

ACCOUNTING AND AUDITING STANDARDS UPDATE

reflecting developments from May 2008 to August 2008

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CIPFA is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public services. CIPFA's members work in public service bodies, in the national audit agencies and major accountancy firms. CIPFA also provides a range of high quality advisory, information, and training and consultancy services to public service organisations. As such, CIPFA is the leading independent commentator on managing and accounting for public money.

CIPFA contributes directly to some technical and standards development through representation on relevant committees and groups. More generally CIPFA responds to consultations by standard setters and others on matters which are relevant to the public benefit sector. CIPFA Policy and Technical Directorate develops these responses taking expert advice from members of CIPFA's Accounting and Auditing Standards Panel.

More information on the work of the Accounting and Auditing Standards Panel can be found online at <http://www.cipfa.org.uk/panels/accounting/index.cfm>

This update provides information on standards developments in the fields of accounting and audit (in this context normally referring to 'external' or 'independent' audit). It reflects standards, other guidance and consultations developed or reviewed by

- UK standard setters including the Financial Reporting Council (FRC) and particularly its operating bodies the Accounting Standards Board (ASB), and the Auditing Practices Board (APB)
- International standard setters, including the International Accounting Standards Board (IASB), International Public Sector Accounting Standards Board (IPSASB) and the International Auditing and Assurance Standards Board (IAASB)
- Interpreters of financial reporting standards, including SORP making bodies, HM Treasury and other 'relevant authorities' for the devolved administrations and health sectors, and the Financial Reporting Advisory Board (FRAB)
- Other bodies developing, interpreting or commenting on standards matters relevant to financial reporting and audit

Weblinks provide information from the issuer's website where available.

Overview diagrams are provided at Annex B to this update. More detailed background and information on the public services dimension of standard setting are provided in *Accounting and Auditing Standards: A Public Services Perspective (Fully Revised Third Edition 2007)* which is available from the CIPFA shop [[link](#)]



Standards Developments In Brief

Financial Reporting

New Standards and Guidance

Accounting Standards Board

A revised FRSSE has been published, and FRS 25 'Financial Instruments: Presentation' has been amended to reflect IASB amendments to IAS 32 on which it is based.

International Accounting Standards Board

'Improvements to IFRSs' was issued in May 2008, including a large number of detailed amendments. IASB also issued an amendment to IAS 39 providing additional guidance on the designation of a hedged item. IFRIC issued 2 interpretations relevant to real estate construction and hedging investments.

International Public Sector Accounting Standards Board

No new IPSAS guidance was produced.

Financial Reporting Advisory Board

RABIG guidance on PFI accounting has been released, applicable from 2009-10, and thus relevant to the 2008-09 shadow accounts which will provide comparatives for 2009-10.

CIPFA Responses to Consultations

All sectors

CIPFA responded to an ASB/PAAinE paper on Pensions Reporting. CIPFA also responded to IPSASB consultations on reporting on Social Benefits and Service Concessions. The Social Benefits consultation included a proposed project brief for Fiscal Sustainability Reporting, which might be seen as the long term underpinning for the public sector 'going concern' concept.

Open Consultations

UK general/ corporate sector

The ASB is consulting on improvements to UK FRS, in line with the IASB 'Improvements to IFRS'. CIPFA will not be responding to the FRC consultation on 'Going Concern and Financial Reporting'.

UK public sector

The ASB has also issued FRED 42 'Heritage Assets' which seeks to resolve reporting issues discussed in the previous FRED 40 and two earlier discussion papers.

International Accounting Standards Board

Between May and August 2008, consultations were started on the 2008 round of 'Improvements to IFRS', and simplifying IAS 33 'Earnings Per Share'.

International Public Sector Accounting Standards Board

No new IPSASB consultations were initiated.

Auditing

New Standards and Guidance

<i>Auditing Practices Board</i>	Bulletin 2008/7 provides updated Auditor's Reports for Public Sector Financial Statements, while Practice Note (PN) 19(I) provides updated guidance for ROI bank audits. <i>In September, APB also published Bulletin 2008/8 on Audit Reports for Short Accounting Periods.</i>
<i>Financial Reporting Council</i>	FRC has released Guidance On Auditor Liability Limitation Agreements
<i>International Auditing and Assurance Standards Board</i>	IAASB has issued 4 redrafted 'clarity' ISAs.

CIPFA Responses to Consultations

<i>Auditing Practices Board</i>	CIPFA responded to the consultation on revised Practice Note 11, The Audit Of Charities in the UK, making only presentational suggestions.
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Open Consultations

<i>Auditing Practices Board</i>	The APB consulted on revised guidance for the audit of credit unions, which CIPFA will not be responding to. In September, the APB also consulted on revisions to ISA 700.
<i>International Auditing and Assurance Standards Board</i>	No IAASB consultations were initiated during the period.

ANNEX A: Activity Summary - Financial Reporting Standards

UK standards and guidance				
Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
ASB	12.06.2008	Financial Reporting Standard for Smaller Entities (FRSSE)	06.04.2008	Private sector
	14.08.2008	Amendment to FRS 25 'Financial Instruments: Presentation'	01.01.2010	All sectors
FRAB	04.02.2008	RABIG(2008)05 Accounting for PPP arrangements, including PFI RABIG(2008)05A Final PFI Text	1.04.2009 (also applies to 2008-09 shadow accounts)	FReM bodies
International standards and guidance				
Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
IASB	22.05.2008	Improvements to IFRSs	01.01.2009	IFRS preparers
	31.07.2008	Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	01.07.2009	IFRS preparers

ANNEX A: Activity Summary - Financial Reporting Standards

IFRIC	03.07.2008	IFRIC 15 Agreements for the Construction of Real Estate	01.01.2009	IFRS preparers in construction sector
IFRIC	03.07.2008	IFRIC 16 Hedges of a Net Investment in a Foreign Operation	01.10.2008 (prospective)	IFRS preparers engaged in relevant hedging

ANNEX A: Activity Summary - Financial Reporting Standards

UK consultations					
Issuer	Issue date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
ASB	11.06.2008	FRED 42 'Heritage Assets'	11.10.2008	Mainly public benefit sector, especially heritage bodies	Yes
	27.06.2008	FRED 'Improvements to Financial Reporting Standards'	27.09.2008	All sectors	Yes
CIPFA	May 2008	Consultations on Financial and Stakeholder Reporting by Local Authorities 'Back to Basics' and 'Telling the Whole Story'	31.07.2008	Local government	n/a
FRC	29.08.2008	Consultation Paper : Going Concern and Financial Reporting	24.11.2008	Mainly private sector	No

* The Accounting and Auditing Standards Panel takes a view on which consultations are sufficiently relevant to CIPFA to warrant a formal response. If you have a different view on which matters should be responded to, please contact Steven Cain, CIPFA's Technical Manager, Financial Reporting and Auditing Standards on steven.cain@cipfa.org

ANNEX A: Activity Summary - Financial Reporting Standards

International consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should CIPFA* respond?
IASB	07.08.2008	Exposure Draft: Improvements to IFRSs (Proposed amendments to International Financial Reporting Standards)	07.11.2008	Pan sector	Yes
	07.08.2008	Exposure Draft: Simplifying Earnings per Share (proposed amendments to IAS 33)	07.11.2008	Private sector	No

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ANNEX A: Activity Summary - Auditing Standards

UK standards and guidance				
Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
APB	14.05.2008	Bulletin 2008/7 , 'Illustrative Auditor's Reports on Public Sector Financial Statements in the United Kingdom'.	31.03.2008	Public sector
	11.06.2008	Practice Note (PN) 19(I) : 'The Audit of Banks in the Republic of Ireland'	immediate	ROI banking sector
	01.09.2008	Bulletin 2008/8 UK Auditor's Reports for short accounting periods	06.04.2008	Companies Act audits
FRC	30.06.2008	Guidance On Auditor Liability Limitation Agreements	immediate	Companies Act audits
International standards and guidance				
Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
IAASB	14.07.2008	ISA 250 (Redrafted), Consideration of Laws and Regulations in an Audit of Financial Statements	15.12.2009	All sectors
	14.07.2008	ISA 510 (Redrafted), Initial Audit Engagements - Opening Balances	15.12.2009	All sectors
	14.07.2008	ISA 550 (Revised and Redrafted), Related Parties	15.12.2009	All sectors
	14.07.2008	ISA 570 (Redrafted), Going Concern	15.12.2009	All sectors

ANNEX A: Activity Summary - Auditing Standards

UK consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts		Sector Relevance	Should CIPFA* respond?
			Response Date		
APB	25.06.2008	Consultation Draft draft of Practice Note (PN) 27 'The audit of credit unions in the United Kingdom'	25.09.2008	Credit Unions	No
	01.09.2008	ED revisions to ISA (UK and Ireland) 700 'The Auditor's Report on Financial Statements'	28.09.2008	All sectors	Yes

International consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts		Sector Relevance	Should* CIPFA respond?
			Response Date		

No consultations issued between May and August 2008.

* The Accounting and Auditing Standards Panel takes a view on which consultations are sufficiently relevant to CIPFA to warrant a formal response. If you have a different view on which matters should be responded to, please contact Steven Cain, CIPFA's Technical Manager, Financial Reporting and Auditing Standards on steven.cain@cipfa.org

ANNEX A: Activity Summary

CIPFA Responses

Issuer	Subject of Consultation	Date of Response
APB	Practice Note 11, The Audit Of Charities in the UK	10.07.2008
ASB	ASB/PAAinE Discussion Paper: The Financial Reporting of Pensions	14.07.2008
FRC	FRC Changes to Audit Committee Guidance	09.06.2008
IAASB	ED ISAE 3402 Assurance Reports on Service Organisations	03.06.2008
IPSASB	Consultations on Social Benefits (x3)	15.07.2008
	Accounting and Financial Reporting for Service Concession Arrangements	31.07.2008

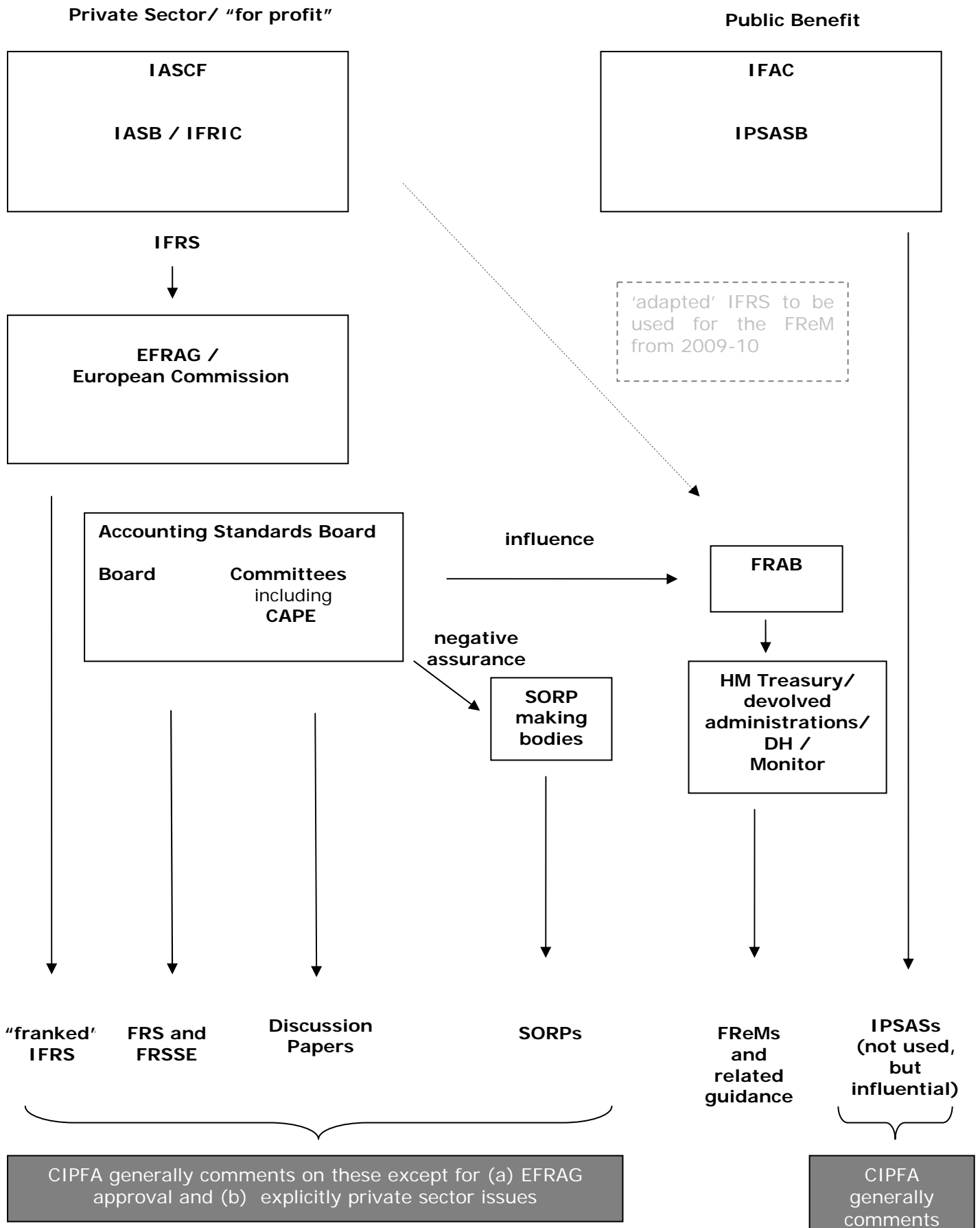
CIPFA responses on matters relating to accounting and auditing standards are also published at

http://www.cipfa.org/panels/accounting/responses_accounting.cfm

or in some cases, on the webpages of the CIPFA technical panel with lead responsibility for the relevant public services sector.

ANNEX B: Background to consultation processes

INTERNATIONAL, EUROPEAN AND UK FINANCIAL REPORTING STANDARD SETTING



ANNEX B: Background to consultation processes

INTERNATIONAL AND UK AUDITING STANDARD SETTING

