AICPA Book Urges Firms to Tie Pay to Performance

According to a new book published by the American Institute of CPAs, accounting firms need to fix their flawed compensation policies by linking pay to performance. Firms should be taking a holistic approach to compensation that explicitly ties pay to performance, the book argues. Systems that do reward star employees, ensure they stay in the fold, and make the firm more attractive to talented recruits. Compensation being a firm's largest expenditure makes it critical to make sure the money gets spent productively. Few firms do a good job managing pay policies and over 50% of firm owners are dissatisfied with their current compensation system.Most firms do not have written goals in place that link back to bonus compensation. Using an impromptu rewards system often guarantees haphazard results. A compensation overhaul is not a one- or two-year process, and requires a great deal of one-on-one communication between firm leaders and employees. Some staffers may not accept the changes and will leave the firm.This is the second book on compensation by the authors.

(***Source:***http://www.accountingtoday.com/)

Measurement of the Fair Value of Unquoted Equity Instruments within the Scope of IFRS 9 Financial Instruments

As part of the IFRS Foundation Education Initiative, the IFRS Foundation staff is developing, with the assistance of a valuation expert group, educational material to support IFRS 13 *Fair Value Measurement.* The material will cover the application of the principles in IFRS 13 across a number of topics. These topics will be published in individual chapters as they are completed. The IFRS Foundation staff, very recently, published a draft of the first chapter of this educational material entitled *Measuring the fair value of unquoted equity instruments within the scope of IFRS 9* Financial Instruments. Comments are not being sought on the draft, which is being made available to allow interested parties to familiarise themselves with the document. The draftwill remain on the website until the end of November 2012. The IFRS Foundation intends to publish a final version of the document in December 2012. The content of which will be non-authoritative.

(***Source:*** *http://www.ifrs.org/*)

AICPA Highlights Importance of Succession Planning

According to a new survey by the American Institute of CPAs, nearly 80% of multiple-partner CPA firms believe succession planning will become a major issue for their firms.The AICPA found that 79% of firms with multiple owners said they expect it to be a significant issue in their business over the next decade. Despite a rough economy that has focused attention on more immediate, bottom-line concerns, more firms are making concrete plans to accommodate the retirement of senior leaders or the sale of practices than four years ago, according to the 2012 PCPS Succession Survey, jointly conducted by the AICPA and the Succession Institute, LLC. There's still a great deal of work to be done, however, particularly at solo practices, only 6% of which have practice continuation agreements to permit the temporary takeover by another sole proprietor in the event of the owner's death or disability. Ownership in a firm is often a CPA's biggest financial asset, so it is essential to establish exit strategies that maximise the value of that stake when retirement looms.One place to start is the Succession Planning Resource Center, a one-stop information clearinghouse for members of AICPA's Private Companies Practice Section.The survey is broken into separate reports for multi-owner firms and sole proprietors (both sole owner firms and true sole practitioners), and includes best practices for succession planning in each category.

(***Source:*** *http://www.accountingtoday.com/)*

IPSASB Publishes Consultation Paper on IPSASs and Government Finance Statistics Reporting Guidelines

The International Public Sector Accounting Standards Board (IPSASB) recently released for comment the Consultation Paper, *IPSASs and Government Finance Statistics Reporting Guidelines.* The Consultation Paper was developed by a task force that includes representation from both the IPSASB and the statistical community, including international organisations such as the International Monetary Fund and Eurostat, and national representatives from Brazil, the United Kingdom, South Africa, and Switzerland.The Consultation Paper aims to help reduce differences between Government Finance Statistics (GFS) reporting guidelines and International Public Sector Accounting Standards (IPSASs). It provides an overview of differences between GFS reporting guidelines and IPSASs, and identifies opportunities to reduce these differences for consideration by either the IPSASB or the statistical community. It also aims to support governments' use of integrated financial information systems that can generate both IPSAS financial statements and GFS

reports. Using a single integrated financial information system can result in significant benefits, including reduction of GFS report preparation time, costs, and effort. Improvements are also likely to the source data for GFS reports, with flow-on benefits in terms of report quality.Use of audited financial reporting data prepared on an accrual basis will substantially improve the data used for the preparation of GFS reports and therefore for policy making. The use of high-quality upstream data is a matter of urgency, considering the issues which led to the sovereign debt crisis. This Consultation Paper shows that there is further scope to reduce differences between IPSASs and GFS reporting guidelines, with benefits to the users of both types of reports. It also proposes practical ways that governments can improve their management of such differences, so as to efficiently generate data for both their IPSAS financial statements and GFS reports from the same integrated financial information system.

(***Source:*** *http://www.ifac.org/news-events/)*

IFAC and the IIRC Sign MoU on Cooperation, Collaboration for IR

In recognition of their shared vision for the evolution of corporate reporting, the International Federation of Accountants (IFAC) and the International Integrated Reporting Council (IIRC) have signed a Memorandum of Understanding (MoU) to promote cooperation, coordination, and alignment in developing an international framework for Integrated Reporting (IR) of sustainable business practices. IR is the means by which companies communicate how value is created and will be preserved over the short, medium, and long term. This information is used principally by investors to support their capital allocation decisions. It involves processes, one result of which is communication, most visibly through a concise "integrated report," about the way in which an organisation's strategy, governance, performance, and prospects lead to the creation and preservation of value. IR represents an evolution in corporate reporting, building on recent developments in financial and non-financial reporting. Through this MoU, IFAC and the IIRC recognise the opportunities that exist to work more closely together to promote, support, and contribute to the realisation of mutual interests.

IFAC represents 167 professional accountancy organisations around the world, while the IIRC's mission is to create an International Integrated Reporting Framework that provides material information from organisations about their strategy, governance, performance and prospects in a clear, concise and comparable format. The framework aims to include financial, governance, management commentary and sustainability information in corporate reporting. The IIRC hopes to encourage more corporate report preparers to use Integrated Reporting and thereby gain more recognition from both standard-setters and investors. Through signing the new agreement cooperating, IFAC and the IIRC also aim to enhance their respective missions and strategic goals.

(***Source:*** *http://www.ifac.org/)*

IAASB Issues Revised Standard on Review Engagements

In September, the International Auditing and Assurance Standards Board (IAASB) released International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. The revised standard is intended to help meet increasing market demand for assurance services other than audits that meet the needs of small- and medium-sized entities (SMEs) and users of their financial information. It provides a globally accepted benchmark for undertaking review engagements, promotes better clarity for users about the nature of a review and the level of assurance it provides, and should fill an emerging need in jurisdictions that currently do not have national standards addressing reviews of financial statements. The revised standard is effective for reviews of financial statements for periods ending on or after 31st December, 2013.

(***Source:*** *http://www.ifac.org/)*

Tool Helps Audit Committees Evaluate Auditing Firms

The Center for Audit Quality and several corporate governance organisations and companies have created a new online auditor evaluation tool to help the audit committees on corporate boards evaluate their auditing firms. The new tool comes in the form of a PDF file containing a questionnaire. It is intended to assist audit committees in performing an annual evaluation of the external auditor in order to make an informed recommendation to the board whether to retain the auditor. The tool contains sample questions to gauge the quality of services and the sufficiency of resources provided by the auditor, communication and interaction with the auditor, and the auditor's independence, objectivity and professional scepticism. It also provides a sample form for obtaining input from company personnel.

(***Source:*** *http://www.accountingtoday.com/)*