IFAC Issues Policy Position Paper on Effective Governance, Risk Management, and Internal Control

The International Federation of Accountants (IFAC), the global organisation for the accountancy profession, recently issued Policy Position Paper 7, *Effective Governance, Risk Management, and Internal Control,* to highlight good practice and the role of professional accountants in business. Integrated and effective governance, risk management, and internal control within a robust ethical culture make an invaluable contribution to achieving sustained organisational success. At the same time, organisations often fail because of poor governance and/or ineffective and disconnected risk management and internal control. IFAC is actively engaged in promoting relevant knowledge, experience, and learning so the profession can better support more than one million professional accountants worldwide working as employees, advisors, consultants, and self-employed owner-managers in commerce, industry, financial services, education, and the public and not-for-profit sectors.

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

IPSASB Welcomes IMF Paper Supporting International Public Sector Accounting Standards

The International Public Sector Accounting Standards Board (IPSASB) welcomed the recent release of the International Monetary Fund (IMF) paper, *Fiscal Transparency, Accountability, and Risk*, and its support for International Public Sector Accounting Standards (IPSASs), the globally accepted, high-quality, accrual-based standards issued by the independent standard-setting body. Many governments, jurisdictions, and international institutions have already adopted IPSASs, while others are working toward their implementation. The IPSASB advocates for better financial reporting by governments worldwide and the need for improvements in the management of public sector resources. Since 1997, the IPSASB has developed and issued a suite of accrual standards and a cash-basis standard for countries moving toward full accrual accounting. IPSASs promote greater transparency and accountability in public sector finances and allow for enhanced monitoring of government debt and liabilities. The IMF paper highlights the seriousness and extent of the current inadequacies in governments' fiscal reporting and accountability and underscores the immense risks associated with these shortcomings. IPSASB Chairman said that the IPSASB agrees with the IMF that the requirements of accounting standards and the statistical framework should be harmonised, as far as the different purposes of the two frameworks permit, adding that it is critical for transparency and accountability that governments around the world have unambiguous guidance.

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

IASB Publishes Proposals for Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation

The International Accounting Standards Board (IASB) recently published for public comment an Exposure Draft of proposed amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The objective of the proposed amendments is to ensure that preparers do not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset. The issue originated from a submission to the IFRS Interpretations Committee. As a result, the Interpretations Committee recommended that the IASB should amend IAS 16 and IAS 38. The Exposure Draft can be accessed via the 'Comment on a proposal' page.

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

IASB publishes Exposure Draft: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28)

The International Accounting Standards Board (IASB) recently published for public comment an Exposure Draft of proposed narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011). The objective of the proposed amendments is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of a subsidiary. The main consequence of the proposed amendments is that a full gain or loss would be recognised on the loss of control of

a business (whether it is housed in a subsidiary or not), including cases in which the investor retains joint control of, or significant influence over, the investee. The issue originated from a submission to the IFRS Interpretations Committee. As a result, the Interpretations Committee recommended that the IASB should amend IFRS 10 and IAS 28 (2011). The Exposure Draft can be accessed via the 'Comment on a proposal' page. The IASB requests comments on these proposals by 23rd April, 2013.

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

IFAC Revises Membership Obligations

The International Federation of Accountants has released a revised version of its Statements of Membership Obligations, which serve as a framework for the professional accounting organisations that make up its membership, and are the basis of the IFAC Member Body Compliance Program. IFAC technical staff has also developed A Comparison Guide to the 2012 SMO Revisions, which provides further explanation of the revisions to help IFAC member organisations identify and understand them. IFAC members will now consider the revised requirements and develop appropriate strategic plans to continue strengthening the profession in their countries by equipping professional accountants to meet the challenges and grasp the opportunities of our rapidly transforming world.

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

Plastic banknotes set to replace paper money in UK

Plastic banknotes which are more durable, waterproof and harder-to-counterfeit are set to be introduced in Britain, replacing the paper money used for more than 300 years. The radical overhaul could see the polymer sterling notes in circulation within three years. The Bank of England has put out a 1 billion pounds tender from 2015 for the printing of notes at its press in Debden, Essex, the 'Daily Mail' reported. Part of this process demands that bidders are able to cope with the change from paper to plastic from the start of the contract. Plastic notes last much longer than cotton fibre—based paper ones. Polymer notes are more hygienic as they absorb fewer bacteria, harder to tear or crease – making them easier for vending machines – and waterproof, even able to survive being put in the washing machine. A key feature is a clear window, which normally contains an 'optical variable device' that splits light into its component colours and is extremely hard to counterfeit. Plastic notes can also contain holograms. They are also more environmentally friendly as fewer need to be produced and they can be recycled. However, they are considerably more expensive to produce and would create an initial cost as ATMs and vending machines would have to be adapted to accept them.

(***Source:*** *http://www.thehindubusinessline.com/news/)*

FASB Releases Summary of Disclosure Effectiveness Forums

The Financial Accounting Standards Board and the Center for Audit Quality issued a summary of observations from two forums on disclosure effectiveness. Held at Columbia University's Center for Excellence in Accounting and Security Analysis in New York Oct. 4 and the Stanford University Graduate School of Business in Stanford, Calif., Oct. 8, the forums were planned to facilitate discussion between a wide range of financial reporting stakeholders on improving the effectiveness of disclosures in notes to financial statements and other parts of the financial reporting package. The dialogue focused on parts of the FASB's recent Invitation to Comment on a disclosure framework and other financial reporting issues. Participants included financial statement preparers and users, corporate board and audit committee members, auditors, attorneys, regulators, standard setters and academics.

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

PCAOB finds deficiencies in ICFR audit opinions

The Public Company Accounting Oversight Board (PCAOB) has found shortfalls related to Internal Control over Financial Reporting (ICFR) in the audits of eight US firms inspected during 2010, according to a report released recently. The inspections fall within the watchdog's efforts to implement its auditing standard No. 5 (AS No5), An Audit of Internal Control over Financial Reporting That is Integrated with An Audit of Financial Statements. PCAOB remarked, however, the findings described in its report should be considered against the broader background , where it said no other significant deficiencies had been detected in ongoing inspections, an encouraging fact that reflects well on the firms' ability to implement AS No5 appropriately. Among the most widespread shortfalls identified in the report are failures to address material misstatement risks, and failures to manage review controls such as monthly comparisons of budget to forecasted revenues and expenses.

(***Source:*** *http://www.theaccountant-online.com/)*