

Integra International Audit & Accounting Alert

Issue 4 | July 2018



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)

1. **Accounting Policy Changes (Proposed amendments to IAS 8): an overview**, issued May 11, 2018, to accompany the Exposure Draft issued March 27, 2018, for purposes of providing an overview and to describe intended application in practice. The proposed amendments “would simplify the application of accounting policy changes resulting from agenda decisions published by the IFRS Interpretations Committee.” The comment period ends July 27, 2018.

IFAC – International Federation of Accountants (www.ifac.org)

1. **Blockchain: Impact on Business, Finance and Accounting**, published May 24, 2018, is a comprehensive set of guidance and tools that details “the fundamental concepts in blockchain, a broad overview of developments in blockchain and how it can streamline processes and change business models, and the potential role of blockchain for finance and accounting professionals. This resource is meant to be read in conjunction with the report, *A Vision for the Finance Professional and the Finance Function*.
2. **A Vision for the Finance Professional and the Finance Function**, published May 24, 2018, explores “how to develop a vision for the finance function and provided updates on current initiatives, including: 1) The Customer Perspective of the Finance Function: Opportunities and Challenges; 2) Building Awareness of the Latest in Digital and Technology Developments; 3) Future Finance Vision and Development Roadmap; 4) The Finance Professional Profile of the Future; and 5) Key Skills Needed for Technology Competence.
3. **International Public Sector Accounting Standards Board (IPASB) - Exposure Draft 65, Improvements to IPSAS, 2018**, released April 16, 2018, “proposes improvements to IPSAS in order to address issues raised by stakeholders, and to converge with amendments to International Financial Reporting Standards based on the IASB’s *Improvements to*

IFRSs projects, *Narrow Scope Amendments* projects, and Interpretations of the IFRS Interpretations Committee.” The comment period ends July 15, 2018.

CIMA – *Chartered Institute of Management Accountants* (www.cimaglobal.com)

1. **Connecting value generation for the long term - A practical guide to the CGMA Business Model Framework**, published June 1, 2018, “is designed to help boards, senior executives and staff quickly and easily gain an understanding of their organisation’s business model.”
2. **Managing the Trust P&L: A toolkit for boards**, published June 14, 2018, “designed to help board members manage trust over the long term by viewing their business model through the Lens of Trust.”

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

FRC – *Financial Reporting Council of the UK* (www.frc.org.uk)

1. **Big Four Audit Quality Review results decline** – statement issued June 18, 2018, accompanying June, 2018 audit inspection results of the Big Four and four other international accounting firms, sounding the alarm. The deficiency rate increased from the prior year, “due to a number of factors, including a failure to challenge management and show appropriate scepticism across their audits, poorer results for audits of banks,” the statement noted.
2. **Audit Culture Thematic Review - Firms’ activities to establish, promote and embed a culture that is committed to delivering consistently high quality audits**, report issued May 10, 2018, “notes that firms are investing considerable time and effort on their firm-wide culture and identifies numerous examples of good practice among firms and highlights key areas that firms should address to enhance audit quality.”

ICAEW - *Institute of Chartered Accountants in England and Wales* (<https://www.icaew.com/>)

1. **Reporting on climate risks and opportunities - A practical guide to the recommendations of the Task Force on Climate-Related Financial Disclosures**, published on May 14, 2018, “is designed to help organisations considering how best to implement the recommendations which, unlike other sustainability reporting frameworks, focus on communicating the financial impact of climate change on reporting organisations.”

Americas, Asia, Australia and New Zealand (AAANZ)

AICPA – *American Institute of Certified Public Accountants* (www.aicpa.org)

1. **Accounting and Review Services Committee (ARSC) - Statement on Standards for Accounting and Review Services (SSARS) No. 24, Omnibus Statement on Standards for Accounting and Review Services —2018**, issued May 23, 2018, among other things provides “new guidance for an accountant who performs a compilation or review in either of the following circumstances: 1)

The financial statements have been prepared in accordance with a financial reporting framework generally accepted in another country; 2) The compilation or review is to be performed in accordance with both SSARs and another set of compilation or review standards. Also the accountant's consideration of going concern in a review of financial statements is harmonized with the corresponding requirements in AU-C 930, Interim Financial Information." Effective generally for periods ending after June 15, 2019.

2. **Financial Reporting Executive Committee (FREC) – Working Draft – Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies**, valuation guide issued May 15, 2018. "This guide provides nonauthoritative guidance and illustrations for preparers of financial statements, independent auditors, and valuation specialists regarding the accounting for and valuation of portfolio company investments held by investment companies within the scope of FASB ASC 946 (including private equity funds, venture capital funds, hedge funds, and business development companies)." The comment period ends August 15, 2018.

FASB – *Financial Accounting Standards Board* (www.fasb.org)

1. **Not-for-Profit Entities - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made– ASU 2018-08**, issued June 21, 2018, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should 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) determining whether a contribution is conditional. Effective generally for years beginning after June 15, 2018 to as late as December 15, 2019, depending on entity type and status. Early adoption is permitted.
2. **Compensation—Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting**, issued June, 2018, to simplify "several aspects of the accounting for nonemployee share-based payment transactions... to include share-based payment transactions for acquiring goods and services from nonemployees. Effective generally in 2019 for public entities and 2020 for all others. Early adoption is permitted in certain instances.

COSO - *The Committee of Sponsoring Organizations of the Treadway Commission* (www.coso.org)

1. **COSO Enterprise Risk Management - Integrating with Strategy and Performance: Compendium of Examples** – issued on June 11, 2018, is a supplement "with detailed examples for applying principles from the updated ERM Framework to day-to-day practices."

Additional A & A News**[Thailand enacts tough cryptocurrency law, including fines and jail terms](https://www.straitstimes.com/asia/se-asia/thailand-enacts-tough-cryptocurrency-law-including-fines-and-jail-terms)**

(<https://www.straitstimes.com/asia/se-asia/thailand-enacts-tough-cryptocurrency-law-including-fines-and-jail-terms>)

[SEC sets up bogus coin offering site to warn investors what scams look like](https://www.cnbc.com/2018/05/16/sec-bogus-coin-offering-site-warns-investors-what-scams-look-like.html)

(<https://www.cnbc.com/2018/05/16/sec-bogus-coin-offering-site-warns-investors-what-scams-look-like.html>)

[Blockchain-enabled bookkeeping system to launch this summer](https://www.accountingtoday.com/news/blockchain-enabled-bookkeeping-system-peaccounts-to-launch-this-summer)

(<https://www.accountingtoday.com/news/blockchain-enabled-bookkeeping-system-peaccounts-to-launch-this-summer>)

[Technology is the future for accountants, but not without risk](https://www.accountancyage.com/2018/06/14/technology-is-the-future-for-accountants-but-not-without-risk/)

(<https://www.accountancyage.com/2018/06/14/technology-is-the-future-for-accountants-but-not-without-risk/>)

[Add value to audits with client-focused analytics](https://www.journalofaccountancy.com/news/2018/jun/auditing-client-focused-analytics-201818830.html?utm_source=mnl:cpald&utm_medium=email&utm_campaign=14Jun2018)

(https://www.journalofaccountancy.com/news/2018/jun/auditing-client-focused-analytics-201818830.html?utm_source=mnl:cpald&utm_medium=email&utm_campaign=14Jun2018)

[Big Four under attack as timid accounting regulator gets tough](https://www.accountingtoday.com/articles/big-four-under-attack-as-timid-accounting-regulator-financial-reporting-council-gets-tough?utm_campaign=daily-jun%2020%202018&utm_medium=email&utm_source=newsletter&eid=88f2c6c88ddb1fb5f4efdb549d6622a1)

(https://www.accountingtoday.com/articles/big-four-under-attack-as-timid-accounting-regulator-financial-reporting-council-gets-tough?utm_campaign=daily-jun%2020%202018&utm_medium=email&utm_source=newsletter&eid=88f2c6c88ddb1fb5f4efdb549d6622a1)