



September 2012

A&A Update

The Technical Standards Update of Crowe Horwath International

From the Standards Setters

IFRS for SME fact sheet

In July 2012, the IASB posted a fact sheet on IFRS for SME. The fact sheet summarizes IASB activities since IFRS for SME was issued. The fact sheet includes information about adoptions, translations, training, Q&A, publications, and the comprehensive review currently under way. It also contains an up-to-date list of SME resources that are available for free download from our website.

The IFRS for SMEs fact sheet can be accessed by clicking [here](#). It will be updated periodically.

Converged Asset Impairment Model Won't Work for U.S. GAAP

After three years of intense collaboration, the FASB and IASB are going their separate ways on an impairment test for financial assets. The IASB appears committed to sticking with the approach the boards began developing in 2011. The FASB has run into so much opposition from U.S. banks and other groups that it's recognized that it needs to produce an alternative.

Reminder for U.S. Readers (principally) - Clarified standards transition required for year-end 2012 audits

Hopefully, you are enjoying your summer break, but are reminded that you need to start preparing for the transition to the clarified auditing standards effective for calendar year 2012 audits. New requirements will impact interim testing and other fieldwork, and the auditor's report must be reformatted. You need to be prepared, and to prepare clients whose audits will be impacted by the clarified standards.

The Crowe Horwath International Audit Manual is fully compliant with the new clarity standards. The Manual was peer reviewed in April of this year and received the highest possible rating resulting from such reviews.

The AICPA has developed the [Improving the Clarity of Auditing Standards webpage](#) with a number of free resources to help CPAs in this transition. There are many good practice aids available for download at no cost on this website.

From the Regulators

PCAOB adopts audit committee communication standard

In August, the PCAOB adopted auditing standard No. 16 on Communications with Audit Committees and has made amendments to other standards. The new standard aims to ensure meaningful dialogue between auditors and audit committees in order to improve the quality of audits. SEC approval is required before the standard becomes effective, but such approval is expected and the effective date is anticipated to be for audits of financial statements for periods beginning on or after December 15, 2012.

AS 16 supersedes old AU 310 and old AU 380. The full text of AS 16 can be found on the PCAOB website by clicking [here](#).

PCAOB publishes guide for audit committees

The PCAOB has published a guide for corporate audit committees. It provides questions on what the committees should ask their auditors about inspections, with the goal of creating a more transparent and open relationship between auditors and boards.

The document can be accessed [here](#).

PCAOB finds problems with audits of broker-dealers

The PCAOB released the results of its initial group of inspections of broker-dealer audits. What the PCAOB finds most disturbing is that all of the audits they reviewed were deficient in some respect. For more details, please consult the PCAOB reports themselves, or the Accounting Today article which can be found [here](#).

SEC approves disclosure rules on conflict minerals

The SEC approved final disclosure rules related to conflict minerals, as required by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Companies have until 31 May 2014 to make their first filings on a newly created annual report on Form SD to disclose whether their products were "conflict free" during calendar year 2013. For the first two years (four years for smaller reporting companies), companies are permitted to disclose that their products were "conflict undeterminable" if they are unable to ascertain whether the minerals their products contain helped finance fighting in the Democratic Republic of the Congo and neighboring countries.

Perhaps especially interesting to our profession is the requirement that the new report must be "audited."

Click [here](#) for the full text of the new rules. See section II (E) (3) for the audit requirements.

IAESB proposes changes in education standards for audit engagement partners

As part of a broader review of its standards relating to education for accounting professionals, the International Accounting Education Standards Board has drafted a proposed revision of its standards specifically related to the professional development of audit engagement partners.

The document can be accessed [here](#).

Headlines from around the world

India to implement IFRS next year

India will implement IFRS starting April 1, says Veerappa Moily, minister for corporate affairs and power. The standards will go into effect even if India's new tax code is not complete by then.

Useful Links

- International Accounting Standards Board (IASB) www.iasb.org
- IASB Exposure Drafts open for comment www.iasb.org/Open+to+Comment/International+Accounting+Standards+Board+-+Open+to+Comment.htm
- International Auditing and Assurance Standards Board (IAASB) www.ifac.org/iaasb
- International Federation of Accountants (IFAC) www.ifac.org
- IFRS Interpretations Committee (IFRIC) www.iasb.org/Updates/IFRIC+Updates/IFRIC+Updates.htm
- Financial Accounting Standards Board (FASB) www.fasb.org
- Public Company Accounting Oversight Board (PCAOB) www.pcaob.org
- American Institute of CPAs Auditing Standards Board (AICPA ASB) www.aicpa.org/InterestAreas/AccountingAndAuditing/Pages/AccountingandAuditing.aspx
- United States Securities and Exchange Commission (SEC) www.sec.gov
- European Commission (EC) ec.europa.eu/internal_market/index_en.htm
- Forum of Firms (FoF) www.ifac.org/Forum_of_Firms
- Transnational Auditors Committee (TAC) www.ifac.org/TransnationalAuditors
- TAC Guidance Statement No. 1, Definition of Transnational Audit - web.ifac.org/download/TAC_Guidance_Statement_1.pdf
- UK Financial Reporting Council www.frc.org.uk

Published by Crowe Horwath International

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