

International Update

IESBA Opens Public Survey for Views on Level of Fees Charged by Audit Firms

The International Ethics Standards Board of Accountants (IESBA) has opened a public survey to seek individual views about the level of fees charged by audit firms. The survey seeks views and information from stakeholders: investors and other users of financial statements, the corporate governance community, the regulatory and audit oversight community, preparers, firms, national standard setters, IFAC member organisations, academics, and others.

The IESBA is exploring a number of matters related to fees charged by firms to investigate whether there is a need for further enhancements to the Code of Ethics for Professional Accountants or to commission of staff guidance. This survey is part of the IESBA's fact finding efforts and the responses will help inform the IESBA's consideration of the relevant matters.

Respondents can submit their completed PDF questionnaires via the IESBA website, using the "Submit a Comment" link by February 1, 2018.

IFAC Publishes New Roadmap Guide to Developing Information & Communication Technology

A new publication has been developed under the IFAC Professional Accountancy Organisation (PAO) Capacity Building Program, funded by the UK Department for International Development (DFID). The guide enables PAOs to develop information and communication technology (ICT) roadmaps that meet the individual needs of each PAO based on their infrastructure, level of development, regulatory obligations, and number of stakeholders, as well as consider external and environmental factors that may impact ICT planning.

The IFAC PAO Capacity Building Program supports the development and growth of PAOs around the world. By working with IFAC's global stakeholders—PAOs, international donors, the international development community, and others—the Program works to solve the global need for growth and development of the accountancy profession, all in support of the public interest.

IPSASB Issues Revised Cash Basis IPSAS

The International Public Sector Accounting Standards Board (IPSASB) has published a revised IPSAS, Financial Reporting under the Cash Basis of

Accounting (the Cash Basis IPSAS). The amendments address some of the main barriers to adoption of this standard.

This revised version of the Cash Basis IPSAS implements the proposals made in *Exposure Draft 61*, Amendments to Financial Reporting under the Cash Basis of Accounting. These amendments recast from mandatory to voluntary:

- Preparation of consolidated financial statements;
- Disclosure of information about external and other assistance; and
- Disclosure of information about payments made by third parties.

The amendments also ensure that the standard's requirements and encouragements are better aligned with requirements in relevant accrual IPSAS issued since 2008. The revised version shall take effect on January 1, 2019, with earlier adoption encouraged.

"These amendments respond to the views of preparers by removing some of the obstacles to adoption of the Cash Basis IPSAS," said IPSASB Chair Ian Carruthers. "Robust financial reporting on a cash basis can be an important foundation for broader improvements in public sector financial management. However, the revisions make clear that the IPSASB views the Cash Basis IPSAS as an important stepping stone on the journey to full accrual accounting rather than an end in itself."

First issued in 2003, and modified in 2006 and 2007, the Cash Basis IPSAS is the only IPSASB pronouncement that deals with the cash basis of accounting.

IPSASB Seeks Comments on Social Benefits Accounting Proposals

The International Public Sector Accounting Standards Board (IPSASB) has released *Exposure Draft (ED) 63*, Social Benefits, which addresses accounting for the delivery of social benefits, such as retirement, unemployment, and disability, for public comment.

These proposals aim to improve consistency, transparency, and reporting by public sector entities of social benefit schemes, which account for a large portion of government expenditure in most jurisdictions.

Existing International Public Sector Accounting Standards (IPSAS) do not provide requirements or guidance on how to account for social benefits, leaving users without the information needed to assess government performance.

“Social benefits are a major expenditure for most governments, and the absence of an IPSAS standard for these programs is a noted gap in the Board’s literature,” said IPSASB Chair Ian Carruthers. “The proposals in ED 63 will enhance accountability and transparency and improve decision making in this critical public interest area.”

ED 63 defines social benefits and proposes requirements for the recognition and measurement of social benefit schemes. It also proposes disclosure requirements that provide additional information for users to evaluate the effect of social benefits on future government finances.

Comments on the Exposure Draft can be submitted by March 31, 2018. To access the Exposure Draft and its summary At-a-Glance document, or to submit a comment, members may visit the IPSASB website at www.ipsasb.org.

IAASB's Group Audits Task Force Issues a Project Update

The International Auditing and Assurance Standards Board (IAASB)’s Group Audits Task Force has issued a Project Update which outlines the issues under consideration in the revised International Standard on Auditing (ISA) 600, Special Considerations—Audits of Group Financial Statements, and other projects that address additional international standards. This includes: ISA 220, *Quality Control for an Audit of Financial Statements*, and *International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements*, and Other Assurance and Related Services Engagements. The Project Update also explains the linkages between these projects as they relate to group audit issues.

The Key Takeaways are as under:-

- ISA 600 deals with special considerations that apply in audits of group financial statements (group audits). Many of the requirements of ISA 600 are, therefore, drafted in the context of requirements in other standards. The IAASB recognises that there is a strong linkage between the IAASB’s work to clarify and strengthen ISA 600 and the projects to revise other standards, in particular ISQC 1, ISA 220, and ISA 315 (Revised).
- Some foundational issues to be dealt with in the ISA 600 revisions need to be first considered and addressed in these other projects, i.e., such that

the Group Audits Task Force can appropriately build on the revised requirements and application material in making necessary revisions to ISA 600.

IAESB Chair Chris Austin Reappointed

Chris Austin, CBE, has been reappointed Chair of The International Accounting Education Standards Board (IAESB) for a one-year renewable term commencing January 1, 2018. As Chair, Mr. Austin will continue to lead the Board’s work of developing accountancy education standards and support materials and ensuring the current and next generations of professional accountants around the world are able to fulfil their roles supporting organisations and economies.

“I am incredibly honoured to be reappointed, and to continue to work with some of the best in the industry as together we improve, expand, and shape how the next generation of budding accountants are taught,” said Mr. Austin. “The Board is passionate about the important role accountants play in developing high-quality financial and non-financial information. We have designed an ambitious work plan that seeks to advance accountancy education and we look forward to implementing it.”

India Issues Final Rules for Multinational Taxpayers

India’s Central Board of Direct Taxes (CBDT) has issued final rules for multinational taxpayers on the implementation of the transfer pricing master file and country-by-country report on October 31.

Following the October 6 draft version of the rules, the final rules differ somewhat from the OECD prescribed format, providing its own unique Indian flavour. Among others, the final rules make one important change to the draft, which will result in details of more entities of the group to be included in the master file.

A significant Indian tweak to the OECD’s master file rules in the draft was the requirement to include functional analysis of entities contributing at least 10% of the group’s revenue, assets, and profits. Now the final rules have been modified to require functional analysis of entities contributing at least 10% of the group’s revenue or assets or profits.

The 10% criteria must be tested individually based on revenue, assets, and profits and not cumulatively. This requirement will bring far more entities of the group into the ambit of the master file.