

# International Update

## IESBA Enhances International Code of Ethics, Proposes New Guidance for Professional Skepticism and Professional Judgment

The International Ethics Standards Board for Accountants (IESBA) has released the Exposure Draft, *Proposed Application Material Relating to Professional Skepticism and Professional Judgment*, for public comment. The proposed guidance for the first time links key concepts in the IESBA Code of Ethics for Professional Accountants (the Code) and clarifies their application, namely:

- How compliance with the fundamental principles in the Code supports professional skepticism by auditors and assurance practitioners for audit, review, and other assurance engagements; and
- The importance of professional accountants obtaining a sufficient understanding of the facts and circumstances known to them when exercising professional judgement in applying the conceptual framework underpinning the Code.

Once finalised, this material will be included in the clarified and restructured Code that the IESBA plans to complete by the end of 2017. The stakeholders can submit their comments on the Exposure Draft by visiting the Ethics Board's website by July 25, 2017.

## IAASB Proposes Modernisation of Financial Estimate Audits in Support of Audit Quality

The International Auditing and Assurance Standards Board (IAASB) has proposed significant changes in how auditors evaluate accounting estimates and related disclosures. The changes will require auditors to sharpen their focus on risks of material misstatements arising from accounting estimates, and to address those risks with more granular audit requirements.

The proposed standard:

- enhances requirements for risk assessment procedures to include specific factors related to accounting estimates, namely complexity, judgement, and estimation uncertainty;
- sets a more detailed expectation for the auditor's response to identified risks, including augmenting the auditor's application of professional skepticism; and
- is scalable regardless of the size or sector of the business or audit firm.

International Standard on Auditing 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*, is open for public comment until August 1, 2017.

The International Public Sector Accounting Standards

## IPSASB Launches Consultation on Heritage Reporting

Board (IPSASB) has released a Consultation Paper (CP), *Financial Reporting for Heritage in the Public Sector*, for comment. The paper describes heritage items as

items that are intended to be held indefinitely and preserved for the benefit of present and future generations because of their rarity and/or significance. It proposes that:

- heritage items' special characteristics do not prevent them from being assets for the purposes of financial reporting;
- heritage items should be recognised in the statement of financial position if they meet the recognition criteria in the Conceptual Framework; and
- in many cases, it will be possible to assign a monetary value to heritage assets.

The members can visit the IPSASB website to access the Consultation or to submit a comment by September 30, 2017.

## IAESB Strategy Focuses on Accounting Education Standards Development, Support

The International Accounting Education Standards Board (IAESB) has released its Strategy for 2017-2021 and Work Plan 2017-2018. The Strategy and Work Plan reflects extensive consultation and valued feedback from a wide range of stakeholders. Accounting education standards development is the centrepiece of a five-year strategy that also includes implementation support, a post-implementation review of existing standards, and strategic engagement and communication with the board's stakeholders. The primary goal is to ensure that the accounting profession has the necessary skills to meet the ever-changing demands of business and the public sector, and thereby increase public confidence.

## In-Depth Study of Tax and Trust Across G-20 Countries

A new study, namely, *G-20 Public Trust in Tax*, surveyed citizens across the G-20 on issues of trust and international taxation. The study, prepared by the Association of Chartered Certified Accountants, Chartered Accountants Australia and New Zealand, and IFAC, draws on the views of more than 7,600 people across G-20 countries.

Some of the key findings of the study include:

- people want governments to put tax *cooperation* ahead of tax *competition*—73% of people in G-20 countries think it is important or very important for governments to cooperate with each other on tax policy to create a more coherent international tax system;
- 57% of people in G-20 countries trust or highly trust professional tax accountants as a source of information about the tax system; and
- in contrast, people in G-20 countries have become deeply distrustful of politicians when it comes to information about the tax system, with 67% either distrusting or highly distrusting politicians.