

Audit & Accounting Alert Newsletter

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At-A-Glance

Advances in automation have brought continual changes in accounting and audit functions. Brainpower once consumed with menial arithmetic tasks is now freed up to focus on advanced planning and analysis. Consequently, the unique skills and experiences of professional accountants today put them in a highly desirable position to provide clients and employers with sophisticated, multifaceted support, as explored in this issue of the Audit & Accounting Alert.

Our Worldwide Update is again split into two sections. The first covers COVID-19 news from organizations across the globe, while the second covers other news.



Gerald Herter - Editor

The Changing Accountant's Image

Put the green eyeshade to rest for good



I recently read a report sponsored by Caseware, the accounting software company, that told how accountants have become more “creative, curious, and adventurous.” Looking back over the more than five decades since my accounting career began, I question the premise that there was a lack in these areas. As a young accountant in the Vietnam War era, I recall telling my new wife that I considered myself a doctor coming to the rescue of my client’s financial reporting world. I was the proverbial “legend in my own mind.”

I think the problem was not so much that accountants were not “creative, curious, and adventurous” in the past, but that they were not good at bringing out that aspect of their personality. They were content or just not concerned about their being perceived as the serious, emotionless, methodical number crunchers with ice-water in their veins.

I recall the warnings back then that accountants would soon be obsolete as the rise of technology further automated the financial functions. It did not help that there were contests to determine who could manually add up long columns of numbers the fastest. Accountants might go home at the end of the workday with sore fingers from extensive use of a ten key adding machine in their work.

Nevertheless, accounting firms have for years shown a creative side through development of consulting services. These practices were so successful that the largest firms spun them off in order to maintain the sense of independence from the audit practice. An example is Accenture, which broke off from the former Arthur Andersen more than twenty years ago. Even so, over time the surviving accounting firms gradually rebuilt consulting practices inhouse, such that the spin off trend is repeating itself. EY is now in the process of separating EY Consulting into an independent company.

Another trend in the aftermath of the pandemic is the tightening of the workforce and the cut back in hours of those remaining. Having been forced to leave the workplace during the pandemic, some workers have decided not to return, becoming part of the “Great Resignation.” Others have simply stopped working so hard, reducing their hours, as part of “Quiet Quitting.” How these changing dynamics impact the profession will unfold in the coming months and years.

The potential consequences may be somewhat mitigated by the continued automation of accounting and audit tasks. Many accountants welcome this trend as freeing up their brainpower to focus on the more meaningful and lucrative services, such as business planning, growth, and succession alternatives. Large accounting firms have traditionally hired graduates with nonaccounting majors to provide more creative depths in these areas. Perhaps the trend will enable future accounting majors to pursue a balanced curriculum, enabling them to have more robust consulting skills, while still remaining proficient at auditing.

In the meantime, the importance of accountants as trusted advisors continues to be prominent as clients scramble to discern the vagaries of the ever-shifting characteristics of the business world. Also, the exclusive franchise accountants have to perform financial statement examinations that lead to independent audit opinions, puts them in a position to offer uniquely valuable insights to their clients.

Further details can be found at [Boring No More: Accountants, Auditors See Themselves as Creative, Curious and Adventurous. Study Shows.](#) [Where Are the Workers? From Great Resignation to Quiet Quitting.](#) and [Another Accenture? Why EY would want to split in two.](#)

Worldwide Update



Periodic roundup of recent and upcoming actions and activities by auditing and accounting organizations throughout the world.

COVID-19 Related

International

IASB – International Accounting Standards Board (www.ifrs.org)

- Coronavirus Information and resources – link – <https://www.ifrs.org/news-and-events/2020/03/the-coronavirus-and-the-foundations-work/>

IFAC – International Federation of Accountants (www.ifac.org)

- COVID-19 Resources from IFAC's Network – link - <https://www.ifac.org/knowledge-gateway/series/COVID-19-resources-ifacs-network>

ACCA – Association of Chartered Certified Accountants (www.accaglobal.com/)

- Coronavirus Information and resources – link - <https://www.accaglobal.com/us/en/cam/coronavirus.html>
- **Update on the Coronavirus and Impact for Association Activities – link -** <https://www.cimaglobal.com/Members/Update-on-Coronavirus/>

CIMA – Chartered Institute of Management Accountants (www.cimaglobal.com)

- Update on the Coronavirus and Impact for Association Activities – link - <https://www.cimaglobal.com/Members/Update-on-Coronavirus/>

VRF- The Value Reporting Foundation (www.thevrf.org)

- The Value Reporting Foundation is the result of the merger of the International Integrated Reporting Council and the Sustainability Accounting Standards Board on June 9, 2021.

World Economic Forum – (www.weforum.org)

- The COVID Action Platform – link - <https://www.weforum.org/platforms/covid-action-platform> - focuses on three priorities: 1. Galvanize the global business community for collective action. 2.

Africa, Europe, India, and the Middle East (AEIME)

FRC – Financial Reporting Council of the UK (www.frc.org.uk)

- FRC guidance for companies and auditors during COVID-19 crisis – link - <https://www.frc.org.uk/covid-19-guidance-and-advice>.

ICAEW - Institute of Chartered Accountants in England and Wales (<https://www.icaew.com/>)

- Coronavirus – updates – link - <https://www.icaew.com/insights/coronavirus>.

EFRAG – European Financial Reporting Advisory Group (www.efrag.org)

- *No new developments*
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Americas, Asia, Australia and New Zealand (AAANZ)

AICPA – American Institute of Certified Public Accountants (www.aicpa.org)

- AICPA Coronavirus (COVID-19) Resource Center – link - <https://www.aicpa.org/news/aicpa-coronavirus-resource-center.html>

FASB – Financial Accounting Standards Board (www.fasb.org)

- FASB Response to COVID-19 – link - <https://www.fasb.org/COVID19>

GASB – Governmental Accounting Standards Board (www.gasb.org)

- GASB Response to COVID-19 – link - <https://www.gasb.org/COVID19>

COSO - The Committee of Sponsoring Organizations of the Treadway Commission (www.coso.org)

- *No new developments*

PCAOB – Public Company Accounting Oversight Board (www.pcaob.org)

- PCAOB Response to COVID-19 – link - <https://pcaobus.org/Pages/response-to-COVID-19.aspx>

SASB – Sustainability Accounting Standards Board (www.sasb.org)

- See The Value Reporting Foundation above.

SEC – Securities and Exchange Commission (www.sec.gov)

- SEC Coronavirus (COVID-19) Response – link - <https://www.sec.gov/sec-coronavirus-COVID-19-response>

CAANZ - Chartered Accountants Australia and New Zealand (<https://www.charteredaccountantsanz.com/>)

- Financial Reporting and Audit Guide: Financial reporting and audit issues stemming from COVID-19 – link - <https://www.charteredaccountantsanz.com/tools-and-resources/client-service-essentials/reporting/financial-reporting-and-audit-guide-financial-reporting-and-audit-issues-stemming-from-covid19>
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Other Updates

International

IASB – International Accounting Standards Board (www.ifrs.org)

- IASB gives insights into decisions made on merger and acquisition disclosures and goodwill accounting, published January 31, 2023.

IFAC – International Federation of Accountants (www.ifac.org)

- **The International Auditing and Assurance Standards Board (IAASB) - Proposed Strategy and Work Plan for 2024-2027**, consultation paper published January 11, 2023, “seeks to accelerate the actions originally laid out in the 2020-2023 strategy with a focus on standard setting that supports the performance of high-quality audit and assurance engagements,” including assurance on sustainability reporting. Comments are requested by April 11, 2023.
- **The International Auditing and Assurance Standards Board (IAASB) - Exposure Draft - Proposed Part 10, Audits of Group Financial Statements, of the proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE)**, issued January 23, 2023. “Group audits were not included in the scope of the original Exposure Draft of the ISA for LCE.” Comment period ends May 2, 2023.
- **The International Auditing and Assurance Standards Board (IAASB) - Non-Authoritative Support Material Related to Technology: Frequently Asked Questions on Investigating Exceptions and Relevance of Performance Materiality When Using Automated Tools and Techniques**, published February 8, 2023, provides help “when performing audit procedures using automated tools & techniques (ATT). While not unique to ATT, questions on these topics have become more prevalent with the increasing use of ATT, which enable analyzing data sets with large volumes of information.”
- **The International Public Sector Accounting Standards Board (IPSASB) - Exposure Draft 84, Concessionary Leases and Right-of-Use Assets In-kind (Amendments to IPSAS 43 and IPSAS 23)**, issued January 17, 2022, “proposes amendments to IPSAS 43, *Leases* on accounting for concessionary leases, as well as new guidance on right-of-use assets in-kind and consequential amendments to IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*.” Comment period ends May 17, 2023.

ACCA – Association of Chartered Certified Accountants (www.accaglobal.com)

- **Global Talent Trends Survey 2023**, report published February 8, 2023. “The results show a profession in workplace transition, grappling with a multitude of short-term challenges, as well as big longer-term questions. With the legacy of the Covid-19 crisis irrevocably changing our relationship with the workplace, the results are coloured by a gloomy economic outlook across the global economy.”

CIMA – Chartered Institute of Management Accountants (www.cimaglobal.com)

- **Cost of Business — Inflation’s Impacts and Role of Finance**, report published January 16, 2023, together with AICPA, “finds that the current inflation problem has multiple drivers outside of monetary policy and the war in Ukraine. These include issues in labour markets and the supply side of the economy, which could be addressed through policy changes. An increase in productivity would mitigate against inflation by allowing the supply side of the economy to grow and meet demand in a non-inflationary manner.

VRF - The Value Reporting Foundation (www.thevrf.org)

- *No new developments.*

IIRC - International Integrated Reporting Council (www.theiirc.org)

- See The Value Reporting Foundation above.

World Economic Forum – (www.weforum.org)

- **Global Risks Report 2023**, published January 14, 2023, states that “the world’s top current risks are energy, food, inflation and the overall cost of living crisis. Over the next two years, the cost-of-living crisis remains the number one threat, followed by natural disasters and trade and technology wars. Over the next 10 years however, lack of climate mitigation and climate adaptation lead, with biodiversity loss and ecosystem collapse viewed as one of the most rapidly

Africa, Europe, India, and the Middle East (AEIME)

FRC – Financial Reporting Council of the UK (www.frc.org.uk)

- **FRC ESG Statement of Intent: What's Next**, update report published January 30, 2023, sets out “areas where there remain ongoing challenges in ESG reporting, suggesting actions for preparers to produce decision relevant information ,and the FRC’s plans to engage with the market to ensure that stakeholder needs are being met as demand for ESG information continues to evolve.”

ICAEW - Institute of Chartered Accountants in England and Wales (<https://www.icaew.com/>)

- *No New Developments*

EC – European Commission (<https://ec.europa.eu/>)

- *No New Developments*

EFRAG – European Financial Reporting Advisory Group (www.efrag.org)

- **Do companies disclose relevant information about intangibles? Insights from business model reporting and risk reporting**, research report published January 27, 2023, together with the Institute of Chartered Accountants of Scotland (ICAS), “investigates the role of intellectual capital (IC) in the value creation process and provides a baseline in intangibles reporting for a sample of IC intensive high-tech companies by: examining whether, and to what extent, high-tech companies provide information about IC elements in the sections devoted to the business model and risks; and assessing the correspondence and level of integration between the IC elements disclosed in the business model section and those reported in the risk section.”
- **The Theory and Practice of Discounting in Financial Reporting under IFRS**, research report published January 27, 2023, together with the Institute of Chartered Accountants of Scotland (ICAS), “to critically evaluate and examine the use of discount rates in financial accounts, setting out: • the underlying rationale for the different approaches in each standard; • the economic consequences of the different approaches used, and • where appropriate, alternative methods that may be applicable. This report also contrasts existing practices under IFRS Standards against public sector guidance to provide a deeper understanding of the relative strengths and weaknesses of discount rate estimation in financial reporting. Comment period ends March 31, 2023.

Americas, Asia, Australia and New Zealand (AAANZ)

AICPA – American Institute of Certified Public Accountants (www.aicpa.org)

- **Cost of Business — Inflation’s Impacts and Role of Finance**, report published January 16, 2023, together with CIMA. See CIMA above for details.

FASB – Financial Accounting Standards Board (www.aicpa.org)

- *No new developments*

GASB – Governmental Accounting Standards Board (www.gasb.org)

- **Exposure Draft - Additional Proposal for Implementation Guidance Update—2023**, issued February 6, 2023, “addresses the single issue of whether a cloud computing arrangement meets the definition of a SBITA as defined in GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.” The comment period ends March 10, 2023.

COSO - The Committee of Sponsoring Organizations of the Treadway Commission (www.coso.org)

- *No new developments*

PCAOB – Public Company Accounting Oversight Board (www.pcaob.org)

- **SPOTLIGHT - Additional Insights on the Remediation Process** – issued February 2, 2023, “reflects the staff’s current remediation program and the previous Board and Staff Guidance, including the Board’s 2006 release (PCAOB Release No. 104- 2006-077) addressing the process for Board determinations regarding firms’ efforts to address QCCs [quality control criticisms] in inspection reports (“Board Statement”) and Staff Guidance, each of which is available on the PCAOB’s website.”

SASB – Sustainability Accounting Standards Board (www.sasb.org)

- *No new developments*

SEC – Securities and Exchange Commission (www.sec.gov)

- *No new developments*

Additional A&A News

- [A full audit for crypto's biggest exchange remains some way off](#)
- [Private equity eyes accounting firms large and small](#)
- [FRC say materiality key to producing decision useful information](#)
- [Even People Who Majored in Accounting Don't Want To Be Accountants](#)
- [How AI and Machine Learning Help Fight Fraud](#)
- [Are Financially Constrained Firms Bad Audit Clients?](#)
- [Accounting Today's complete coverage of the coronavirus impact](#)
- [Accountancy Age's Resource on UK regulations on accountancy during coronavirus](#)
- [California CPA Society Coronavirus Resources and Information](#)
- [Accountancy Daily Corona Virus Resources](#)
- [China Briefing's Coronavirus Insights for Your Business in China](#)
- [Accountingweb](#)



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