

Accounting and Auditing Standards Update

reflecting developments from September 2009 to December 2009

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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 central government, the devolved administrations, local government 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 / Financial Reporting Council ASB issued UITF 42 on mainly private sector issues, and its Annual Improvements FRS to maintain convergence.

HM Treasury HMT issued the 2010-11 FReM, the second IFRS based FReM, now no longer badged the 'iFRS'.

International Accounting Standards Board The IASB issued or amended 2 IFRICs, and revised 2 IAS/IFRS on mainly private sector matters or for reasons relating to the financial crisis, including IFRS 9 which initiates its rewrite of Financial Instruments standards

International Public Sector Accounting Standards Board IPSASB substantially completed its programme of IFRS convergence with the issue of IPSASs 27 to 31, together with its first Improvements IPSAS

CIPFA Responses to Consultations

Private sector CIPFA responded to the convergence focused ASB Improvements FRED, and to 3 mainly corporate sector focused IASB consultations: ED/2009/05 on Fair Value may have resonances for the public sector)

Public sector CIPFA responded to the first IPSASB Improvements IPSAS.

Open Consultations

UK private sector CIPFA will not be responding to the ASB FRED on Rights Issues, but the FRC consultation on the Corporate Governance Code will be considered by CIPFA's Corporate Governance Panel.

UK public sector There were 2 FReM EDs to which CIPFA will not respond.

International Accounting Standards Board CIPFA will consider whether to respond to the next round of IASB's review of Financial Instrument reporting.

International Public Sector Accounting Standards Board CIPFA will be responding to the IPSASB consultation on Long Term Fiscal Sustainability

Auditing

New Standards and Guidance

Auditing Practices Board The APB issued a complete revision of all of its ISAs(UK & Ireland) in clarified format, as well as amended Ethical Standard guidance relation to partner rotation, a revised Practice Note 23 on Complex Financial Instruments and 2 pronouncements on corporate governance and small entity audits respectively.

International Auditing and Assurance Board The IAASB issued a clarified ISAE 3402, on assurance reports relating to controls at service organisations.

CIPFA Responses to Consultations

All sectors CIPFA responded to an EC consultation on ISA adoption in Europe, and an IAASB questionnaire on ISA adoption/ implementation in the UK.

Open Consultations

Auditing Practices Board The APB is consulting on non-audit services provided by audit firms: CIPFA will not be responding.

IAASB CIPFA has responded to IAASB's consultation on Auditing Complex Financial Instruments, which proposed the adaptation of guidance developed by the UK APB. CIPFA will also be responding to development proposals in a consultation on Greenhouse Gas Statement assurance.