

Accounting and Auditing Standards Update

reflecting developments from May 2012 to August 2012

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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.

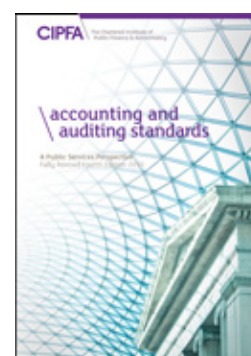
More information on the work of the Accounting and Auditing Standards Panel can be found online at www.cipfa.org/Policy-and-Guidance/Technical-Panels-and-Boards/Accounting-and-Auditing-Standards-Panel

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) and its Standards and Codes Committee
- 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

UK Accounting Standards Board The ASB no longer exists following organisational changes in at the FRC: inasmuch as the FRC issues standards on financial reporting, this will be through its Standards and Codes Committee, advised by an Accounting Standards Council.

Private sector The IASB published amendments arising from its Annual Improvements 2009–2011 Cycle.
The Board also issued additional transitional guidance relating to IFRS 10, 11 and 12 which were issued in May 2011. The additional guidance has not affected EFRAGs advice on EU adoption, which is to delay mandatory application of IFRS 10 to 12 by one year until 1 January 2014, with earlier adoption permitted.

Public sector n/a

CIPFA Responses to Consultations

Public sector CIPFA responded to two IPSASB consultations: A Consultation Paper *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports* and an exposure draft *Financial Statement Discussion and Analysis*.

Open Consultations

UK Only HM Treasury issued UK consultations on financial reporting matters during the period May to August. CIPFA provides input to FReM consultation through the FRAB process and will not be responding separately.

International Accounting Standards Board The IASB issued Exposure Draft ED/2012/1 on *Annual Improvements to IFRSs 2010–2012 Cycle*, which CIPFA will not respond to.

Additionally, the IASB has issued a *Request for Information: Comprehensive Review of the IFRS for SMEs*. CIPFA will be considering whether to respond to this, in the light of the influence the IFRS for SMEs has had on the development of residual UK GAAP.

IPSASB IPSASB has issued 2 consultation papers – one on Public Sector Combinations, and the other on the IPSASB Work Program for 2013-2014. CIPFA will be responding to both of these consultations.

Auditing

New Standards and Guidance

Auditing Practices Board

The APB no longer exists: the FRC will now issue standards on audit and assurance matters through its Standards and Codes Committee, advised by an Audit and Assurance Council.

International Auditing and Assurance Standards Board

The IAASB has issued International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas (GHG) Statements*.

CIPFA Responses to Consultations

Private sector/all sector

CIPFA responded to 2 FRC consultations on ISAs (UK & Ireland), one relating to proposals arising from the FRC project on Effective Company Stewardship and the other relating to guidance on the use of the work of internal auditors developed by IAASB.

Open Consultations

The IAASB has issued an Invitation To Comment *Improving the Auditor's Report*. CIPFA expects to respond to this.

ANNEX A: Activity Summary - Financial Reporting Standards

UK standards and guidance

Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
ASB		No pronouncements issued in the period.		

International standards and guidance

Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
IASB	17.05.2012	<i>Annual Improvements 2009–2011 Cycle</i> IASB press release	1.1.2013	IFRS users
	28.06.2012	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i> (Amendments to IFRS 10, IFRS 11 and IFRS 12) IASB press release	1.1.2013	Mainly private sector IFRS users

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?
HM Treasury	12.07.2012	FReM ED (12)01 <i>Interpretation of merger accounting for the public sector context</i> Exposure Draft available here	10.09.12	UK public sector	Through FRAB membership
	01.08.2012	FReM ED (12)02 Proposals to update the accounting for Service Concession Arrangements Exposure Draft available here	26.09.2012		Through FRAB membership
	21.08.2012	FReM ED (12)03 Adaptation of IFRS 13 Fair Value Measurement – for the public sector Exposure Draft available here	16.10.2012		Through FRAB membership

* 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	03.05.2012	Exposure Draft ED/2012/1 <i>Annual Improvements to IFRSs 2010—2012 Cycle</i> IASB Press Release	05.09.2012	IFRS appliers	No
	28.06.2012	Request for Information: <i>Comprehensive Review of the IFRS for SMEs</i> IASB Press Release	30.11.2012	IFRS-SME adopters and those using related standards	Yes
IPSASB	25.06.2012	Consultation Paper <i>Public Sector Combinations</i> IPSASB Press Release	31.10.2012	International public sector	Yes
	03.07.2012	Consultation Paper <i>Consultation on IPSASB Work Program 2013-2014</i> IPSASB Press Release	31.10.2012	International public sector	Yes

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ANNEX A: Activity Summary - Auditing Standards

UK standards and guidance

Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
APB		No pronouncements issued in the period		

International standards and guidance

Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
IAASB	06.06.2012	International Standard on Assurance Engagements (ISAE) 3410, <i>Assurance Engagements on Greenhouse Gas (GHG) Statements</i> IAASB Press Release	30.09.2013	All sectors

ANNEX A: Activity Summary - Auditing Standards

UK consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
APB	30.05.2012	<p>Consultation Paper <i>Proposed revisions to International Standards on Auditing (UK and Ireland) to adopt changes to International Standards on Auditing addressing the use of internal audit:</i></p> <p><i>315 (Revised) Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i></p> <p><i>610 (Revised) Using the Work of Internal Auditors</i></p> <p><i>Conforming Amendments to Other ISAs (UK and Ireland)</i></p> <p>APB Press Release</p>	31.08.2012	All	<p>Yes</p> <p>(CIPFA responded on 30.08.12)</p>

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ANNEX A: Activity Summary - Auditing Standards

International consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should* CIPFA respond?
IAASB	21.06.2012	Invitation to Comment <i>Improving the Auditor's Report</i> IAASB Press Release	07.10.2012	All	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.uk

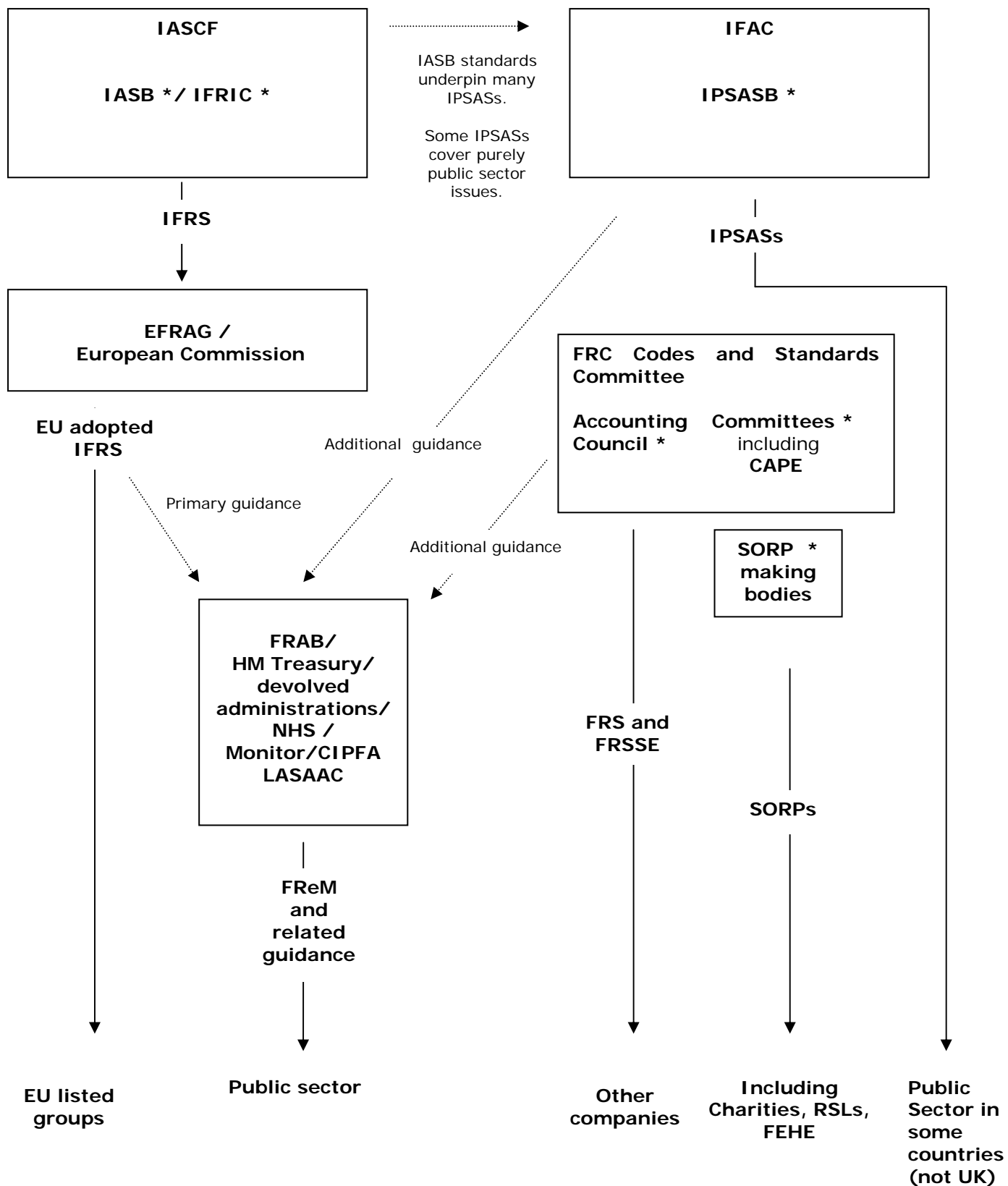
Issuer	Subject of Consultation	
European Commission /EUROSTAT	Assessment of the suitability of the International Public Sector Accounting Standards (IPSASs) for the Member States	11.05.2012
FRC	Consultation Paper Proposed revisions to International Standards on Auditing (UK and Ireland) to give effect to the FRC Effective Company Stewardship proposals	19.07.2012
	Consultation Paper Proposed revisions to International Standards on Auditing (UK and Ireland) to adopt changes to International Standards on Auditing addressing the use of internal audit	30.08.2012
IFAC	Public consultation on the governance of the Monitoring Group, the PIOB and the standard setting boards and Compliance Advisory Panel operating under the auspices of IFAC	28.06.2012
IPSASB	Consultation Paper <i>Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports</i>	31.05.2012
	Exposure Draft <i>Financial Statement Discussion and Analysis</i>	31.07.2012

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

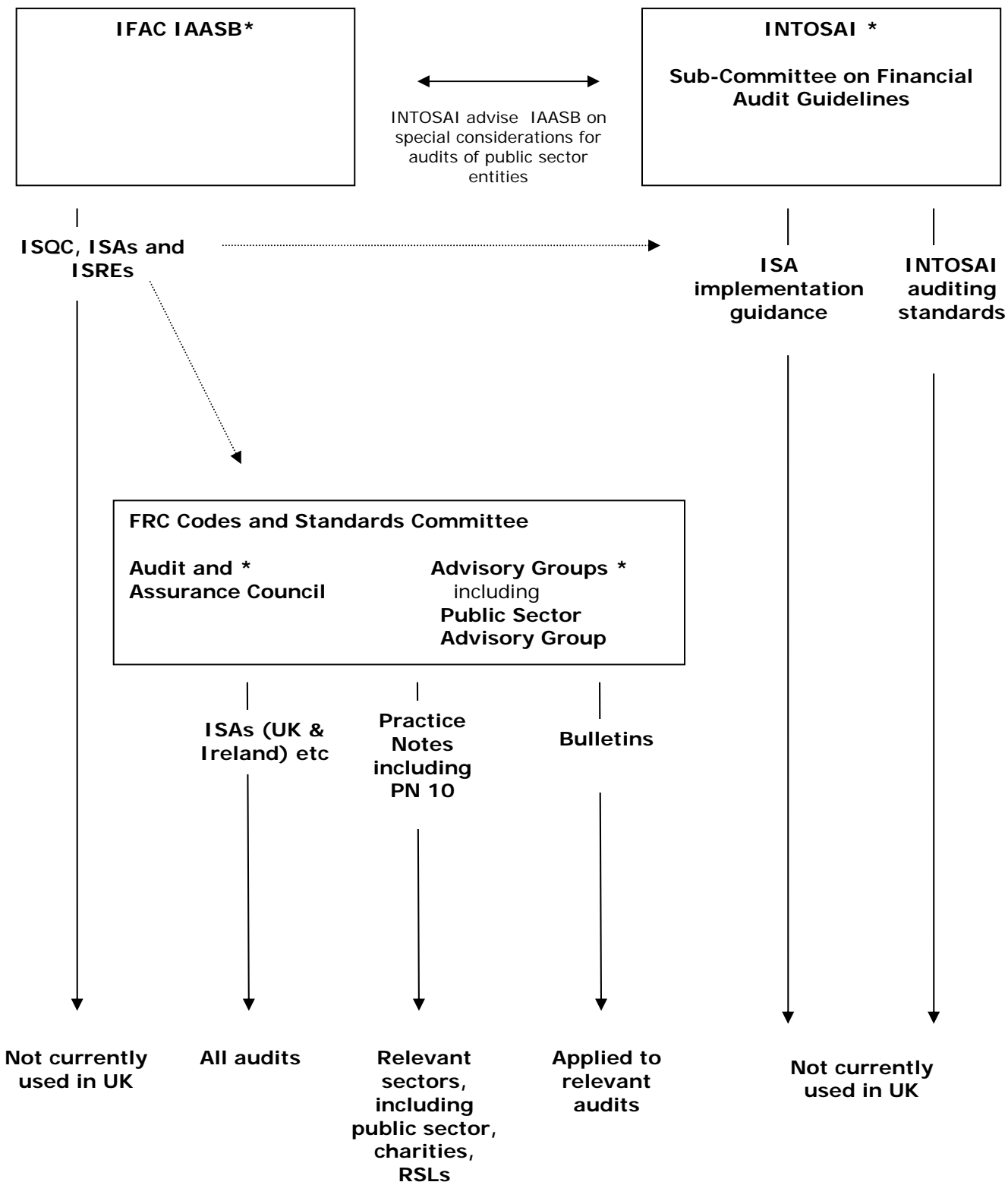
INTERNATIONAL, EUROPEAN AND UK FINANCIAL REPORTING STANDARD SETTING



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