

# Integra International Audit & Accounting Alert

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## Worldwide Update

*Periodic roundup of recent and upcoming actions and activities by audit and accounting organizations throughout the world.*



### International

**IASB** – International Accounting Standards Board ([www.ifrs.org](http://www.ifrs.org))

1. **International Financial Reporting Interpretations Committee IFRIC 23: Uncertainty over Income Tax Treatments** - issued June 7, 2017, “provides requirements that add to the requirements in IAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes. The effective date is January 1, 2019.

**IFAC** – International Federation of Accountants ([www.ifac.org](http://www.ifac.org))

1. **Making Regulation Work, Principles and Models for the Accountancy Profession**, guidance issued on August 7, 2017, to assist accounting firms “in their efforts to adapt to recent regulatory evolution, and actively influence stakeholders and influencers.”

**ACCA** – Association of Chartered Certified Accountants ([www.accaglobal.com/](http://www.accaglobal.com/))

1. **Ethics and Trust in a Digital Age** – Survey Report issued August 10, 2017, “raises questions about how prepared businesses are to face new ethical challenges such as ransomware attacks; crypto-currency transactions; intellectual property disputes and customer privacy.” Most respondents felt that strong ethics will become more important as the digital age develops and that ethical behavior will help build trust during this time.

### Africa, Europe, India, and the Middle East (AEIME)

**FRC** – Financial Reporting Council of the UK ([www.frc.org.uk](http://www.frc.org.uk))

1. **-International Standard on Auditing (UK) 250 (Revised July 2017): Section A – Consideration of Laws and Regulations in an Audit of Financial Statements**, issued July 14, 2017, “reflect changes made to the International Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA). These changes provide a framework to support reporting by accountants where they identify non-compliance with laws or regulations in the course of their work.” Effective for audits for periods commencing on or after December 15, 2017.
2. **International Standard on Auditing` (UK) 330: The Auditor’s Responses to Assessed Risks, with conforming amendments to ISA (UK) 505: External Confirmations**, issued July 14, 2017, for “streamlining and integrating the guidance relating to obtaining bank reports for audit purposes into the auditing standards.” Effective for audits for periods commencing on or after December 15, 2017.
3. **Amendments to FRS 101 Reduced Disclosure Framework 2016/17 cycle**, issued July 12, 2017, providing “certain disclosure exemptions in relation to IFRS 16 Leases.” Effective simultaneously with IFRS 16.
4. **Proposed Update to Money Laundering – Guidance for UK Auditors on UK Legislation (Practice Note 12)** – Consultation Paper issued June 26, 2017, proposing “to take account of new legislation passed by the government to transpose the 4th EU Anti Money Laundering Directive into UK Law.” The comment period ends September 8, 2017.

### **Americas, Asia, Australia and New Zealand (AAANZ)**

**FASB** – *Financial Accounting Standards Board* ([www.fasb.org](http://www.fasb.org))

1. **Exposure Draft - Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made** – issued August 3, 2017, “would assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance, and (2) distinguishing between conditional contributions and unconditional contributions.” The comment period ends November 1, 2017.
2. **Earnings Per Share; Distinguishing Liabilities from Equity; and Derivatives and Hedging: I. Accounting for Certain Financial Instruments with Down Round Features; and II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception – ASU 2017-11**, issued July 13, 2017, “simplifies the accounting for certain financial instruments with down round features—a provision in an equity-linked financial instrument (or embedded feature) that provides a downward adjustment of the current exercise price based on the price of future equity offerings. The ASU is based on recommendations from the Private Company Council,”

Effective generally in 2019 for public entities and in 2020 for all other entities, with early adoption permitted.

- 3. Exposure Draft - Technical Corrections and Improvements to Topic 942, Financial Services—Depository and Lending—Elimination of Certain Guidance for Bad Debt Reserves of Savings and Loans** – issued June 27, 2017, because the guidance is no longer relevant. The comment period ends August 28, 2017.
- 4. Exposure Draft - Technical Corrections and Improvements to Topic 995, U.S. Steamship Entities—Elimination of Topic 99** – issued June 27, 2017, because the guidance is no longer relevant. The comment period ends August 28, 2017.

**GASB** – *Governmental Accounting Standards Board* ([www.gasb.org](http://www.gasb.org))

- 1. Exposure Draft - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements** – issued July 12, 2017, “to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also would clarify which liabilities governments should include when disclosing information related to debt.” The comment period ends September 15, 2017.
- 2. GASB Statement No. 87 – Leases**, issued on June 28, 2017, “establishes a single approach to accounting for and reporting leases by state and local governments. This single approach is based on the principle that leases are financings of the right to use an underlying asset.” “Under the new Statement, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee’s right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. A lessee also will report the following in its financial statements: amortization expense for using the lease asset (similar to depreciation) over the shorter of the term of the lease or the useful life of the underlying asset; interest expense on the lease liability; note disclosures about the lease, including a general description of the leasing arrangement, the amount of lease assets recognized, and a schedule of future lease payments to be made. A lessor also will report the following in its financial statements: lease revenue, systematically recognized over the term of the lease, corresponding with the reduction of the deferred inflow; interest revenue on the receivable; note disclosures about the lease, including a general description of the leasing arrangement and the total amount of inflows of resources recognized from leases.” Effective generally in 2020, with earlier application encouraged.

**AICPA** – *American Institute of Certified Public Accountants* ([www.aicpa.org](http://www.aicpa.org))

- 1. Attestation Engagements on Sustainability Information (Including Greenhouse Gas Emissions Information)** – guide issued July 27, 2017, to “provide significant guidance to

- CPAs who provide assurance on this information...interpreting and applying the clarified attestation standards (SSAE No.18) when performing examination or review engagements on sustainability matters.”
2. **Exposure Draft - Disclosure Framework for the Valuation of Financial Instruments and the Certified in Valuation of Financial Instruments (“CVFI”) Credential**, issued June 27, 2017, “provides guidance on how to explain the characteristics of financial instruments and disclose how these securities have been valued in a way that is understandable, consistent and transparent. The Framework establishes parameters of documentation requirements, sets definitions of terms that may be unique to the Framework, and includes a list of accounting, audit and valuation standards and references to technical literature directly applicable to the guidance in the Framework.” The comment period ends September 26, 2017.
  3. **Auditing Standards Board –**
    - a. **Auditor Involvement With Exempt Offering Documents**– Statement on Auditing Standards (SAS) No. 133, issued July 26, 2017, “will guide auditors with respect to their responsibilities related to offerings of securities exempt from registration under the Securities Act of 1933 and franchise offerings (i.e., exempt offerings).” Effective for exempt offering documents with which the auditor is involved that are initially distributed, circulated, or submitted on or after June 15, 2018.
  4. **Financial Reporting Executive Committee (FinRec)**
    - a. **Exposure Drafts – Various Implementation Issues in the Depository & Lending Institutions, Engineering & Construction Contractors, and Power & Utility Entities industries, arising from ASU 2014-09** - issued August 1, 2017. The comment period ends October 2, 2017.

**PCAOB** – *Public Company Accounting Oversight Board* ([www.pcaob.org](http://www.pcaob.org))

1. **Annual Report on the 2016 Broker-Dealer Auditor Inspections**, issued August 18, 2017, reported that the year 2016 inspections of 75 firms found deficiencies in 97% of the firms and 83% of the audits. The highest percentage of deficiencies related to auditing of 1) revenue, 2) misstatement due to fraud, 3) supplemental information, and 4) the engagement quality review.