

IFAC Releases Revisions to Policy Position Paper Two

The International Federation of Accountants (IFAC) has released revisions to Policy Position Paper 2, promoting a single set of auditing standards for all audits, including of Small- and Medium-Sized Entities. It is a revised version of Policy Position Paper 2, *A Single Set of Auditing Standards: Audits Of Small- And Medium-Sized Entities*. The use of International Standards on Auditing (ISAs) for audits of small- and medium-sized entities has again been brought into focus following the release of the European Commission's proposed audit legislation late last year. Policy Position Paper 2, *A Single Set of Auditing Standards: Audits Of Small- And Medium-Sized Entities*, was first issued by IFAC in 2008. The main revisions to the position paper include updated references to The Clarified ISAs; other standards that the IAASB has issued and that are relevant to small and medium practitioners; and tools and guidance made available to practitioners by IFAC and the IAASB.

(Source: <http://www.ifac.org/>)

IESBA Proposes Changes to Code of Ethics Definition of Engagement Team

The International Ethics Standards Board for Accountants (IESBA), an independent standard-setting board that develops and issues, in the public interest, high-quality ethical standards and other pronouncements for professional accountants worldwide recently released for public exposure proposed changes to the definition of "engagement team" in the IESBA *Code of Ethics for Professional Accountants* (the Code). The proposals address comments received by the International Auditing and Assurance Standards Board on its Exposure Draft (ED) on ISA 610, *Using the Work of Internal Auditors*. A number of respondents to that ED pointed out the perceived inconsistency between the independence requirements for external auditors under the Code and the use of internal auditors to perform external audit procedures. Through this Exposure Draft, the IESBA seeks to ascertain whether the proposed changes to the definition adequately clarify the term "engagement team" and eliminate the perception that the Code and the ISA are in conflict. The IESBA invites all stakeholders to comment on its proposals in the Exposure Draft, *Proposed Change to the Definition of "Engagement Team."* To submit a comment, visit the IESBA website at www.ifac.org/ethics. Comments on the Exposure Draft are requested by 31st May, 2012.

(Source: <http://www.ifac.org/>)

IAASB Staff Issues Q&A Document on Professional Skepticism

The staff of the International Auditing and Assurance Standards Board (IAASB) recently released *Professional Skepticism in an Audit of Financial Statements*, a new question-and-answer (Q&A) publication that re-emphasises to auditors the importance of an attitude of professional skepticism when performing their role. The Q&A publication focuses on the requirements and application material in the ISAs and the IAASB's quality control standard that are of particular relevance to the proper understanding and application of professional skepticism during an audit of financial statements. In addition, answers are provided regarding what audit firms and auditors can do to enhance

awareness of the importance of professional skepticism, identify aspects of an audit where professional skepticism may be particularly important, and how professional skepticism can be evidenced.

(Source: <http://www.ifac.org/>)

IASB and EFRAG Discuss Status of Ongoing Projects and Other Topics

The International Accounting Standards Board (IASB) and the European Financial Reporting Advisory Group (EFRAG) met recently to discuss the IASB's ongoing work on the four major open projects and to address a number of other matters. EFRAG is the private sector body responsible for stimulating debate in Europe about the evolution of International Financial Reporting Standards (IFRSs) and for providing input to the work of the IASB, after appropriate due process, on behalf of Europe. The meeting focused on the four major open projects: Insurance Contracts, Leases, Financial Instruments and Revenue Recognition. In addition to general updates, the IASB provided a preliminary assessment of the comments that have been received on the exposure of the revised revenue recognition proposals, while the EFRAG updated the IASB on the results of their field tests on these proposals. The EFRAG also commented on the Leases project, on the IASB's project to make limited improvements to the classification and measurement model in IFRS 9 and discussed its plans to field test the IASB's general hedge accounting Review Draft. In other matters, the recent ESMA paper on 'materiality' was discussed, as was EFRAG's forthcoming discussion paper on the Disclosure Framework. The IASB and EFRAG also addressed the potential for coordination on research projects, the due process for the IASB's forthcoming post-implementation reviews and how user outreach can be coordinated.

(Source: <http://www.ifrs.org/>)

IASB Issues Amendments to IFRS 1

The International Accounting Standards Board (IASB) recently issued amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendments, dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. This is the same relief as was given to existing preparers of IFRS financial statements. The amendments are mandatory for annual periods beginning on or after 1st January, 2013. Earlier application is permitted.

(Source: <http://www.ifrs.org/>)

Research Identifies Biggest Challenges Facing Finance Organisations

The Institute of Management Accountants and a leading vendor of cloud computing business management software suites and ERP product provider have released a 23-page report, offering insights into the greatest challenges faced by today's finance organisations, along with the steps that companies are taking to overcome them. The report, "Rising to the Challenge—Productivity in Accounting and Finance Organisations," surveyed 1,726 IMA members who represent finance organisations across all different industries. According to the report, the key challenges faced by finance

organisations include streamlining processes and improving productivity in order to reduce costs and achieving gains in productivity through business processes improvement efforts. Other challenges include improving strategic activities such as planning, budgeting, forecasting, cost and profitability analysis, and providing performance scorecards and reporting. Finance organisations also face challenges running a global business efficiently; implementing/upgrading information systems; and connecting the finance team with the front office. The research found that financial organisations most often achieve productivity gains through the use of improved technology and automation, while a substantial number of organisations integrate the various information systems within an organisation. By doing so, according to the report, organisations also may be able to enhance their responsiveness to customers. The report is available at <http://www.imanet.org/> (Source: <http://www.accountingtoday.com/>)

ASB Plans Cooling-Down Period for New Standards

International Accounting Standards Board chairman told attendees at a financial conference in Mexico City that the board plans to give accountants a period of relative stability to give them time to adjust to all the new standards. He noted that the IASB is approaching the completion of its convergence program with the Financial Accounting Standards Board in the U.S. The two boards have been in the process of re-exposing several of the standards, which include leasing, revenue recognition, financial instruments and insurance contracts, to get further feedback before finalising them. However, there remain important differences between the standards that still need to be resolved. Meanwhile, the Securities and Exchange Commission has not yet made a decision on whether or not to approve the incorporation of International Financial Reporting Standards into the U.S. financial reporting system. (Source: <http://www.accountingtoday.com/>)

IAASB Enhances Compilations Standard; Addresses SME Needs

Countless entities around the globe—especially small and medium-sized entities (SMEs)—look to professional accountants in public practice to assist in the preparation and presentation of their financial information. Recognising the important role practitioners play in providing accounting and financial reporting expertise to entities in support of high-quality financial reporting, the IAASB recently released International Standard on Related Services (ISRS) 4410 (Revised), *Compilation Engagements*, addressing such service engagements. ISRS 4410 (Revised) clarifies the practitioner's role and responsibilities in a compilation engagement and matters that need to be considered when accepting such engagements, and emphasises the importance of quality control. It also expands the traditional compilation engagement report to make clear to users the practitioner's contribution to the compiled financial information presented by management, and the key features of a compilation engagement. The revised standard is effective for compilation engagement reports dated on or after 1st July, 2013. (Source: <http://www.ifac.org/>)

Accountant Hiring Expected to Remain Steady in Q2

Staffing levels in accounting and finance are anticipated to stay fairly steady in the second quarter, according to a survey of CFOs by staffing company Robert Half International. The company's Financial Hiring Index found that 91% of the 1,400 CFOs surveyed said they expect to maintain their current personnel levels in the second quarter, up from 69% at the beginning of the year. In addition, 4% of the CFOs polled said they plan to add employees, while 5% predict staff decreases. The CFOs surveyed mostly remain optimistic about their businesses. 91% said they are confident in their companies' growth prospects in Q2, up four points from the first-quarter survey. The East South Central states of Alabama, Kentucky and Mississippi, along with the Mountain states of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming are projected to see the most active hiring in the second quarter. A net 5% of executives interviewed in each of these regions said they are planning to hire full-time accounting and finance employees. Executives with wholesale firms plan to do the most hiring in the second quarter, according to the survey. A net 10% of CFOs in the wholesale industry said they anticipate adding staff. (Source: <http://www.accountingtoday.com/>)

Swiss Lawmakers Vote to Accept U.S. Tax Plan

Swiss lawmakers have passed a tax proposal seen as key to settling a U.S. probe into Swiss banks with hidden offshore accounts. The proposal, which clarifies how Switzerland would hand over data on Americans suspected of dodging taxes at home, seeks to backstop an expected deal over U.S. probes into 11 banks including Credit Suisse and Julius Baer, likely to comprise a data handover and fine payment. Switzerland's lower house recently passed the proposal by 110 votes to 56 votes, sealing an initial backing taken last week. Switzerland's upper house passed the plan in December. Specifically, the plan would allow Switzerland to hand over data on suspected tax evaders, even if U.S. tax authorities cannot identify alleged offenders by name or bank account. The move represented a weakening of Switzerland's long-cherished secrecy laws, which have underpinned its finance industry on which the economy relies heavily. Provided a 100 day waiting period without a call for a referendum, attention is likely to shift to the U.S.-Swiss talks, which is meant to sweep Swiss bank accounts clean of offenders and make good on past transgressions. (Source: <http://www.accountingtoday.com/>)

LinkedIn Launches Accounting Group

LinkedIn has recently launched a special group for accountants that is already attracting a growing group of accountants. The LinkedIn Accounting group launched recently has quickly grown to nearly 500,000 members, led by LinkedIn content editor who is a former business news reporter at the Associated Press. This Accounting group has been attracting comments from members in the U.K., Canada and other countries in addition to the U.S. In looking at the industries not represented across the over 1 million user-created groups on LinkedIn, it was noticed there was a sizable number of members who self-identified in the accounting, real estate, and entertainment industries. Hence, the three industries were selected for this initial test. (Source: <http://www.accountingtoday.com/>)