

Integra International Audit & Accounting Alert

Issue 1 | January 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. **IFRS for SMEs[®] Standard, Section 12, Issue 1: Accounting for financial guarantee contracts in individual or separate financial statements of issuer**, issued December 14, 2017. “The guidance is in the form of a question-and-answer document (Q&A) and advises how an issuer should account for financial guarantee contracts.”
2. **Annual Improvements to IFRS Standards 2015–2017 Cycle**, issued December 12, 2017, includes narrow-scope amendments to the standards for IFRS 3-Business Combinations, IFRS 11-Joint Arrangements, IAS 12-Income Taxes, and IAS 23-Borrowing Costs. Effective in 2019 with early application permitted.

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

1. **International Standards: 2017 Global Status Report**, published December 13, 2017, “provides an analysis of the status of adoption of international standards and best practices, the role of IFAC member organizations in the adoption process, and their fulfillment of IFAC requirements.”
2. **International Public Sector Accounting Standards Board (IPASB) - Exposure Draft 63, Social Benefits**, released October 31, 2017, “addresses accounting for the delivery of social benefits, such as retirement, unemployment, and disability, aiming to improve consistency, transparency, and reporting by public sector entities of social benefit schemes, which account for a large portion of government expenditure in most jurisdictions.” The comment period ends March 31, 2018.

ACCA – Association of Chartered Certified Accountants (www.accaglobal.com/)

1. **The race for relevance - technology opportunities for the finance function**, research report issued December 11, 2017, “explores the opportunities and challenges that technology presents for the future CFO function in the face of extraordinary digital change impacting businesses.”
2. **Directors responsibilities for financial reporting**, guide issued in conjunction with the Chartered Accountants of Australia and New Zealand on November 7, 2017, “answers five fundamental questions: 1. Who is responsible for financial reporting? 2. Why are directors responsible for financial reporting? 3. What are directors responsible for in relation to financial reporting? 4. How do directors discharge their financial reporting responsibilities? 5. When do directors discharge their financial reporting responsibilities?”
3. **The Sustainable Development Goals: redefining context, risk and opportunity**, research report issued on November 2, 2017, stating that “Business and finance have a critical role to play alongside in helping governments deliver the UN Sustainable Development Goals (SDGs), and accountants can be at the frontline of mobilising collaborative action...finance professionals are well-placed to bring together business, finance and government to deliver on this important commitment.”

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

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

1. **Audit Committee Reporting**, report issued December 18, 2017 by FRC’s Audit and Assurance Lab, shows that “investors gain valuable insight into the effectiveness of audit committees and the quality and rigour of their work from the reports which they have been obliged to provide in the company’s annual report, since 2012.”
2. **International Standard on Auditing (UK) 250 (Revised) Section A—Consideration of Laws and Regulations in an Audit of Financial Statements**, issued December 6, 2007, “providing revised guidance on the auditor’s responsibilities in respect of money laundering, terrorist financing and proceeds of crime legislation in the UK.” Effective generally in 2008.
3. **Risk and viability reporting**, report issued November 23, 2017, “found that, since the financial crisis, companies have made enhancements to their risk reporting and investors have seen better engagement with them on how they are managing their risks. However, further improvements could be made and the report provides guidance and practical examples on how companies can find a balance between reporting that is specific, whilst not revealing commercially sensitive information.”

Americas, Asia, Australia and New Zealand (AAANZ)

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

1. **Codification Improvements to Topic 995, U.S. Steamship Entities: Elimination of Topic 995 – ASU 2017-15**, issued December 5, 2017, to “supersede obsolete guidance in Topic 995 on unrecognized deferred taxes related to certain statutory reserve deposits.” Effective generally in 2019 with early adoption permitted.

GASB – *Governmental Accounting Standards Board* (www.gasb.org)

1. **Exposure Draft, Accounting for Interest Cost during the Period of Construction**, issued December 8, 2017, “proposes guidance that would enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also would simplify accounting for interest cost incurred during the period of construction.” The comment period ends March 5, 2018.
2. **Exposure Draft of Implementation Guide No. 201Y-X, Implementation Guidance Update—201Y**, issued November 20, 2017, “proposes guidance on a range of topics, including pensions, other postemployment benefits, the statistical section, regulatory reporting, and tax abatement disclosures.” The comment period ends February 16, 2018.
3. **Exposure Draft, Accounting and Financial Reporting for Majority Equity Interests**, issued November 9, 2017, “would clarify the accounting and financial reporting for a state or local government’s majority equity interest in an organization that remains legally separate after acquisition.” The comment period ends January 19, 2018.

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

1. **Exploring FASB’s Not-for-Profit Financial Reporting Standard: ASU 2016-14** – toolkit published December 11, 2017, explains that “the amendments in FASB ASU 2016-14 are intended to make immediate improvements that address: complexity in net asset classification, clarity of information regarding liquidity and availability of cash, transparency in reporting of financial performance measures, consistency in reporting expenses by function and nature, [and] flexibility in preparation of the statement of cash flows.”

PCAOB – *Public Company Accounting Oversight Board* (www.pcaob.org)

1. **Changes to the Auditor's Report Effective for Audits of Fiscal Years Ending on or After December 15, 2017 - Staff Guidance**, issued December 4, 2017, “addresses key changes to the auditor's report required this year, such as the form of the auditor's report, disclosure of auditor tenure, a statement on auditor independence, and a required explanatory paragraph on Internal Control Over Financial Reporting (ICFR) in certain circumstances.”

Additional A & A News

[Blockchain considerations for management and auditors](https://www.journalofaccountancy.com/news/2017/dec/blockchain-for-management-and-auditors-201717994.html?utm_source=mnl:globalcpa&utm_medium=email&utm_campaign=13Dec2017)

(https://www.journalofaccountancy.com/news/2017/dec/blockchain-for-management-and-auditors-201717994.html?utm_source=mnl:globalcpa&utm_medium=email&utm_campaign=13Dec2017)

[Preparing for a new world of whistle-blowing](https://www.acuitymag.com/business/preparing-for-a-new-world-of-whistle-blowing)

(<https://www.acuitymag.com/business/preparing-for-a-new-world-of-whistle-blowing>)

[Data science: The next evolution for accountants?](#)

[\(https://diginomica.com/2017/10/12/ai-big-data-accounting-three-years-evolution/\)](https://diginomica.com/2017/10/12/ai-big-data-accounting-three-years-evolution/)

[Accounting for Cryptocurrency](#)

[\(http://pwc.blogs.com/ifrs/2017/11/\)](http://pwc.blogs.com/ifrs/2017/11/)

[IFAC concerned about losing standard-setting boards for auditing and ethics](#)

[\(https://www.accountingtoday.com/news/ifac-concerned-about-losing-standard-setting-boards-for-auditing-and-ethics-after-monitoring-group-consultation\)](https://www.accountingtoday.com/news/ifac-concerned-about-losing-standard-setting-boards-for-auditing-and-ethics-after-monitoring-group-consultation)

[Australian central bank mulls electronic banknotes](#)

[\(https://www.ft.com/content/4afdaedc-dfb3-11e7-8f9f-de1c2175f5ce?segmentId=778a3b31-0eac-c57a-a529-d296f5da8125\)](https://www.ft.com/content/4afdaedc-dfb3-11e7-8f9f-de1c2175f5ce?segmentId=778a3b31-0eac-c57a-a529-d296f5da8125)