

Committee	Accounting and Auditing Standards Panel
Venue	Mansell Street
Date	September 2019
Author	Steven Cain
Subject	Wider developments in the standard setting field May to August 2019

Purpose

To provide panel members with information with a broader focus than accounting and auditing standards issuance and consultations.

These may include consultations on wider categories of reporting or assurance, or may encompass wider categories of pronouncement, consultation or development.

Items are reported in the following order of priority:

- 1 Matters on which an AASP led CIPFA response or other AASP input might be considered**
- 2 Other matters for information**
- 3 Note of meetings and events attended**

The content of this report is mostly drawn from online press releases, lightly edited so that they make sense when read in isolation. Links to the original press releases are provided.

1 Matters on which an AASP led CIPFA response or other AASP input might be considered

IESBA

Global Ethics Board Proposes Changes to Promote Role, Mindset Expectations Changes Strengthen International Code of Ethics

www.ifac.org/news-events/2019-07/global-ethics-board-proposes-changes-promote-role-mindset-expectations

Jul 31, 2019

The International Ethics Standards Board for Accountants (IESBA) today proposes changes to the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) to promote the role and mindset expected of all professional accountants. The Exposure Draft, Proposed Revisions to Promote the Role and Mindset Expected of Professional Accountants, puts forward changes that further strengthen the Code.

The proposed revisions respond to stakeholder calls for the IESBA to explore whether and how the Code could contribute to strengthening the application of concepts underlying professional skepticism by all professional accountants.

Among other matters, the proposals:

- Highlight professional accountants' wide-ranging role in society and the relationship between compliance with the Code and a professional accountant's responsibility to act in the public interest;
- Include enhancements to the robustness of the fundamental principles of integrity, objectivity and professional behavior;
- Further strengthen the Code through requiring professional accountants to have an inquiring mind when applying the conceptual framework; and
- Highlight the importance of being aware of bias and having the right organizational culture.

The proposals were developed in coordination with the International Auditing and Assurance Standards Board and the International Accounting Education Standards Board.

The IESBA invites all stakeholders to comment on the Exposure Draft by visiting the Ethics Board's website. Comments are requested by October 31, 2019.

Note for AASP

No CIPFA response.

Ethics responses for the UK are co-ordinated by the CCAB Ethics Group, which has a CIPFA member.

1 Matters on which an AASP led CIPFA response or other AASP input might be considered

IVS Financial Instruments Board Agenda Consultation

July 2019

The valuation of financial instruments has been an important and often controversial topic among valuation professionals, investors, prudential and securities regulators and the wider financial services industry over recent years. Financial Instruments valuation practice has continued to evolve and develop, primarily at banks and other financial institutions and in the auditing profession.

It is clear, however, that there is no effective set of international valuation practice standards for financial instruments that has been generally adopted. This has resulted in both inconsistent and sometimes low-quality valuation practices and, in recent years, concerns have been expressed by financial regulators and others about the quality and consistency of financial instrument valuation practice. The IVSC would like to address that gap in effective valuation practice standards for financial instruments, and has created the Financial Instruments Board.

The IVSC has published this agenda consultation to obtain stakeholder feedback regarding the approach the newly established Financial Instruments Board should take, and the prioritisation of that work. The consultation process for this IVS Financial Instruments Agenda consultation is now open. Accordingly, the Financial Instruments Board encourages participation within the 60-day consultation period ending 26 September 2019 from all individuals and organisations.

AASP decided not to respond to this consultation.

1 Matters on which an AASP led CIPFA response or other AASP input might be considered

Consultation on the proposed revisions to the CASS Standard

www.frc.org.uk/getattachment/91fd4f34-9453-429f-b954-dfea8862b82d/CASS-Consultation-Document-With-Covers.pdf

01.08.2019

The FRC has today launched a consultation proposing limited revisions to the Client Assets Assurance Standard, which provides requirements and guidance for auditors who are required to report to the Financial Conduct Authority on an entity's compliance with the CASS Rules.

Deadline 27 September 2019.

Note for AASP

Private sector focused. No CIPFA response proposed.

1 Matters on which an AASP led CIPFA response or other AASP input might be considered

FRC

Consultation on revising Standards for Investment Reporting

<https://www.frc.org.uk/news/may-2019/consultation-on-revising-standards-for-investment>

1 May 2019

The Financial Reporting Council (FRC) is today launching a consultation on revisions to the Standards for Investment Reporting (SIRs) 1000-5000 and on an exposure draft for a new SIR 6000 dealing with Quantified Financial Benefits Statements (PDF).

The SIRs set requirements and provide guidance for Reporting Accountants (RAs) carrying out reporting engagements on UK investment circulars. These engagements include private reporting, for example on working capital statements, as well as public reporting engagements on published financial information. SIR 1000 provides basic principles and procedures for all relevant engagements, and SIRs 2000-6000 provide additional principles and procedures for specific types of public reporting. Feedback and stakeholder outreach confirms that the work done by RAs plays a vital part in the effective functioning of UK capital markets transactions, and new EU wide Prospectus Rules effective from July 2019 mean they need to be updated.

The work carried out by RAs is often closely related to the audit of financial statements, but has a specific purpose. The SIRs therefore exist to provide clarity about the expectations on those carrying out the work, and to help ensure consistent high quality work is performed.

The FRC encourages feedback on all aspects of the consultation, but is particularly interested in hearing whether the proposed revisions provide a sound framework for the work carried out by RAs and meets stakeholder expectations, including whether the current format of reporting is sufficiently transparent and informative about the opinions being given.

Our review anticipates changes in EU Rules, with a new Prospectus Regulation ((EU) 2017/1129) being adopted on 14 June 2017 and due to be fully in force within the EU by July 2019. This means that references to specific rules within the SIRs will need to be revised when the implementation of new rules in the UK is finalised.

Comments in writing on the consultation are due by 5pm on Friday, 26th July 2019

Note for AASP

Not public sector relevant. CIPFA will not respond.

1 Matters on which an AASP led CIPFA response or other AASP input might be considered

Risk Coalition opens consultation on risk guidance

www.frc.org.uk/news/july-2019/risk-guidance-initiative-soft-consultation-draft

12 July 2019

The Risk Coalition has recently opened a consultation on the principles and guidance for board risk committees and risk functions in the UK financial services sector.

The Risk Coalition is a network of not-for-profit professional bodies and membership organisations committed to raising standards of risk governance and risk management in the UK.

Inadequate risk governance and oversight is frequently at the heart of financial services failings.

Short-comings in risk management are likely to take on greater significance as new technology and macro risks emerge. The need for effective risk arrangements has never been more important.

The consultation closes on 20 September 2019

Note for AASP

Not public sector relevant. CIPFA will not respond.

2 Other matters for information

IFAC MATTERS

IESBA

Global Ethics Board Launches eCode; Takes Usability and Accessibility of Code of Ethics to Next Level

26.06.2019

www.ifac.org/news-events/2019-06/global-ethics-board-launches-ecode-takes-usability-and-accessibility-code-ethics

The International Ethics Standards Board for Accountants (IESBA) today launched the eCode – a web-based tool that delivers the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) on a digital platform. In addition to “app-like” features and functionalities, this new platform better demonstrates the Code’s “building blocks” architecture and scalability.

The eCode represents the outcome of a strategic initiative to leverage modern technologies, including mobile access, to make the content of the Code as widely accessible and visible and as user-friendly as possible. In addition to enhanced search and navigation, the eCode includes links to non-authoritative resources that provide contextual information or explain the rationale for particular provisions in the Code.

The development of the eCode has benefited from the operational support of the International Federation of Accountants (IFAC) as well as staff support from the New Zealand External Reporting Board. The IESBA will continue its collaboration with these partners as it embarks on a second phase of this initiative to explore additional features as well as avenues to transfer the platform to adopters of the Code.

The eCode is available free-of-charge at www.IESBAeCode.org. The IESBA welcomes feedback from all stakeholders. In particular, views are sought about usability features, national adoption of the eCode platform, and areas for further improvement from firms, national standard setters, regulators and audit oversight bodies, professional accountancy organizations, investors and academia. Please email suggestions to IESBAeCode@ethicsboard.org.

2 Other matters for information

FRC MATTERS

The FRC sets out its transition pathway

www.frc.org.uk/news/may-2019/the-frc-sets-out-its-transition-pathway

23 May 2019

The Financial Reporting Council (FRC) has today published its Plan & Budget for the coming year, with a commitment to push forward quickly its transition to the new regulator, the Audit, Reporting and Governance Authority (ARGA). This work will progress alongside the extensive reform programme already in place in relation to the audit market.

Transformation work is progressing at pace with BEIS currently consulting on 48 of Sir John Kingman's recommendations, many of which the FRC has a lead role in implementing. The budget includes investment in audit and corporate reporting supervision and enforcement. The FRC's intensive work programme and transition will run in parallel with, and contribute to, other reviews notably the Brydon Review of the quality and effectiveness of audit and the Competition and Markets Authority review into audit competition.

The FRC's strategic priorities for 2019/20 include:

- support the transition to the new Audit, Reporting and Governance Authority (ARGA)
- drive a step-change in audit quality in the UK, using its supervisory and standard setting powers
- increase the planned number of corporate reporting reviews and work to address the Independent Review's recommendations that it should cover the whole of a company's annual report
- use its expanded enforcement resources to manage an increasing caseload and accelerate decisions
- promote high quality corporate governance and investor stewardship, including through a new Stewardship Code.

In finalising its Plan & Budget, the FRC has taken into account the important and helpful comments received from stakeholders on its proposals.

Meetings and events attended by AASP chair and/or secretariat (excluding Accountancy Europe and IPSASB related meetings) in the period May to August 2019 included

- 05.06.2019 CCAB-CIMA meeting with the FRC Corporate Reporting Council secretariat
- 11.06.2019 ICAEW ISA Implementation Sub-Group