

Global Regulatory Report

April 2019

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

European Union

- [April 18 - A study on the EU Statutory Audit Reform impact on costs, concentration and competition commissioned by the ECON committee indicates aggregate audit market concentration in the EU is still high and did not decrease much since the reforms, but auditor switching and market share mobility increased...](#) on page 6

FSB

- [April 9 - The FSB provided an update to G20 Finance Ministers and Central Bank Governors on its work and current vulnerabilities in the financial system...](#) on page 6

IAASB

- [April 29 – The IAASB published a Discussion Paper, *Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges in Applying the International Standards on Auditing \(ISAs\)*; comments due September 12, 2019...](#) on page 5

IASB

- [April 30 - The Trustees of the IFRS Foundation are inviting stakeholder comment on proposed amendments to its *Due Process Handbook*, the procedural requirements followed by the International Accounting Standards Board and the IFRS Interpretations Committee; comments due July 29, 2019...](#) on page 5

IESBA

- [April 7 - The IESBA released its Strategy and Work Plan, 2019-2023, *Elevating Ethics in a Dynamic and Uncertain World...*](#) on page 7

IFAC

- [April 10 - IFAC hosted 23 leaders of international organizations dedicated to effective international rulemaking at the Sixth Annual Meeting of the Partnership of international organisations spearheaded by the OECD...](#) on page 6

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IPSASB

- [April 30 - The IPSASB released a Consultation Paper, *Measurement*, which addresses how measurement bases are determined in the public sector; comments due September 30, 2019...on page 7](#)

Ireland

- [April 30 - IAASA published a consultation paper to seek the views of stakeholders and interested parties, other than practitioners, regarding the Authority's intended policy on publication and grading in the quality assurance review process relating to statutory auditors and audit firms that carry out statutory audits of public-interest entities; comments due May 31, 2019...on page 7](#)

Japan

- [April 24 - The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code published *Recommended Directions for Further Promotion of Corporate Governance Reform*, stating "ensuring confidence in audits through "triple auditing" \(internal audits, kansayaku audits, and external auditor-led audits\) is an extremely important prerequisite to defensive governance"...on page 6](#)

OECD

- [April 10 - As part of the ongoing work on tax morale, the OECD is seeking public comments on its forthcoming publication *What's driving tax morale? An empirical analysis on social preferences and attitudes towards taxation*; comments due May 10, 2019...on page 8](#)

South Africa

- [April 1 - The South African Independent Regulatory Board for Auditors announced roughly 17% of the JSE Ltd main board listed companies have voluntarily rotated auditors...on page 7](#)

United Kingdom

- [April 18 - The UK Competition and Markets Authority \(CMA\) published its final report on the UK audit market, recommending the operational separation of audit from consulting services, mandatory 'joint audit' to enable firms outside the Big 4 to develop the capacity needed to review the UK's biggest companies, and the introduction of statutory regulatory powers to increase accountability of companies' audit committees...on page 5](#)
- [April 10 - A call for views has been launched by the Sir Donald Brydon Independent Review on the quality and effectiveness of audit, inviting views, information and evidence on the purpose of audit and for whom it should be carried out, whether its scope and purpose should be widened and strengthened to meet changing expectations of audit, and a range of other matters; comments due June 7, 2019...on page 5](#)
- [April 2 - The UK Parliament Business, Energy and Industrial Strategy Committee issued its report on the future of audit, calling for structural or at least operational split of firms' audit/advisory practices, market share caps on firms in the major FTSE indices, joint audits, and changes to audit scope to encompass the full annual report and deliver 'graduated' findings...on page 5](#)

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United States

- [April 25 - The FASB issued an Accounting Standards Update intended to clarify and improve areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement...](#) on page 5



Coming up in May

- May 2 - IAASB [Conference call](#).
- May 8 - US Public Company Accounting Oversight Board [webinar](#) for auditors on the implementation of the new critical audit matter (CAM) requirements.
- May 7 - IAASB [webinar](#) on the proposed quality management standards.
- May 10 - Comments due: OECD Tax Morale [publication](#).
- May 13 - IOSCO Five-day [annual conference](#) in Sydney.
- May 13 - IFRS Foundation Five-day [meeting](#) of the International Accounting Standards Board, London.
- May 15 - US Public Company Accounting Oversight Board [webinar](#) for auditors on the implementation of the new critical audit matter (CAM) requirements.
- May 22 - FAF Board of Trustees [Meeting](#), Washington, DC.
- May 31 - Comments due: FASB [proposed Accounting Standards Update](#) on current income tax disclosure requirements.
- May 31 – Comments due: IAASA [consultation](#) on publication and grading in its quality assurance review process.

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Accounting Standards

International Accounting Standards Board

April 30 - The Trustees of the IFRS Foundation are inviting stakeholder comment on proposed amendments to its *Due Process Handbook*, the procedural requirements followed by the International Accounting Standards Board and the IFRS Interpretations Committee; comments due July 29, 2019. <https://www.ifrs.org/news-and-events/2019/04/ifrs-foundation-consults-on-proposed-amendments-to-its-due-process-handbook/>

United States

April 25 - The FASB issued an Accounting Standards Update intended to clarify and improve areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement. https://www.fasb.org/cs/ContentServer?c=FASBContent_C&pagename=FASB%2FFASBContent_C%2FNewsPage&cid=1176172542309

Auditing Standards

The International Auditing and Assurance Standards Board

April 29 – The IAASB published a Discussion Paper, *Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges in Applying the International Standards on Auditing (ISAs)*; comments due September 12, 2019. The IAASB seeks to further understand the challenges of using ISAs in audits of less complex entities—and views about possible actions to address these challenges. <http://www.ifac.org/news-events/2019-04/we-re-seeking-your-view-audits-less-complex-entities>

Audit Policy

United Kingdom

April 18 - The UK Competition and Markets Authority (CMA) published its final report on the UK audit market, recommending the operational separation of audit from consulting services, mandatory 'joint audit' to enable firms outside the Big 4 to develop the capacity needed to review the UK's biggest companies, and the introduction of statutory regulatory powers to increase accountability of companies' audit committees. <https://www.gov.uk/government/news/cma-recommends-shake-up-of-uk-audit-market>

April 10 - A call for views has been launched by the Sir Donald Brydon Independent Review on the quality and effectiveness of audit, inviting views, information and evidence on the purpose of audit and for whom it should be carried out, whether its scope and purpose should be widened and strengthened to meet changing expectations of audit, and a range of other matters; comments due June 7, 2019. <https://www.gov.uk/government/consultations/the-quality-and-effectiveness-of-audit-call-for-views>

April 2 - The UK Parliament Business, Energy and Industrial Strategy Committee issued its report on the future of audit. The report calls for structural or at least operational split of firms' audit/advisory practices, market share caps on firms in the major FTSE indices, joint audits, and changes to audit scope to encompass the full annual report and deliver 'graduated' findings. <https://www.parliament.uk/business/committees/committees-a-z/commons-select/business-energy-industrial-strategy/news-parliament-2017/future-of-audit-report-published-17-19/>

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Competition/Concentration

European Union

April 18 - A study on the EU Statutory Audit Reform impact on costs, concentration and competition commissioned by the ECON committee indicates aggregate audit market concentration in the EU is still high and did not decrease much since the reforms, but auditor switching and market share mobility increased.

[http://www.europarl.europa.eu/RegData/etudes/STUD/2019/631057/IPOL_STU\(2019\)631057_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2019/631057/IPOL_STU(2019)631057_EN.pdf)

Corporate Governance

Japan

April 24 - The Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code published *Recommended Directions for Further Promotion of Corporate Governance Reform*, stating "ensuring confidence in audits through "triple auditing" (internal audits, kansayaku audits, and external auditor-led audits) is an extremely important prerequisite to defensive governance".

https://www.fsa.go.jp/en/refer/councils/follow-up/statements_4.pdf

Cross-border Regulation

International Federation of Accountants

April 10 - IFAC hosted 23 leaders of international organizations dedicated to effective international rulemaking at the Sixth Annual Meeting of the Partnership of international organisations spearheaded by the OECD; OECD Secretary-General Angel Gurría launched *The Contribution of International Organisations to a Rule-Based International System* — a new publication which reveals how international organizations contribute to a rule-based international system in support of better policies and better lives.

<http://www.ifac.org/news-events/2019-04/effective-international-organizations-critical-solving-global-challenges>

Financial Crisis/Stability

Financial Stability Board

April 9 - The FSB provided an update to G20 Finance Ministers and Central Bank Governors on its work and current vulnerabilities in the financial system. The update indicates the core of the financial system is considerably more resilient than it was a decade ago, but potential vulnerabilities in the financial system persist, and in some cases have built up further. Loosening lending standards, elevated asset values, and high corporate and public debt call for vigilance.

<http://www.fsb.org/2019/04/fsb-chair-writes-to-g20-finance-ministers-and-central-bank-governors/>

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Independence/Ethics

International Ethics Standards Board for Accountants

April 7 - The IESBA released its Strategy and Work Plan, 2019-2023, *Elevating Ethics in a Dynamic and Uncertain World*. IESBA will pursue three inter-related strategic themes:

- Advancing the relevance and impact of the Code, through maintaining a global Code fit for purpose in the evolving environment, and further raising the bar on ethics;
- Deepening and expanding the Code's influence, through increasing global adoption and effective implementation of the Code; and
- Expanding the IESBA's perspectives and inputs, through proactively engaging and seeking cooperative avenues with stakeholders.

<http://www.ifac.org/news-events/2019-04/global-ethics-board-sets-out-top-priorities-publishes-ambitious-5-year-strategy>

Inspections/Registration/Oversight

Ireland

April 30 - IAASA published a consultation paper to seek the views of stakeholders and interested parties, other than practitioners, regarding the Authority's intended policy on publication and grading in the quality assurance review process relating to statutory auditors and audit firms that carry out statutory audits of public-interest entities; comments due May 31, 2019.

<https://www.iaasa.ie/News/2019/Consultation-paper-on-IAASA's-intended-policy-on-p>

Public Sector Financial Management

International Public Sector Accounting Standards Board

April 30 - The IPSASB released a Consultation Paper, *Measurement*, which addresses how measurement bases are determined in the public sector; comments due September 30, 2019.

<http://www.ifac.org/news-events/2019-04/ipsasb-seeks-comments-measurement-proposals>

Rotation

South Africa

April 1 - The South African Independent Regulatory Board for Auditors announced roughly 17% of the JSE Ltd main board listed companies have voluntarily rotated auditors since it started tracking audit firm rotations in January 2017, with four years remaining until the effective date of Mandatory Audit Firm Rotation in South Africa (1 April 2023).

<https://www.irba.co.za/news-headlines/press-releases/17-percent-of-jse-listed-companies-have-rotated-auditors-ahead-of-mafr>

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Tax Policy

Organisation for Economic Cooperation and Development

April 10 - As part of the ongoing work on tax morale, the OECD is seeking public comments on its forthcoming publication *What's driving tax morale? An empirical analysis on social preferences and attitudes towards taxation*; comments due May 10, 2019.

<http://www.oecd.org/tax/oecd-invites-public-comments-on-draft-report-on-tax-morale.htm>