

International Update

New Q&As—Responding to Non-Compliance with Laws & Regulations

International Ethics Standards Board for Accountants (IESBA) staff has released two Q&A publications to support the adoption and implementation of the IESBA's NOCLAR pronouncement, which will come into effect July 15, 2017. The Q&As for professional accountants in public practice (PAIPPs) cover issues related to applicability, audits of financial statements, and professional services other than financial statement audits, among others. The Q&As for professional accountants in business (PAIBs) cover issues related to scope, PAIB responsibilities (for senior vs. other PAIBs), organizational culture, and NOCLAR disclosure, among others. The members can visit IESBA's NOCLAR web page for access to the pronouncement and support materials including videos, fact sheet, and more.

IPSAS 40, Public Sector Combinations, Improves Reporting of Government Restructurings

The International Public Sector Accounting Standards Board (IPSASB) has issued a new accounting standard—IPSAS 40, Public Sector Combinations. IPSAS 40 provides the first international accounting requirements that specifically address the needs of the public sector when accounting for combinations of entities and operations. Public sector combinations—for example, reorganizations of government departments or restructurings of municipalities—occur frequently. In the public sector, these transactions raise different accounting issues from those encountered in the private sector. IPSAS 40 recognizes two types of public sector combinations: amalgamations and acquisitions. By contrast, International Financial Reporting Standards, used by private sector entities, treat all combinations as acquisitions, which requires obtaining fair value information. Amalgamations, which are much more common in the public sector, do not require this information. The accounting requirements for amalgamations in IPSAS 40 are based on existing information, which enables public sector entities to avoid unnecessary valuation costs, while still meeting users' needs.

IPSAS 40 is applicable from January 1, 2019, with earlier adoption encouraged. To help governments understand the new requirements, IPSASB staff has developed an At-a-Glance summary and an introductory webinar.

IESBA Decisive Step Forward on Restructured International Code of Ethics

The International Ethics Standards Board for Accountants (IESBA) has announced completion of the major first phase of its strategic project to restructure its Code of Ethics for Professional Accountants (the Code). In addition, it also released new proposals that will enhance and complete the fully restructured Code with strengthened ethics requirements for accountants.

The outcome of the first phase is a new structure and drafting convention, as well as a major restructured portion of the Code. The IESBA's overall restructuring efforts are

intended to result in a Code that is more understandable and easier to use, thereby facilitating its adoption and effective implementation globally. At the same time, the IESBA has agreed revisions to a number of provisions pertaining to safeguards in the Code, including enhancements to the conceptual framework of "threats and safeguards."

Overview of the IAESB 2017-2021 Strategy

The Public Interest Oversight Board has recently approved the International Accounting Education Standards Board (IAESB) 2017-2021 Strategy and 2017-2018 Work Plan. The Strategy puts accounting education standards development at the center of the board's work for the next five years, to ensure the accounting profession has the skills it needs to meet the ever-changing demands of business and the public sector. The members may access a video in this regard on IFAC website, in which, Chris Austin, Chair of the IAESB, explains how the board's 2017-2021 Strategy increases public confidence in the accountancy profession, the board's focus for the next five years, and the challenges the accountancy profession faces and how the strategy addresses them.

IFAC Response to the IAASB Emerging Forms of External Reporting Discussion Paper

IFAC and its Professional Accountants in Business (PAIB) Committee believe that the accountancy profession in all its forms needs to embrace integrated reporting by reporting on the business in its entirety, and building trust and confidence in this reporting. IFAC Policy Position Paper #8, Enhanced Organizational Reporting: Integrated Reporting Key, states IFAC "supports reporting that produces information on which assurance conclusions can be expressed, in accordance with high-quality international assurance standards."

It is within this context that the PAIB Committee submitted a comment letter to the International Auditing and Assurance Standards Board (IAASB)'s Discussion Paper, Supporting Credibility and Trust in Emerging Forms of External Reporting: Ten Key Challenges for Assurance Engagements.

Regional SMO Workshop Highlights Opportunities for Collaboration

A Statements of Membership Obligations (SMOs) workshop was recently held in Sweimeh, Jordan, which explored opportunities, lessons learned, and ongoing challenges in the adoption and implementation of international standards and best practices across the Middle East and North Africa (MENA) region. A number of common concerns highlighted the importance of, and clear opportunities for, collaboration to drive solutions that benefit current and future auditors and accountants. The workshop facilitated a cross-border exchange of experiences, ideas, and solutions, and highlighted the possibilities for regional cooperation to address challenges such as fragmented and outdated legal frameworks, a need to define small- and medium-sized entities and implement suitable standards etc.