

A Vision for Integrated Thinking and the Role of Finance Professionals

Integrated reporting continues to gain global momentum and help change the way businesses think about creating value over time—but it is integrated thinking that will ultimately change corporate behavior and lead to more resilient organizations and greater trust in business and government, says Stathis Gould, Head of Professional Accountants in Business, IFAC on IFAC Knowledge Gateway. *Integrated thinking* as the critical foundation of integrated reporting. Without it, the ultimate objective of sustainable organizations, markets, and societies cannot be achieved. The chicken and egg analogy can be applied to integrated thinking and integrated reporting: while reporting can lead to a journey of greater transparency and, hopefully, behaviour change within an organization, leadership on integrated thinking is the key to unlock a change of mindset and purpose, he said. IFAC recently published *Creating Value with Integrated Thinking: The Role of Professional Accountants* to highlight the important role accountants play in integrated thinking. Integrated thinking and reporting provides a means and additional incentive for CFOs, and their finance teams, to focus on the information and decisions that matter to the organization and its potential success. For finance teams that have begun to shift toward business partnership within their organization, the principles and concepts of integrated thinking and reporting are a natural progression on their journey.

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

Creating an Optimised Environment for Audit Quality

Firms of all sizes must create an environment with the features that facilitate audit quality, according to Monica Foerster, Deputy Chair, IFAC SMP Committee and Rogério Garcia, Technical Director, IBRACON. In a write-up on IFAC Knowledge Gateway, they say that the business environment around the globe is in constant change and getting more and more complex almost on a daily basis. Auditors have been challenged by regulators and other stakeholders to demonstrate that they can keep pace with such changes while maintaining a high level of quality in their work. While

initiatives taken by auditors are essential on the path to enhancing audit quality, external factors also play an important role. An analysis as to how to enhance audit quality should consider a holistic view that includes auditors, preparers, other market participants, and regulators. Effective continuous education programmes for preparers and auditors are key to keeping the professionals up to date with relevant changes in rules and regulations. Companies can also contribute to audit quality by having a robust corporate governance structure. The adoption of an ethical culture within the organization, as well as a recruitment and training policy for employees, especially those involved directly or indirectly in key internal control and financial reporting processes, is critical.

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

IESBA Nears Finalisation of Revised Long Association Provisions in Ethics Code

IESBA, the Ethics Board recently released for public comment the Exposure Draft, Limited Re-exposure of Proposed Changes to the Code Addressing the Long Association of Personnel with an Audit Client (the ED). The ED relates to the IESBA's project to develop more robust and comprehensive provisions dealing with the long association of personnel with an audit or assurance client. It contains a basis for conclusions regarding proposals that have been finalised, as well as the limited re-exposure of three remaining issues. Included in the ED are revised provisions addressing other long association proposals that the IESBA has now finalized, including an increase in cooling-off period for EPs from two to five years on audits of all PIEs; and additional restrictions on activities that can be performed during the cooling-off period. To assist stakeholders in better understanding the re-exposed proposals, the ED includes a set of proposed IESBA Staff Questions and Answers, which will be issued with the final provisions to facilitate implementation. The Ethics Board invites all stakeholders to comment on the ED. To access the ED and submit a comment, please visit the Ethics Board's website at www.ethicsboard.org. Comments on the Long Association ED are requested by May 9, 2016.

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

IPSASB Publishes Exposure Draft 61 Proposing Revisions to the Cash Basis IPSAS

The International Public Sector Accounting Standards Board (IPSASB) recently released for comment Exposure Draft (ED) 61, *Amendments to Financial Reporting under the Cash Basis of Accounting* (the Cash Basis IPSAS). The Cash Basis IPSAS has two parts. Part 1 identifies requirements that a reporting entity needs to adopt to claim that its financial statements comply with the IPSAS. It presently includes requirements for preparation of consolidated financial statements and for disclosure of information about external assistance and payments made by third parties. ED 61 proposes that these requirements be revised, recast as encouragements, and moved into Part 2 of the IPSAS. Part 2 identifies encouraged disclosures that an entity may choose to provide, but which are not required to claim compliance with the IPSAS. The ED also proposes amendments to ensure that the existing requirements and encouragements of the Cash Basis IPSAS are better aligned with the equivalent accrual IPSAS, unless there is a reason to deviate as a result of adopting the cash basis of accounting. This will better support entities' expected use of the Cash Basis IPSAS as a platform from which to transition to accrual IPSAS. First issued in 2003, the Cash Basis IPSAS is the only IPSASB pronouncement that deals with the cash basis of accounting. Respondents to the IPSASB's 2014 strategy consultation supported retaining the Cash Basis IPSAS. To access the ED, the marked-up proposed IPSAS, and the At-a-Glance document, which provides a summary of the ED, or to submit a comment, please visit the IPSASB website at www.ipsasb.org. Comments on the ED are requested by July 31, 2016.

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

Reactions to Proposed Amendments about Different Effective Dates of IFRS 9

IASB recently published ED/2015/11 'Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Proposed amendments to IFRS 4)'. ED/2015/11 proposed two options for entities that issue insurance contracts within the scope of IFRS 4: one that would permit entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and the other as an optional temporary exemption from

applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so called deferral approach. The comment letters on the ED made available on the IASB website. Expectations are currently (as communicated at the October 2015 IASB meeting) that the IASB will begin re-deliberation of the exposure draft in the second quarter of 2016. Final amendments are expected in the third quarter of 2016. (Source: <http://www.iasplus.com/>)

FASB Adds Four Projects to Research Agenda

As result of a survey of different advisory groups, the FASB decided to add four new financial reporting issues in its upcoming agenda discussion paper expected in the first half of 2016. The financial reporting issues to be added are: Pensions and other post-retirement employee benefit plans; Intangible assets; Distinguishing liabilities from equity; and Financial performance reporting. With the exception of intangible assets, which the IASB currently does not address in a research project, the issues to be added correspond to a large part with the issues respondents to the *IASB's agenda consultation*, which had asked respondents to rank the IASB's research projects as high, medium or low priorities, ranked as "high importance".

(Source: <http://www.iasplus.com/>)

IASB Responds to Investors' Call for Improved Disclosures

The International Accounting Standards Board (the Board), responsible for IFRS Standards, recently issued amendments to IAS 7 Statement of Cash Flows. The improvements to disclosures announced today require companies to provide information about changes in their financing liabilities and come as a response to requests from investors for information that helps them better understand changes in a company's debt. The amendments will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). The improvements are part of the Board's Disclosure Initiative—a portfolio of projects aimed at improving the effectiveness of disclosures in financial reports. The IAS 7 amendments become mandatory for annual periods beginning on or after 1 January 2017.

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