

# Accounting and Auditing Standards Update

reflecting developments from May 2010 to August 2010

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CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

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* The ASB Urgent Issues Task Force issued an IFRIC convergent UITF.

*International Accounting Standards Board* The IASB issued its Annual Improvements amendments to standards for 2010

### CIPFA Responses to Consultations

*Private sector* CIPFA responded to the ASB's mainly IFRS converged FRED Improvements, and IASB consultations on proposed amendments to IAS 37 and the IASB Conceptual Framework - Reporting Entity.

*Public sector* CIPFA responding to an ED of a revised RSL SORP, and 2 IPSASB EDs on Service Concessions and Annual Improvements.

### Open Consultations

*UK private sector* There are no ASB consultations open at present.

*UK public benefit sector* Three FReM Exposure Drafts were issued; CIPFA provides inputs to FRAB discussions but does not respond formally to these.

*International Accounting Standards Board* The IASB issued 6 Exposure Drafts and an ED IFRIC between May and September, and CIPFA will consider responding to four of these: the others are very private sector focussed.

## Auditing

### **New Standards and Guidance**

No new auditing standards or guidance were issued.

### **CIPFA Responses to Consultations**

*Private sector/all sector*

There were no IAASB or APB consultations to respond to.

*Public sector*

### **Open Consultations**

*Auditing Practices Board*

The APB has issued 5 proposed revisions of Practice Notes, mainly updating them to reflect the application of clarified ISAs (UK & Ireland) and some changes to law and regulations. CIPFA expects to respond to 3 of these which are relevant to audits of public benefit sector entities.

*IAASB*

The IAASB has issued an ED of a revised ISA 610 on using the work of Internal Auditors, to which CIPFA will respond.

## ANNEX A: Activity Summary - Financial Reporting Standards

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### UK standards and guidance

Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
ASB UITF	09.07.2010	UITF 47 Extinguishing Liabilities with Equity (IFRIC 19) ASB press release available <a href="#">here</a>	01.07.2010	Mainly private sector

# ANNEX A: Activity Summary - Financial Reporting Standards

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## International standards and guidance

Issuer	Issue Date	Standard or Other Pronouncement	Effective Date	Sector Relevance
IASB	06.05.2010	Improvements to IFRSs IASB press release available <a href="#">here</a>	check	Pan sector

## ANNEX A: Activity Summary - Financial Reporting Standards

UK consultations					
Issuer	Issue date	Consultations, Discussion		Sector Relevance	Should CIPFA* respond?
		Papers and Exposure Drafts	Response Date		
<b>ASB</b>	08.06.2010	Financial Reporting Exposure Draft (FRED) 'Improvements to Financial Reporting Standards 2010' ASB press release available <a href="#">here</a>	30.08.2010	Pan-sector	Yes (response sent 08.08.2010)
<b>ASB UITF</b>	08.06.2010	UITF 47 Extinguishing Liabilities with Equity (IFRIC 19) ASB press release available <a href="#">here</a>	30.08.2010	Pan-sector	No
<b>HM Treasury</b>	17.06.2010	FReM ED(10)02 Accounting for Loans, Public Dividend Capital (PDC) and Investments Outside the Departmental Boundary ( <a href="#">link</a> )	09.09.2010	Public sector bodies using the FReM	through FRAB process
	22.07.2010	FReM ED(10) (10)03 True and Fair Override Provision (PDF 78KB) ( <a href="#">link</a> )	17.09.2010	Public sector bodies using the FReM	through FRAB process
	30.07.2010	FReM ED(10)04 Accounting for the CRC Energy Efficiency Scheme ( <a href="#">link</a> )	05.02.2010	Public sector bodies using the FReM	through FRAB process

\* 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](mailto: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	11.05.2010	Exposure Draft ED/2010/4 Fair Value Option for Financial Liabilities IASB press release available <a href="#">here</a> .	16.07.2010	Mainly private sector	No	
	27.05.2010	Exposure Draft ED/2010/5 Presentation of items of Other Comprehensive Income (Proposed amendments to IAS 1). IASB press release available <a href="#">here</a> .	30.09.2010	Pan sector	Yes	
	24.06.2010	Exposure Draft ED/2010/6 Revenue from Contracts with Customers IASB press release available <a href="#">here</a> .	22.10.2010	Mainly private sector	To consider	
	29.06.2010	Exposure Draft ED/2010/7 Measurement Uncertainty Analysis Disclosure for Fair Value Measurements IASB press release available <a href="#">here</a> .	07.09.2010	Mainly private sector	No	

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## 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?
<b>IASB continued</b>	10.08.2010	Exposure Draft ED/2010/8 Insurance Contracts IASB press release available <a href="#">here</a> .	30.11.2010	Insurance	To consider
	17.08.2010	Exposure Draft ED/2010/9 Leases IASB press release available <a href="#">here</a> .	15.12.2010	Pan sector	Yes
	26.08.2010	Exposure Draft ED/2010/10 Removal of Fixed Dates for First-time Adopters (Proposed amendments to IFRS 1) IASB press release available <a href="#">here</a> .	27.10.2010	Pan sector	To consider
<b>IFRS Int Ctee</b>	26.08.2010	DI/2010/1 Stripping Costs in the Production Phase of a Surface Mine IASB press release available <a href="#">here</a>	20.11.2010	Extractive industries	No

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## ANNEX A: Activity Summary - Auditing Standards

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### UK standards and guidance

Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
APB		No standards or other authoritative pronouncements were issued between May and August 2010		

### International standards and guidance

Issuer	Issue Date	Standard or other pronouncement	Effective Date	Sector Relevance
IAASB		No standards or other authoritative pronouncements were issued between May and August 2010		

## 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	11.05.2010	Consultation Draft: Practice Note (PN) 20: 'The Audit of Insurers in the United Kingdom (Revised)' APB press release available <a href="#">here</a>	16.08.2010	Insurance	No
	05.07.2010	Consultation Draft: Practice Note 25 'Attendance at stocktaking.' APB press release available <a href="#">here</a>	05.10.2010	Pan sector	Yes
	29.07.2010	Consultation Draft: Practice Note (PN) 15: 'The Audit of Occupational Pension Schemes in the United Kingdom (Revised)' APB press release available <a href="#">here</a>	29.10.2010	Pan sector	Yes
	30.07.2010	Consultation Draft: Practice Note 19 "The audit of banks and building societies in the United Kingdom." APB press release available <a href="#">here</a>	29.10.2010	Financial sector	No

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# ANNEX A: Activity Summary - Auditing Standards

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UK consultations						
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts		Response Date	Sector Relevance	Should CIPFA* respond?
		<b>APB continued</b>	30.07.2010			

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## ANNEX A: Activity Summary - Auditing Standards

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International consultations					
Issuer	Issue Date	Consultations, Discussion Papers and Exposure Drafts	Response Date	Sector Relevance	Should* CIPFA respond?
IAASB	15.07.2010	ED (ISA) 610 (Revised), Using the Work of Internal Auditors, IAASB press release available <a href="#">here</a>	15.11.2010	Pan sector	Yes

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## Annex A: Activity Summary – CIPFA responses May to August 2010

Issuer	Subject of Consultation	
<b>ASB</b>	FRED 'Improvements to Financial Reporting Standards'	09.08.2010
<b>IASB</b>	Proposed amendments to IAS 37	19.05.2010
	Conceptual Framework - Reporting Entity	15.07.2010
<b>IPSASB</b>	ED 43 Service Concessions: Grantor	14.06.2010
	ED 44 Improvements to IPSASs	29.06.2010
<b>RSL SORP Board</b>	RSL SORP Exposure Draft	07.06.2010

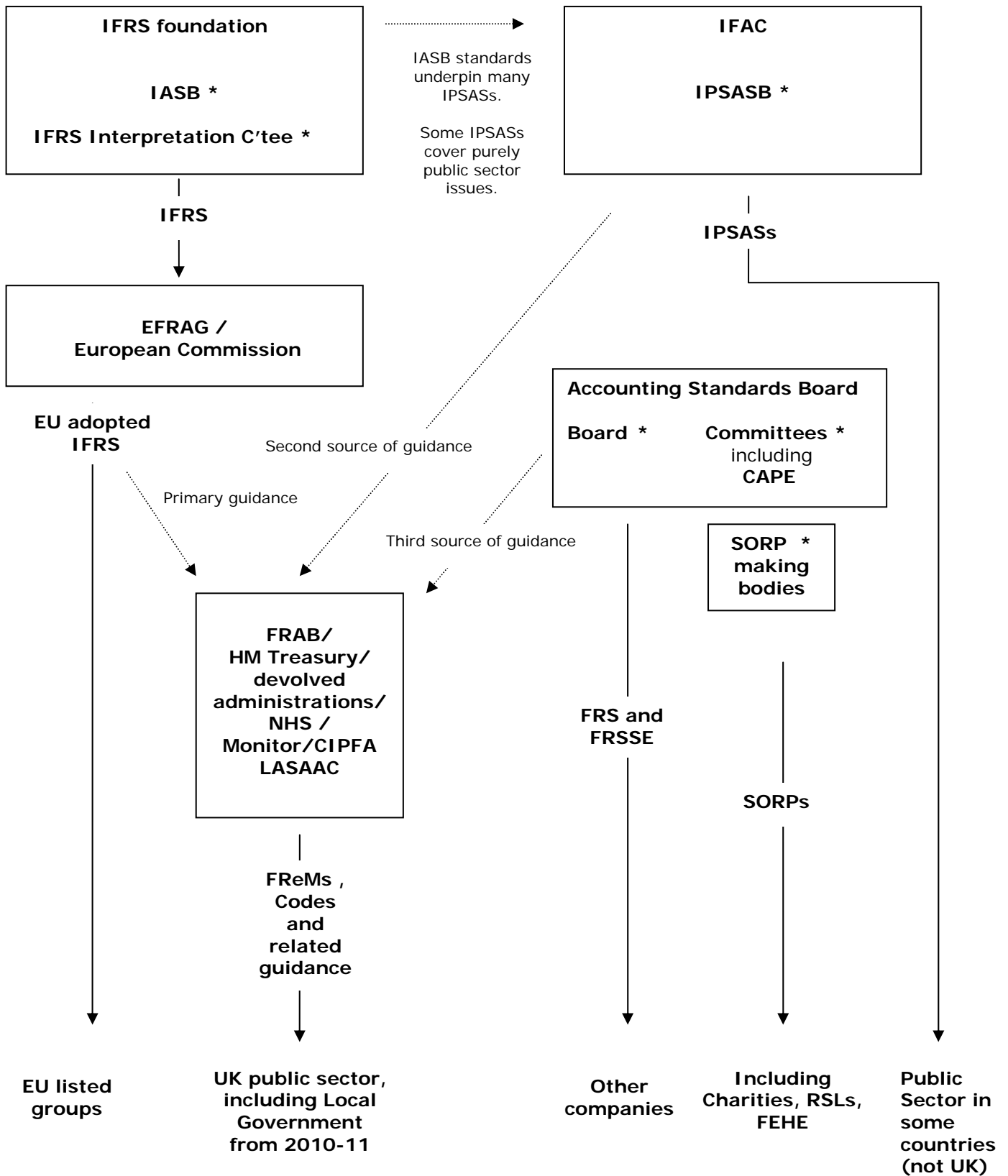
CIPFA responses on matters relating to accounting and auditing standards are also published at

[http://www.cipfa.org/panels/accounting/responses\\_accounting.cfm](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.

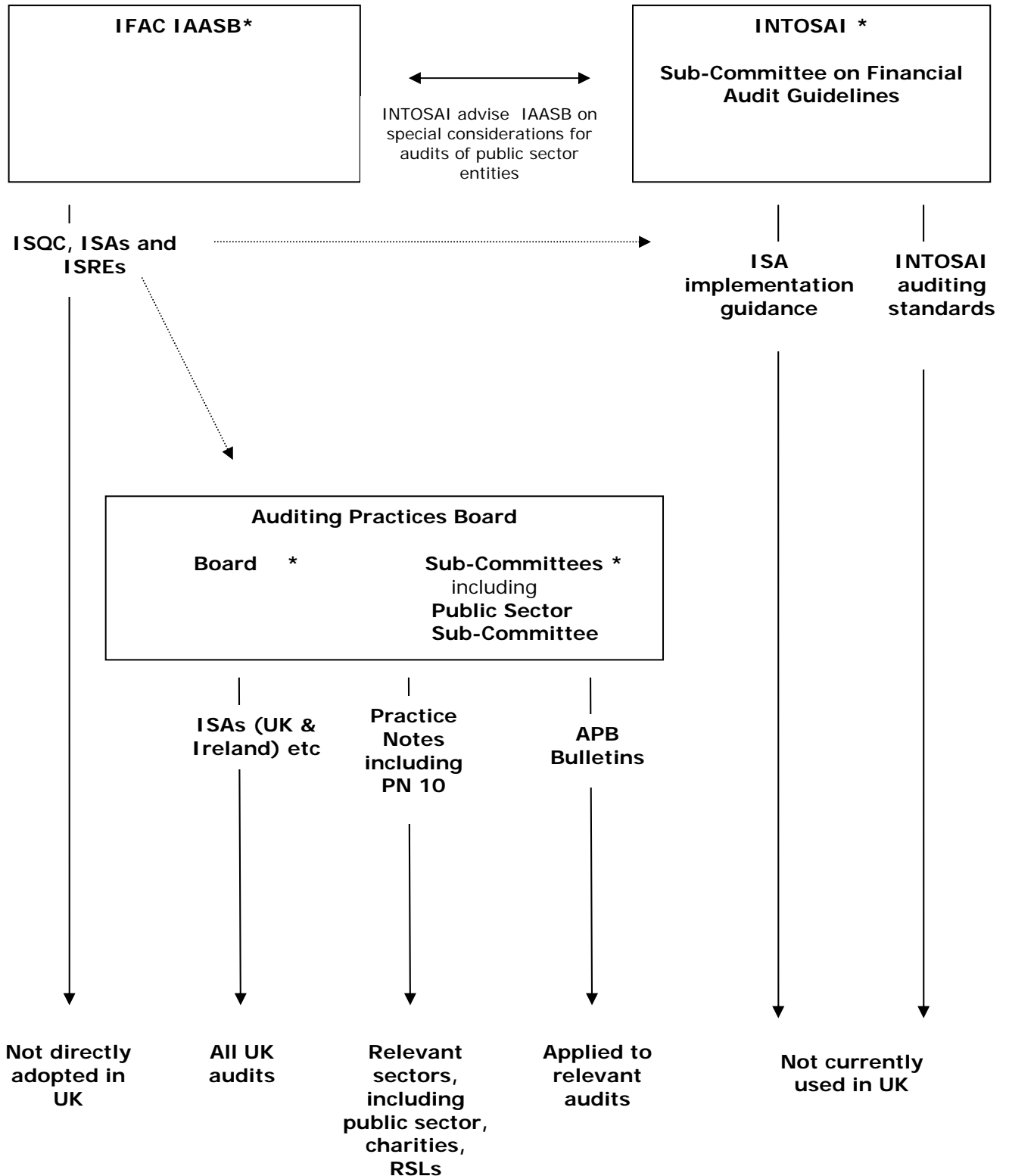
**ANNEX B: Background to consultation processes**

**INTERNATIONAL, EUROPEAN AND UK FINANCIAL REPORTING STANDARD SETTING**



CIPFA comments on most exposure drafts, discussion papers and consultations by bodies marked \*, except for explicitly private sector issues

**INTERNATIONAL AND UK AUDITING STANDARD SETTING**



CIPFA comments on most exposure drafts, discussion papers and consultations by bodies marked \*, except for explicitly private sector issues