Global Regulatory Report

December 2018

This report was compiled by public policy and regulation staff at the International Federation of Accountants (IFAC), summarizing select globally significant public policy and regulatory developments impacting the accounting and auditing profession. The report is not intended to be a complete compilation of all developments.

Highlights

Canada

- December - The Canadian Public Accountability Board issued an information note on auditing in the crypto-asset sector...on page 10

China

- December 11 & 25 - The China Securities Regulatory Commission (CSRC) signed Joint Letters of Cooperation to advance regulatory collaboration with both French Autorité des marchés financiers (AMF) and the Cayman Islands Monetary Authority ...on page 9

European Union

- December 3 - The European Parliament's ECON Committee adopted proposals for a digital services tax and digital permanent establishment...on page 10

IAASB

- December 19 - The global search for Chair of the IAASB has been restarted and applications from qualified candidates around the globe are now being accepted; applications due January 31, 2019...on page 6

IAESB

- December 7 - The forthcoming International Education Standard 7 (Revised), Continuing Professional Development, introduces several changes relating to the standard's requirements and structure, as well as explanatory materials...on page 5
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IASB

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- December 14 - The IASB published podcasts with highlights and discussion on its December 2018 meetings...on page 5
- December 13 - The IASB has, during its December meeting, voted to propose to amend IFRS 17, the...
insurance contracts Standard issued in May 2017...on page 5

- December 13 - The IASB published for public comment proposed amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs a company should include when assessing whether a contract will be loss-making; comments due April 15, 2019...on page 5
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IESBA

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IFIAR

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IPSASB

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Japan

- December 26 - The Japanese Certified Public Accountants and Auditing Oversight Board issued its 2018 Monitoring report...on page 8

OECD

- December 13 - The OECD reported that 2017 Peer Review Reports on the Exchange of Information on Tax Rulings show progress toward increasing transparency on tax rulings...on page 9
- December 5 - The 2018 edition of the OECD’s annual Revenue Statistics publication shows tax revenues in advanced economies have continued to increase...on page 10

Qatar

- December 13 - The Qatar Central Bank, Financial Centre Regulatory Authority and Markets Authority released their Second Strategic Plan for financial sector regulation (2017 - 2022) including a focus on maintaining integrity and confidence...on page 8

Saudi Arabia

- December 20 - The Saudi Capital Market Authority issued a resolution to adopt and publish the Rules for Registering Auditors of Entities Subject to the Authority’s Supervision, including required qualifications and ongoing obligations...on page 9

United Kingdom

- December 18 - The UK Competition and Markets Authority issued an Update Paper on its Statutory Audit Services Market Study proposing three major remedies for the audit market; comments on the proposed remedies are due by January 21, 2019...on page 7
December 18 - The Independent review of the UK Financial Reporting Council (FRC) led by Sir John Kingman published its report recommending that the FRC be replaced with an independent statutory regulator...
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December 17 - The UK FRC announced the composition of the Advisory Group for its major project on the Future of Corporate Reporting...
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December 13 - The UK Labour Party released a report on its review into audit, Reforming the Auditing Industry, with 49 proposals including the creation of five new criminal offences and three new public bodies...
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December 10 - A new code for the corporate governance of large private companies, the ‘Wates Principles’, was launched in the UK...
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December 6 - The UK FRC issued a new report indicating inconsistency in auditors’ work on the information in the front end of company reports...
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United States

December 20 - The US Public Company Accounting Oversight Board (PCAOB) adopted a new standard on auditing accounting estimates, including fair value measurements...
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December 20 - The Financial Accounting Standards Board (FASB) issued a proposed Accounting Standards Update on goodwill and measuring certain identifiable intangible assets for not-for-profit organizations; comments due February 18, 2019...
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December 19 - The FASB announced it will host a public roundtable discussion on implementation issues related to the credit losses standard, expected to take place in January 2019...
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Coming up in January 2019

- January 11 - IFRS Management Commentary Consultative Group meeting, London.
- January 15 - Comments due on FASB proposed Accounting Standards Update related to ASU No. 2016-02, Leases (Topic 842).
- January 16 - IFRS Interpretations Committee meeting.
- January 20 - IAASB conference call.
- January 21 - UK Competition and Markets Authority consultation on proposed remedies in the audit market closes.
- January 22 - Two-day meeting of the International Accounting Standards Board, London.
- January 29 - Three-day meeting of the Trustees of the IFRS Foundation, Kuala Lumpur.
- January 29 - European Economic and Social Committee event on taxation in the digitalized economy, Brussels.
- January 31 - IAASB conference call.
- January 31 - Accountancy Europe event on ‘Paving the way for increased tax transparency’, Brussels.
Accounting/Auditing Profession

International Accounting Education Standards Board

December 7 - The forthcoming International Education Standard 7 (Revised), Continuing Professional Development, introduces several changes relating to the standard’s requirements and structure, as well as explanatory materials.
http://www.ifac.org/news-events/2018-12/upcoming-ies-7-revised-continuing-professional-development

Accounting Standards

International Accounting Standards Board

December 14 - The IASB published a summary report on its Post-implementation Review of the fair value measurement Standard, IFRS 13, which indicated that the Standard works as intended.

December 14 - The IASB published podcasts with highlights and discussion on its December 2018 meetings.

December 13 - The IASB has, during its December meeting, voted to propose to amend IFRS 17, the insurance contracts Standard issued in May 2017. The Board’s discussions regarding amendments required will continue in early 2019 and will be followed by a public consultation on the proposed amendment before any changes are confirmed. The public consultation will include a one-year deferral of the Standard’s effective date to 2022.

December 13 - The IASB published for public comment proposed amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs a company should include when assessing whether a contract will be loss-making; comments due April 15, 2019.

December 11 - Chair of the IASB Hans Hoogervorst delivered a speech at the annual conference on regulatory developments organized by the American Institute of Certified Public Accountants. Mr Hoogervorst described the Board’s own response to the global financial crisis—the new financial instruments Standard, IFRS 9—and discussed current risks in the global financial system, asking whether previous lessons have been learned.

United States

December 20 - The Financial Accounting Standards Board (FASB) issued a proposed Accounting Standards Update designed to reduce the cost and complexity of accounting for goodwill and measuring certain identifiable intangible assets for not-for-profit organizations; comments due February 18, 2019.
https://www.fasb.org/cs/ContentServer?c=FASBContent_C&cid=1176171840654&d=&pagename=FASB%2FFASBContent_C%2FNewsPage
December 19 - The FASB announced it will host a public roundtable discussion on implementation issues related to the credit losses standard, expected to take place in January 2019. Roundtable topics are expected to include the input to the FASB staff’s research on credit losses agenda requests, including a proposal submitted by a group of banks to consider an alternative to the income statement impact of the current expected credit losses (CECL) model. 
https://www.fasb.org/cs/ContentServer?c=FASBContent_C&cid=1176171836197&d=&pagename=FASB%2FFASBContent_C%2FNewsPage

December 19 - The FASB issued a proposed Accounting Standards Update that would address potential lessor implementation issues related to ASU No. 2016-02, Leases (Topic 842); comments due January 15, 2019. 
https://www.fasb.org/cs/ContentServer?c=FASBContent_C&cid=1176171833636&d=&pagename=FASB%2FFASBContent_C%2FNewsPage

December 10 - The FASB issued an Accounting Standards Update expected to reduce lessor’s implementation and ongoing costs associated with applying the new leases standard. The ASU also clarifies a specific lessor accounting requirement. 
https://www.fasb.org/cs/ContentServer?c=FASBContent_C&cid=1176171756289&d=&pagename=FASB%2FFASBContent_C%2FNewsPage

Auditing Standards

International Auditing and Assurance Standards Board

December 19 - The global search for an exceptional individual to take on the role of Chair of the IAASB has been restarted and applications from qualified candidates around the globe are now being accepted; applications due January 31, 2019. The IAASB Chair is appointed for a renewable three-year term, commencing May 1, 2019. 

United States

December 20 - The PCAOB adopted a new standard designed to enhance the requirements that apply when auditing accounting estimates, including fair value measurements. Subject to SEC approval, the new standard will be effective for fiscal years ending on or after December 15, 2020. The new standard replaces three standards with a single, uniform standard that emphasizes professional skepticism, provides more specific direction on auditing fair values of financial instruments that are based on information from third-party pricing sources, and strengthens the requirements for evaluating the work of a company's specialist. 

Audit Policy

United Kingdom

December 18 - The Independent review of the UK Financial Reporting Council led by Sir John Kingman published its report recommending that the FRC be replaced with an independent statutory regulator, accountable to Parliament, with a new mandate, new clarity of mission, new leadership and new powers. The new regulator would be called the Audit, Reporting and Governance Authority. The UK FRC issued a statement welcoming the recommendations.
December 13 - The UK Labour Party released a report on its review into audit, *Reforming the Auditing Industry*, with 49 proposals including the creation of five new criminal offences and three new public bodies.


**Audit Quality**

**United Kingdom**

December 6 - The UK FRC issued a new report indicating that in its view auditors' work on the information in the front end of company reports outside of the financial statements does not meet the requirements of Auditing Standards consistently.

https://www.frc.org.uk/news/december-2018-(1)/auditors-must-improve-their-work-on-the-front-end

**Auditor Reporting**

**United States**

December 10 - A new resource from the Center for Audit Quality, *Critical Audit Matters: Lessons Learned, Questions to Consider, and an Illustrative Example*, presents early lessons learned from "dry runs" that certain CAQ member firms have conducted on CAMs.

https://www.thecaq.org/caq-provides-lessons-learned-dry-runs-critical-audit-matters

**Business and Financial Reporting/Disclosure**

**United Kingdom**

December 17 - The UK FRC announced the composition of the Advisory Group for its major project on the Future of Corporate Reporting, comprising of representatives from the FRC’s major stakeholder groups - companies, investors, civil society groups, academics, auditors, audit committee chairs, lawyers and design agencies.


**Competition/Concentration**

**United Kingdom**

December 18 - The UK Competition and Markets Authority issued an Update Paper on its Statutory Audit Services Market Study proposing three major remedies for the audit market including increased regulatory scrutiny of auditor appointment and management, mandatory joint audit, and separation of audit and advisory businesses within firms; comments on the proposed remedies are due by January 21, 2019.

https://assets.publishing.service.gov.uk/media/5c17cf2ae5274a4664fa777b/Audit_update_paper_S.pdf
Corporate Governance

United Kingdom

December 10 - A new code for the corporate governance of large private companies, the ‘Wates Principles’, was launched in the UK. The Principles are part of several changes made this year to the UK corporate governance framework developed by a coalition established by the UK FRC and chaired by James Wates CBE. The FRC states that by explaining the application of these Principles large private companies will be able to meet their obligations under The Companies (Miscellaneous Reporting) Regulations 2018.


Enforcement/Litigation

International Forum of Independent Audit Regulators

December 14 - IFIAR released a Report on its Survey of Audit Regulators’ Enforcement Regimes. Forty-two IFIAR members participated in the 2018 Survey, which sought information concerning the authority and structures of their enforcement programs, the handling and reporting of enforcement matters, historical and trend information, sharing information with other regulatory authorities, and ideas for reform.


Financial Markets

Qatar

December 13 - The Qatar Central Bank, Financial Centre Regulatory Authority and Markets Authority released their Second Strategic Plan for financial sector regulation (2017 - 2022) including a focus on maintaining integrity and confidence.


Independence/Ethics

International Ethics Standards Board for Accountants

December 26 - The IESBA published a podcast on highlights from its December meeting.


Inspections/Registration/Oversight

Japan

December 26 - The Japanese Certified Public Accountants and Auditing Oversight Board issued its 2018 Monitoring report.

Saudi Arabia

December 20 - The Saudi Capital Market Authority issued a resolution to adopt and publish the Rules for Registering Auditors of Entities Subject to the Authority's Supervision, including required qualifications and ongoing obligations.

Professional Judgment/Skepticism

International Accounting Education Standards Board

December 4 - The IAESB released for public comment proposed changes to International Education Standards on initial and continuing professional development to address information and communications technologies, and professional skepticism skills; comments due March 4, 2019.

Public Sector Financial Management

International Public Sector Accounting Standards Board

December 20 - The IPSASB published a podcast on highlights from its December meeting in Kuala Lumpur.

Regulatory Cooperation

China

December 11 & 25 - The China Securities Regulatory Commission (CSRC) signed Joint Letters of Cooperation to advance regulatory collaboration with both French Autorité des marchés financiers (AMF) and the Cayman Islands Monetary Authority including deepening information exchange and enforcement cooperation.
http://www.csrc.gov.cn/pub/csrl nightclub/newsfacts/release/201812/t20181211_347984.html

United States

December 7 - PCAOB Chair William D. Duhnke delivered a statement on the vital role of audit quality and regulatory access to audit and other information internationally including discussion of current information access challenges with respect to US-listed companies with significant operations in china.
https://pcaobus.org/News/Speech/Pages/statement-vital-role-audit-quality-regulatory-access-audit-information-internationally.aspx

Tax Policy

Organisation for Economic Cooperation and Development

December 13 - The OECD reported that 2017 Peer Review Reports on the Exchange of Information on Tax Rulings show progress toward one key aim of the BEPS Project - increasing transparency on tax rulings - with more than 16,000 tax rulings being identified and almost 21,000 exchanges of information having taken place to date.
http://www.oecd.org/tax/transparency-on-tax-rulings-significantly-increased-according-to-oecd-peer-
December 5 - The 2018 edition of the OECD's annual Revenue Statistics publication shows tax revenues in advanced economies have continued to increase, with taxes on companies and personal consumption representing an increasing share of total tax revenues. The publication shows that the OECD average tax-to-GDP ratio rose slightly in 2017, to 34.2%, compared to 34.0% in 2016.


European Union

December 3 - The European Parliament's ECON Committee adopted proposals for a digital services tax and digital permanent establishment, ahead of a plenary vote in January 2019; an overview of the proposals is available through the link below.


Technology

Canada

December - The Canadian Public Accountability Board issued an information note on auditing in the crypto-asset sector.


United States

December 12 - A new resource from the Center for Audit Quality, Emerging Technologies: An Oversight Tool for Audit Committees, provides a framework and questions audit committees may ask management and auditors to help inform their oversight of financial reporting as emerging technologies take hold.

https://www.thecaq.org/caq-tool-helps-audit-committees-address-emerging-techs-impact-financial-reporting