2013	All	Yes

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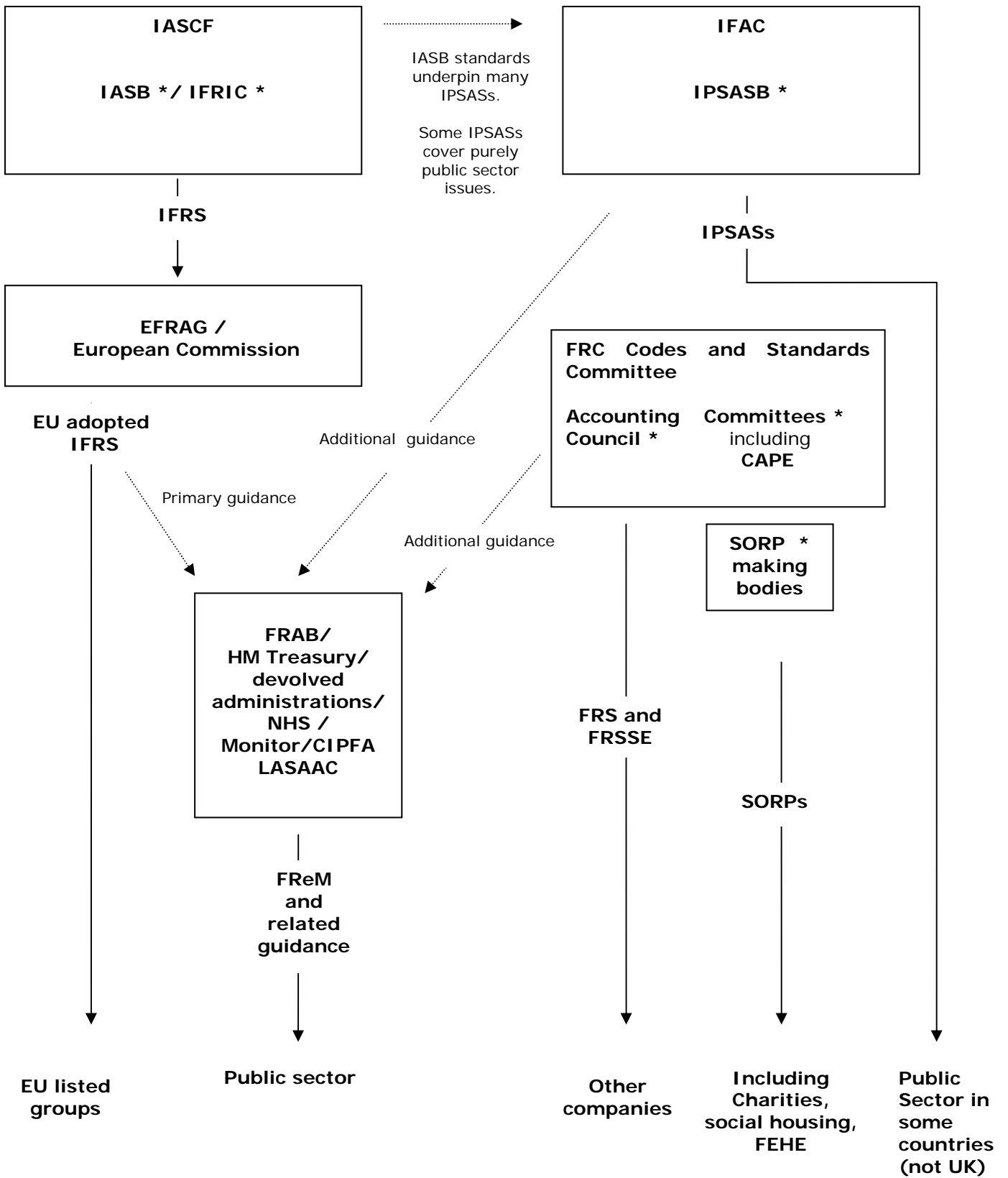
Issuer	Subject of Consultation	
FRC (Audit and Assurance)	Further consultation on timing of prohibiting the use of internal auditors to provide direct assistance	17.04.2013
IASB	Exposure Draft ED/2012/5 <i>Clarification of Acceptable Methods of Depreciation and Amortisation, Proposed amendments to IAS 16 and IAS 38</i>	03.04.2013
IAASB	IAASB Exposure Draft (ISA) 720 (Revised), <i>The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon</i>	18.02.2013
IPSASB	Consultation Paper <i>IPSASs and Government Finance Statistics Reporting Guidelines</i>	31.03.2013
	Conceptual Framework Exposure Draft Phase 2 — Elements and Recognition in Financial Statements	30.04.2013
	Conceptual Framework Exposure Draft Phase 3 — <i>Measurement of Assets and Liabilities in Financial Statements</i>	30.04.2013
IVSC	Exposure Draft <i>Valuation of Specialised Public Sector Assets</i>	28.02.2013

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

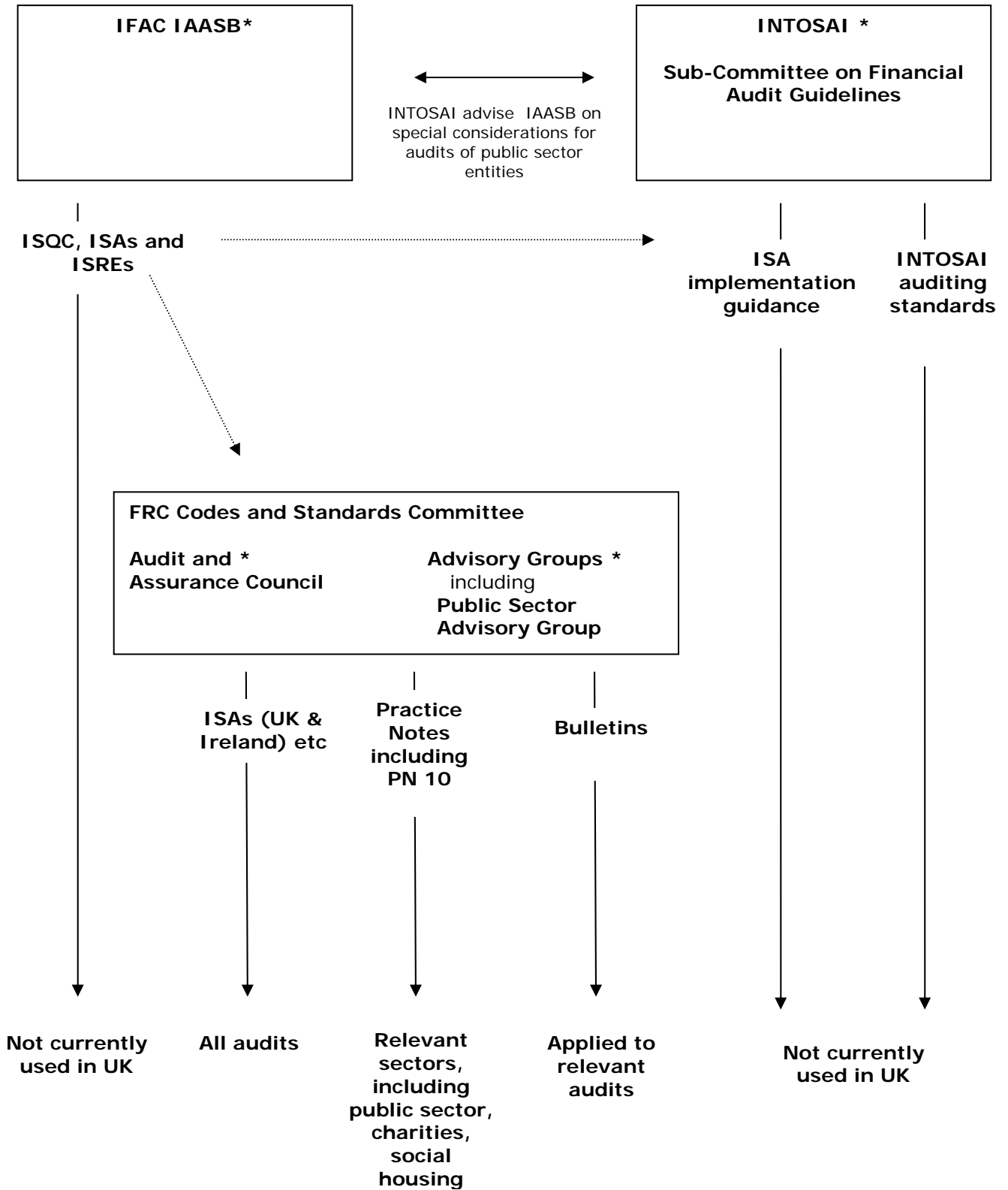
INTERNATIONAL, EUROPEAN AND UK FINANCIAL REPORTING STANDARD SETTING



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