Response to the IFAC Part 2, SMO Self-Assessment Questionnaire

Member Name: American Institute of Certified Public Accountants
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Number	Question Title/Text/Help text		Answer	Comments
	IFAC Part 2 SMO Self-Assessment			
1.	**SMO 1**			
1.1.	**Quality Assurance Program**			
1.1.1.	*Quality Assurance Review Program* In your jurisdiction is there a mandatory quality assurance review program in place for members of your organization performing audits of financial statements of listed companies?	1⦿	Yes	Persons may qualify for admission as members of the Institute if, with respect to those persons who are engaged in the practice of public accounting as an owner or an employee who has been licensed as a CPA for more than two years, either they are practicing in a firm that is enrolled in an Institute-approved practice monitoring program (peer review program) if the services are performed by such a firm are within the

Number	Question Title/Text/Help text		Answer	Comments
				scope of the AICPA's practice monitoring standards and the firm issues reports purporting to be in accordance with AICPA Professional Standards, or if authorized by AICPA Governing Council, are themselves enrolled in such a program. The AICPA has two approved practice monitoring programs (AICPA Peer Review Program and the Center for Public Company Audit Firms Peer Review Program).
		2○	No	
1.2.	**Responsibility for Quality Assurance - Overview**			
1.2.1.	*Responsibility for Quality Assurance* Within your jurisdiction, is your organization responsible for monitoring the quality of the work of your members performing audits of financial statements?	1○	Yes - for all audits of financial statements	If a firm only performs audits of SEC issuers (listed entities) and no other engagements subject to the

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	Select the answer option that is most appropriate.	2⦿ Yes - for all audits except those of listed entities 3○ Our organization shares responsibility for the quality assurance program with another body 4○ No, responsibility for quality assurance for all audits rests with another body 5○ Other (please describe) 6○ Not applicable - no members of our organization perform audits of listed entities	Institute's practice-monitoring programs, such a firm would not be subject to peer review. Firms' SEC issuer practices are excluded from peer review and are subject to the Public Company Accounting Oversight Board's inspection process.
1.2.3.	*Name of Other Body Responsible for QA - Listed Entities* State the name of the body external to the profession that is responsible for quality assurance review for audits of listed entities.	Public Company Accounting Oversight Board	
1.2.4.	*Quality Assurance (Other Body) - Scope*		

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	Is the scope of the of the quality assurance review program implemented by another body materially narrower than the scope of the requirements of SMO1?	1○	Yes	
		2⦿	No	
1.2.7.	*Quality Assurance (Member Body) - Scope* What types of engagements are included in the scope of the quality assurance review program performed by your organization? Select all the answer options that are appropriate.	1☑	Financial statement audit - audit of other than listed entities	The engagments included in the scope of the peer review programs are those covered by the Statements on Auditing Standards (SASs); Statements on Standards for Accounting and Review Services (SSARS); Statements on Standards for Attestation Engagements (SSAEs); and the Government Auditing Standards (the Yellow Book), issued by the U.S. Government Accountability Office (GAO)
		2☑	Other Assurance Services (e.g., Review, Compilation)	
		3☐	Insolvency	
		4☑	Other (please specify)	
1.3.	*Activities to promote SMO 1* Please describe what activities your organization undertakes to promote obligations set in SMO 1 Quality Assurance.	Participating in a peer review program is a requirement for AICPA membership for certain		

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		firms as discussed in question 1.1.1. All firms are required to to have a system of quality control in place for their accounting and auditing practices.	
1.4.	**Member - Benchmarking**		
1.4.1.	**Quality Control Standards and Guidance**		
1.4.1.1.	*Quality Control Standards* Has your organization established and published quality control standards requiring firms to implement a system of quality control in accordance with International Standard on Quality Control 1?	1⦿ Yes 2○ No	The AICPA issued its quality control standards in 1997. A task force has been established to revise the QC standards to ensure consistency with ISQC 1.
1.4.1.3.	*Quality Control Standards - Name* State the name of the relevant quality control standards.	AICPA Professional Standards QC Section 20 : System of Quality Control for a CPA Firm's Accounting and Auditing Practice QC Section 30 : Monitoring a CPA Firms Accounting and Auditing Practice QC Section 40 : The Personnel Management Element of a Firm's System of Quality Control - Competencies Required by a Practitioner-in-Charge of an Attest Engagement	

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1.4.1.4.	*Other Quality Control Guidance* Has your organization established and published other quality control guidance to assist your members to understand the objectives of quality control and to implement and maintain appropriate systems of quality control?	1⦿ Yes 2○ No	
1.4.1.5.	*Other Quality Control Guidance - Name* State the name of the other quality control guidance.	AICPA Audit and Accounting Technical Practice Aid : Establishing and Maintaining a System of Quality Control for a CPA Firm's Accounting and Auditing Practice	
1.4.2.	**Design of the Quality Assurance Review Program**		
1.4.2.1.	*Subject of the QA Review Program* Who is the subject of the quality assurance review program?	1☑ Audit firm	The CPA firm is subject to peer review but it does not have to be an "audit" firm. There is also a very infrequent situation where an individual is performing compilation engagements in a non-CPA owned entity whereby we require the

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		2☐	Partner	individual CPA to be subject to peer review and not the non-CPA owned entity (since we do not permit non-CPA owned entities to enroll in peer review)
1.4.2.2.	*Audit Firm* As the audit firm is the subject of the quality assurance review program, the quality assurance program should be designed, as required by SMO 1, to obtain reasonable assurance that: - The firm has an adequate system of quality control relating to audits of financial statements of listed entities (and of other entities or engagements that are also included in the scope of the review). - The firm complies with that system. - The firm and engagement teams have adhered to professional standards and regulatory and legal requirements in performing audits of financial statements selected for review. Does the quality assurance program contain all three of these elements?	1⦿	Yes	The answer to the question is "yes" as it relates to "audit" firms and their system of quality control for the accounting and auditing practice applicable to non-SEC issuers (non-listed entities) Firms' accounting and auditing practices applicable to SEC issuers (listed entities) are subject to the PCAOB's inspection process. In addition, the peer review process for firms that do not performs audits (reviews and compilations for example) is different and explained in the AICPA Standards for Performing and Reporting on

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		2○ No	Peer Reviews which is available at: http://www.aicpa.org/members/div/practmon/pr_stds.htm
1.4.2.5.	*Publication of Scope* Does your organization publish a description of the scope and design of its quality assurance review program?	1⦿ Yes 2○ No	
1.4.2.7.	*Name of Documents* Please name the published document(s) that describe the scope and design of the quality assurance review program.	1) For the AICPA Peer Review Program, the primary documents are the: AICPA Standards for Performing and Reporting on Peer Reviews and The AICPA Peer Review Program Manual (in which the Standards are included) 2) For the Center for Public Company Audit Firms Peer Review	

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		Program (previously known as the SEC Practice Section), the primary documents are the: SECPS Standards for Performing and Reporting on Peer Reviews SECPS Peer Review Program Manual (in which the Standards are included), CPCAF Peer Review Program Bridging Document (which explains the transition from the SECPS to the CPCAF Peer Review Programs), and The SECPS Reference Manual	
1.4.2.8.	*Location of Documents* Please indicate where the document(s) that include details on the scope and design of the quality assurance program can be located (e.g., provide internet address or indicate that documents are available from your	AICPA Peer Review Program - http://www.aicpa.org/members/div/practmon/pr_stds.htm	

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	organization).	Center for Public Company Audit Firms Peer Review Program - http://www.aicpa.org/centerprp/manualreq.htm	
1.4.3.	**Review Cycle**		
1.4.3.1.	*Selection Approach* Please select the approach used to select subjects for quality assurance review. Select all the answer options that are appropriate.	1☑ Cycle approach 2☐ Risk-based approach	
1.4.3.2.	*Cycle Approach - Firm* As the audit firm is the subject of the review, please indicate the maximum number of years in the review cycle:	1○ 1 year 2○ 2 years 3⦿ 3 years 4○ 4 years 5○ 5 years 6○ 6 or more years	
1.4.4.	**Implementation of the Quality Assurance Program**		
1.4.4.1.	*Date of Implementation* On what date did the quality assurance review program commence? (provide month/year)	1/1/1988	The AICPA membership adopted a bylaw amendment in January 1988 making peer

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			review mandatory.
1.4.4.2.	*Number of Reviews - 2005* How many quality assurance reviews were completed during the year ended December 31, 2005 (or other 12 month period ending in 2005)?	10236	This number represents completed as well as some 2005 reviews still in progress for both the AICPA PRP and CPCAF PRP combined.
1.4.4.3.	*Number of Reviews - 2004* How many quality assurance reviews were completed during the year ended December 31, 2004 (or other 12 month period ending in 2004)?	10466	This number represents the total number of peer reviews accepted for both the AICPA PRP and CPCAF PRP combined.
1.4.4.4.	*Number of Reviews - 2003* How many quality assurance reviews were completed during the year ended December 31, 2003 (or other 12 month period ending in 2003)?	11433	This number represents the total number of peer reviews accepted for both the AICPA PRP and CPCAF PRP combined.
1.4.5.	**Quality Assurance Review Team Procedures**		
1.4.5.1.	*Publication of Review Guidelines* Does your organization publish guidelines for procedures to be followed by quality assurance review teams?	1⦿ Yes	

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		2○ No	
1.4.5.2.	*Name of Guidelines* State the name of the published document(s) that include the procedures required to be followed by quality assurance review teams.	AICPA Peer Review Program Standards for Performing and Reporting on Peer Reviews http://www.aicpa.org/members/div/practmon/pr_stds.htm Center for Public Company Audit Firms Peer Review Program (SECPS) Standards for Performing and Reporting on Peer Reviews http://www.aicpa.org/centerprp/manualreq.htm	
1.4.5.4.	*Location of Guidelines* How can the document(s) that include the procedures required to be followed by quality assurance review teams be located (e.g., provide internet address or indicate that documents are available from your organization)?	AICPA Peer Review Program - http://www.aicpa.org/members/div/practmon/pr_stds.htm Center for Public Company Audit Firms Peer Review Program - http://www.aicpa.org/centerprp/manualreq.htm	

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1.4.5.5.	*Content of Guidelines* SMO 1 requires that the procedures to be performed during the quality assurance review include: a. An assessment of the system of quality control relating to audits of financial statements of listed entities (minimum requirement) b. Sufficient review of the quality control policies and procedures and reviews of engagement working papers to evaluate: - The functioning of that system of quality control, and compliance with it; and - The compliance with professional standards and regulatory and legal requirements in respect of audits of financial statements c. Review of engagement working papers d. Specific requirements regarding documentation of the review Does your quality assurance review program include requirements for all of these procedures?	1⦿	Yes	The answer to the question is "yes" as it relates to "audit" firms and their system of quality control for the accounting and auditing practices applicable to non-SEC issuers (non-listed entities) Firms' accounting and auditing practices applicable to SEC issuers (listed entities) are subject to the PCAOB's inspection process. In addition, the peer review process for firms that do not performs audits (firms that only perform reviews and compilations for example) is different and explained in the AICPA Standards for Performing and Reporting on Peer Reviews which is available at: http://www.aicpa.org/members/div/practmon/pr_stds.htm

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		2○ No	
1.4.5.7.	*Review of Engagement Working Papers* SMO 1 requires procedures to be performed for the review of engagement working papers, including the evaluation of: - The existence and effectiveness of the system of quality control implemented by the subject of the review; - Compliance with professional standards and regulatory and legal requirements in performing the engagement; - The sufficiency and appropriateness of evidence documented in the working papers; and - Whether the auditor's reports are appropriate in the circumstances. Does your quality assurance review program include requirements for all of these procedures?	1⦿ Yes 2○ No	The answer is "yes" for firms with "audit" practices. The peer review process for firms that do not perform audits are different and is discussed in the AICPA Standards for Performing and Reporting on Peer Reviews.
1.4.5.9.	*Documentation* Do the procedures to be performed by the quality assurance review team require documentation: - of evidence supporting the quality	1⦿ Yes	

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	assurance review report; and - that establishes that the quality assurance review was carried out in accordance with the established guidelines. Are both of these requirements included in the quality assurance review program?	2○	No	
1.4.6.	**The Quality Assurance Review Team**			
1.4.6.1.	*Skills and Competence* Members of the quality assurance review team should have the necessary competencies to perform expected work. As required by SMO 1, these competencies should include: - Appropriate professional education - Relevant professional experience - Specific training on performing quality assurance reviews Does the quality assurance review program require members of the quality assurance review team to have all three of these competencies?	1⦿ 2○	Yes No	However, there are certain circumstances when an industry specialist comes in just to review an engagement and fill out limited peer review materials related to that engagement. We do not necessarily require them to have taken peer review courses on how to perform a peer review (which are required for all peer review team leaders and others involved in the peer review. However, they are required to have the appropriate professional education and professional experience.
1.4.6.3.	*Certification/Credentials*			

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	Are members of the quality assurance review team required to possess certification or credentials issued by your organization to be eligible to serve as team members?	1⦿	Yes	There are many experience and educational requirements as well as being an AICPA member in good standing to serve as a team member. All review team members are CPA's except in the extremely infrequent circumstances where maybe a specialist such as an actuary may be needed on the review. However, other than meeting the minimum requirements of serving as a reviewer and ultimately being approved on every review performed, there is no special certification or credential issued by the AICPA to peer reviewers.
		2○	No	
1.4.6.5.	*Quality Assurance Review Team Leader* Where more than one reviewer is used to conduct a review, is a quality assurance review team leader assigned for each quality assurance review assignment?	1⦿	Yes	
		2○	No	
1.4.6.7.	*QA Review Team Leader - Responsibilities* As required by SMO 1, the responsibilities of the quality assurance review team leader	1⦿	Yes	

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	should include: - Supervision of the quality assurance review. - Communication of the quality assurance review team's conclusions to the subject of the review. - Preparation of the quality assurance review report. Does the quality assurance program place all these responsibilities on the review team leader?	2○ No	
1.4.6.9.	*Size of Quality Assurance Review Team* Please estimate the average number of reviewers included on a review team.	1	A majority of peer reviews are conducted by a single reviewer because most firms are sole practitioners or are very small firms. There are several factors that contribute to determining the appropriate number of reviewers on a team including the size of the firms, number of offices, number of engagements, number of different industries, etc. As these variables increase, the average number of reviewers

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			on a team increases as well.
1.4.7.	**Quality Assurance Confidentiality - QA Review Team**		
1.4.7.1.	*Exemption for QA Reviewers* Does your organization exempt members from professional client confidentiality requirements concerning audit engagement working papers for the purpose of quality assurance reviews?	1⦿ Yes 2○ No	
1.4.7.3.	*Confidentiality Requirements* Is the quality assurance review team required to follow professional confidentiality requirements similar to those established for professional accountants performing audits of financial statements?	1⦿ Yes 2○ No	
1.4.8.	**Ethical Requirements and QA Review Team**		
1.4.8.1.	*Fundamental Principles* Are the fundamental principles set out in the IFAC Code of Ethics (relevant national ethical requirements) considered in relation to the quality assurance review team's conduct of a review?	1⦿ Yes 2○ No	Fundamental principles set out in AICPA Code of Professional Ethics are considered in relation to the review team's conduct.
1.4.8.3.	*Consideration of Independence* Quality assurance review team members are expected to be independent of the member	1⦿ Yes	

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	(i.e., the accountant or firm being reviewed) and the member's clients selected for review. Do those who select and approve a review team determine whether the independence of the quality assurance review team leader and each member of the quality assurance review team has been reasonably assured?			
		2○	No	
1.4.8.5.	*Reciprocal Reviews* Where the review is performed by team members from a single firm (e.g., a "peer review"), please indicate whether firms are permitted to perform reciprocal quality assurance reviews.	1○	Yes, reciprocal reviews are permitted	
		2⦿	No, reciprocal reviews are not permitted	
		3○	Not applicable - peer review is not used	
1.4.9.	**Reporting**			
1.4.9.1.	*Quality Assurance Review Report* Is the quality assurance review team leader required to issue a written quality assurance review report to the reviewed firm or partner upon completion of each quality assurance review assignment?	1⦿	Yes	
		2○	No	
1.4.9.3.	*Contents of Report* As required by SMO 1, the quality assurance review report should include the following	1⦿	Yes	

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	elements: - The review guidelines (referred to in Question 1.4.5.1) utilized by the quality assurance review team. - Recommendations for areas of improvement at both firm wide and engagement level. Does the quality assurance program require both of these elements to be included in the report?	2○	No	
1.4.9.5.	*Contents of Report - Firm* As required by SMO 1, the quality assurance review report should include the following conclusions: - Whether the firm's system of quality control has been designed to meet the requirements of the applicable quality control standards; - Whether the firm has complied with its system of quality control during the period under review; and - Reasons for reaching negative conclusions on either or both of the above. Does the quality assurance program require	1⦿	Yes	The answer to the question is "yes" as it relates to "audit" firms and the peer review reports. Firms' accounting and auditing practices applicable to SEC issuers (listed entities) are subject to the PCAOB's inspection process. In addition, the peer review process and reporting for firms that do not perform audits (for firms that only

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	all of these elements to be included in the report?	2○ No	perform reviews and compilations for example) is different and explained in the AICPA Standards for Performing and Reporting on Peer Reviews which is available at: http://www.aicpa.org/members/div/practmon/pr_stds.htm
1.4.9.8.	*Response to Reporting* Is the subject of the review required to provide a timely written response to the recommendations and conclusions of the quality assurance review report, including planned actions and expected time of completion or implementation?	1⦿ Yes 2○ No	
1.4.9.10.	*Reporting to the Public* Does your organization prepare and make available to the public (and upon request from regulatory authorities) an annual report summarizing the results of the quality assurance review program?	1○ Yes 2⦿ No	
1.4.9.11.	*Reporting to the Public Follow Up* Please explain why your organization does	Currently there is no such single	

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	not prepare an annual report summarizing the results of the quality assurance review program available to the public?	report although there are plans to create one in the future. However, statistics are available upon request and the types of deficiencies that firms are having are published on the AICPA peer review website and provided to various standard setters for their consideration.	
1.4.10.	**Corrective and Disciplinary Actions**		
1.4.10.1.	*Corrective Actions Required* Does your organization require each of its members to make appropriate corrections to its system of quality control, or in its compliance with policies and procedures?	1⦿ Yes 2○ No	Yes, where it's deemed necessary.
1.4.10.3.	*Disciplinary Actions* If one of your members subsequently fails to demonstrate compliance with professional standards and regulatory and legal requirements, do you take appropriate disciplinary action?	1⦿ Yes	There are specific procedures in the peer review standards and other guidance materials that discuss the types of remedial, educational, and disciplinary actions for firms with certain deficiencies and for firms that fail to cooperate with all aspects of the programs. Many factors go into determining the appropriate actions including the nature and extent of the

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				matters.
		2○	No	
1.4.10.5.	*Linkage with Disciplinary Actions* Does your organization clearly establish a link between less than satisfactory results of quality assurance reviews and the initiation of corrective and disciplinary actions under its disciplinary system?	1⦿	Yes	
		2○	No	
2.	**SMO 2**			
2.1.	*MB Membership Requirements* Which of the following are required for individuals to be admitted as members in your organization? Select all the options that are appropriate.	1☑	Complete a program of professional accountancy education	
		2☑	Complete a practical experience requirement	
		3☑	Complete a final assessment of the individual's professional capabilities and competencies	
		4☐	None of the above	
2.2.	*Continuous Professional Development* Is there a requirement for your members to develop and maintain competence through continuous professional development (CPD)?	1⦿	Yes	
		2○	No	
2.3.	**Professional Accountancy Education**			

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2.3.1.	*Professional Accountancy Education Program* Who delivers the professional accountancy education program for your members? Select all the answer options that are appropriate.	1☐ Our organization 2☐ Another IFAC member body 3☑ Universities 4☐ Approved training institutions 5☐ Government bodies 6☐ Other organizations	
2.3.2.	*Describe Other Organizations* Where your response in question 2.3.1 indicates another IFAC member body, universities, approved training institutions, and / or other organizations deliver the professional accountancy education program, describe these organizations and their legal authority to deliver the program. (Include the name of the other IFAC member body where relevant).	Professional accounting programs that graduate CPA candidates are delivered by educational institutions. These institutions are recognized by accrediting organizations (that are recognized by a federal government agency) at the regional level, the business school level and the accounting program level. A minimum of regional accreditation is required of schools that graduate CPA candidates.	
2.3.3.	*Prof Accountancy Education Program Follow Up* Please describe how your organization ensures the professional accountancy	Education requirements are prescribed by state statutes (law) in	

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	education program, delivered by the organization in response to question 2.3.1., meets the required content. Include in your description the specific activities your organization undertakes with regards to the necessary content requirements.	each of the 55 legal jurisdictions. Compliance with the statutes is the responsibility of the state boards of accountancy. The AICPA and NASBA recommend the educational content through the Uniform Accountancy Act (a "model" statute.) The AICPA influences educational programs through the "AICPA Core Competency Framework for Entry into the Accounting Profession," a set of functional, broad business perspective and personal skills needed for professional careers. The framework is widely accepted throughout academe. The AICPA also publishes case studies and other curriculum and pedogogical guidelines for education programs. Additionally, the CPA Examination which is developed by the AICPA, influences the content of education programs.	
2.11.	**IES 5 Practical Experience Requirement**		
2.11.1.	*Approved Provider* Section 2.11 deals with the practical experience requirement established by your	1⦿ Yes	This is a determination to be made by the state boards of

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	organization. Does the practical experience requirement have to be obtained with approved providers or employers?	2○ No	accountancy in each of the jurisdictions.
2.11.2.	*Provider Characteristics* Please describe the characteristics set by your organization for recognizing approved providers.	These are determined by each of the state boards of accountancy which are the regulatory bodies.	
2.11.4.	*Length of Practical Experience* What is the required length of pre-qualification practical experience? Select the answer option that is most appropriate.	1○ Three years 2⊙ Less than three years 3○ More than three years	Almost all the state boards require at least one year of experience and half of them require two years of experience in addition to five years of education.
2.11.5.	*Length of Practical Experience Follow Up* Describe the length of the practical experience requirement and what special conditions or factors were relevant in establishing the length.	Almost all the state boards require at least one year of experience and half of them require two years of experience in addition to five years of education.	
2.11.6.	**Practical Application SMO 2**		
2.11.6.1.	*Practical Application* Where relevant graduate (beyond under-	1⊙ Yes	

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	graduate, e.g., masters) professional education has a strong element of practical accounting application, may any portion of the professional education be contributed to the practical experience requirement?	2○ No	
2.11.6.2.	*Practical Application Recognized* How many months of the practical accounting component may be contributed towards the practical experience requirement?	1⦿ One to twelve months 2○ Thirteen or more months 3○ Other	
2.11.7.	**Timing of Experience**		
2.11.7.1.	*Pre or Post Qualification Experience* The practical experience for accountants may be obtained (select all the answer options that are appropriate):	1☐ Before the professional accountancy education program of study 2☑ At the same time as the professional accountancy education program of study 3☑ After the professional accountancy education program of study	
2.11.7.2.	*Describe Pre or Post Experience* Describe the length of practical experience that may be obtained pre-qualification and / or post-qualification.	This is determined by the each of the state boards of accountancy.	
2.12.	**IES 5 Monitoring of Practical Experience**		

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	Requirement			
2.12.1.	*Monitoring of Practical Experience* Is the period of practical experience monitored?	1⦿ 2○	Yes No	
2.12.3.	*Monitoring Practical Experience* How is the practical experience requirement (or practical application) monitored and assessed? Select all the answer options that are appropriate.	1☐	Mentoring system	The record of experience is submitted to the state board of accountancy. There may be other monitoring/assessment activities established by the state boards of accountancy.
		2☐	Approved training employers and organizations	
		3☑	Self-declaration required from the candidate	
		4☑	Record of the practical experience is kept and submitted to the member body when applying for membership	
		5☐	An assessment is made by the mentor or employer	
		6☐	Other (please describe)	
2.13.	**IES 6 Assessment of Prof Capabilities and Competence**			
2.13.1.	*Assessment by IFAC Body or Other* Section 2.13 deals with the final assessment requirements established by your	1☑	Our organization (including training entities that are	

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	organization. Select all the organizations involved in conducting the final assessment. If the final assessment is conducted jointly between various organizations, select all those that have some responsibility for conducting the final assessment and in the Comment Box, describe the nature of their respective roles and responsibilities.	affiliated with our organization or a subsidiary of our organization). 2☐ Another IFAC member body 3☑ Government or regulatory body 4☑ Other	
2.13.2.	*Assessment - Name of IFAC Organization SMO 2* State the name of the IFAC member body, government or regulatory body, or other organization that conducts the final assessment.	The AICPA develops the 14-hour Uniform CPA Examination that is the final assessment with input and oversight of NASBA. The computer-based examination is administered through secure testing centers and the state boards of accountancy report the final grades to the examination candidates.	
2.13.3.	*MB Input Follow Up* Please describe how does your organization provide input into the government or	The AICPA conducts periodic studies (Practice Profiles) to verify	

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	regulatory body or other organization's assessment activities?	the workplace knowledge and skills required of CPAs. The study results are reviewed by the AICPA Board of Examiners and the Content Specifications (blueprint) for the exam is created. Test items are developed, are reviewed by CPAs, pretested on "non-scorable" examinations and undergo statistical analysis before they are finalized and become operational. Validity studies are conducted to ensure the validity and reliability of the test items and exam format. The AICPA is also responsible for the grading of the examinations.	
2.13.4.	*Characteristics of Assessment* Which of the following characteristics are applicable to the final assessment process? Select all the answer options that are appropriate.	1☑ Uniform for all students 2☑ Given simultaneously where it is being held in more than once location in the country 3☑ Assessment is set and assessed only by qualified or approved individuals 4☐ None of the above	
2.13.5.	*Qualifying for Final Assessment*		

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	What requirements must the candidate satisfy to take the final assessment? Select all the answer options that are appropriate.	1☑ Specified pre-qualification requirements relating to professional knowledge, professional skills, and professional values, ethics, and attitudes 2☐ Specified practical experience requirements 3☐ Other (please describe) 4☐ None of the above	
2.13.6.	*Timing Considerations for Final Assessment* Is there a requirement or restriction for completing the final assessment? For example, some organization may require the candidate to take the final examination within a specified number of years of meeting the pre-assessment requirements.	1⦿ Yes 2○ No	
2.13.7.	*Requirement or Restrictions* Describe the requirements or restrictions relating to when the final assessment must be undertaken.	The CPA Examination is comprised of four sections (Auditing & Attestation, Financial Accounting & Reporting, Regulation (including federal taxation, ethics, professional and legal responsibilities and business law) and Business Concepts. The sections may be taken individually or in combination; however, all four sections must be completed	

Number	Question Title/Text/Help text	Answer	Comments
		within a 18-month period.	
2.13.8.	*Assess Professional Knowledge* Describe in general terms how required professional knowledge (e.g. technical knowledge about accounting, finance, audit, financial reporting, legislative requirements, information technology etc) is assessed during the final assessment.	See earlier response regarding components of the CPA examination which include all of these knowledge areas. The assessment is through objective questions and simulations of actual work scenarios. Candidates are required to research the authoritative literature electronically, to answer questions in the different formats and support judgments, and to create formal audit communications.	
2.13.9.	*Assess Professional Skills* Describe in general terms how required professional skills (e.g. ability to solve problems, make decisions, exercise judgment, personal skills, interpersonal and communication skills, organizational and business management skills etc) are assessed during the final assessment.	Candidates are required to research the authoritative literature electronically, to answer questions in the different formats and support judgments, and to create formal audit communications.	
2.13.10.	*Assess Professional Values, Ethics, Attitudes* Describe in general terms how required professional values, ethics, and attitudes are assessed during the final assessment.	One of the four sections of the CPA Examination includes assessment of professional	

Number	Question Title/Text/Help text	Answer	Comments
		responsibilities/values and ethical concepts/judgments. Additionally, most of the state boards require an additional, separate exam on ethics.	
2.13.11.	*Recorded or Oral Format* Is the final assessment conducted through:	1⦿ Recorded format with recorded (e.g. written) response required 2○ Oral format with oral responses 3○ Both recorded and oral response formats	The examination is computer-based and all responses are so recorded.
2.13.13.	*Assessment Formats* What formats are used in conducting the final assessment (select all the answer options that are appropriate)?	1☑ Multiple choice questions 2☑ Case studies 3☑ Technical questions 4☐ Thesis 5☐ Other (please describe) 6☐ None of the above	
2.13.14.	*Reliability and Validity* Describe in general terms the procedures in place to ensure the final assessments are reliable and valid. Include a description of how the assessment questions are set and by whom and also how reviewers / assessors are selected.	See response to 2.13.3. The Practice Profile studies involve supervisors of entry-level professionals. The study results are reviewed by CPAs in public practice and business/industry. The analysis of test items and the	

Number	Question Title/Text/Help text	Answer		Comments
		reliability and validity studies are conducted by a team of psychometricians (test and measurement experts.)		
2.13.15.	*Frequency of Final Assessments* How many times in a year is the final assessment offered? Select the answer option that is the most appropriate.	1○	Yearly (or once a year)	The examination is available through secure test centers eight months during the year, eg., two months within each quarter period.
		2○	Half yearly (or twice a year)	
		3○	Three sessions a year	
		4○	Four sessions a year	
		5○	Five sessions a year	
		6⦿	Other (please describe the frequency of the examinations)	
2.14.	**IES 7 Continuing Professional Development - CPD**			
2.14.1.	*Responsibility for CPD Requirements* Section 2.14 deals with the continuous professional development requirements established by your organization. Who establishes the continuous professional development requirements applicable to your members? Select all the answer options that are appropriate.	1☑	Our organization	The 55 state boards of accountancy (50 states plus 5 jurisdictions.)
		2☐	Another organization (state	

Number	Question Title/Text/Help text		Answer	Comments
			the name of the organization including whether it is an IFAC member body)	
		3☑	Law and / or regulation (state the name of the law / regulation)	
		4☐	Other (please describe)	
2.14.2.	*CPD and Professional Accountants* Which membership categories are required to maintain professional competence through continuous professional development? Select all the answer options that are appropriate.	1☑	All our qualified members	All AICPA members with the exception of retirees and those who have temporarily left the workforce. Most state boards of accountancy require all licensed professional accountants to maintain CPD
		2☐	Qualified members who perform audits of listed entities	
		3☐	Qualified members who perform audits of entities other than listed entities	
		4☐	Qualified members who provide services (other than audit) to the public	
		5☐	Qualified members who are employed in business	
		6☐	Other (please describe)	
2.14.3.	**Requirement - CPD**			

Number	Question Title/Text/Help text		Answer	Comments
2.14.3.1.	*Type of CPD Requirement* Which of the following answer options describes the way the continuous professional development is structured? Select all the answer options that are appropriate.	1☑	Members must satisfy a number of hours of continuous professional development a year or over a number of years	
		2☑	All members are to satisfy specified content requirements (e.g. specified courses or knowledge content)	
		3☑	Members working in specialist areas or areas of high risk to the public are to satisfy specified content requirements (e.g. specified courses or knowledge content)	
		4☐	Other	
2.14.3.3.	*Hours of Continuous Professional Development* Which one of the following answer options best describes the continuous professional development hours required?	1⦿	Members have to complete a minimum of 120 hours or equivalent learning units of relevant professional development activity over a three-year rolling period.	
		2○	Members have to complete a minimum of 20 hours or	

Number	Question Title/Text/Help text		Answer	Comments
			equivalent learning units in each year	
		3○	Other	
2.14.3.5.	*Describe Content Requirement* Describe the content requirement applicable to all members.	The AICPA CPD membership requirement is not content specific. However, a variety of state boards have specific requirements, eg., ethics.		
2.14.3.6.	*Content - Specialist / High Risk Areas* Which of the following have specific content requirements with regards to professional development? Select all the answer options that are appropriate.	1☑	Specialist areas (describe the specializations)	Some state boards specify CPD content according to area of practice, eg., audits, tax, etc. Some regulators require CPD for a high risk area of practice, eg., government auditing.
		2☑	High risk areas (describe the risk factors or characteristics)	
2.14.3.7.	*Requirement - Specialist/High Risk Areas* Describe the continuous professional development content requirement for members operating in specialist or high risk areas.	Some regulators require CPD for a high risk area of practice, eg., government auditing.		
2.14.3.8.	*Monitoring of CPD* Is there a process to monitor whether your	1⦿	Yes, there is a monitoring	

Number	Question Title/Text/Help text		Answer	Comments
	members who are qualified as professional accountants meet the continuous professional development requirements?		process for CPD requirements	
		2○	No, there is no monitoring process for CPD requirements	
2.14.4.	**Monitoring of CPD Requirement**			
2.14.4.1.	*Monitoring Process SMO 2* Which of the following elements does the monitoring process include? Select all the answer options that are appropriate.	1☑	Professional accountants are required to submit a declaration	
		2☑	Professional accountants are required to submit evidence	
		3☐	Our organization audits a sample of professional accountants to check compliance	
		4☑	Compliance is monitored through firm quality control standards	
		5☑	Compliance is monitored through a quality assurance review program	
		6☐	Other (please describe)	
		7☐	None of the above	
2.14.4.2.	*Declaration and CPD SMO 2* Describe the matters addressed in the declaration (select all that apply):	1☐	Professional accountant's obligation to meet ethical obligations	
		2☐	Professional accountant's obligation to maintain	

Number	Question Title/Text/Help text	Answer	Comments
		knowledge 3☐ Professional accountant's obligation to maintain skills to perform competently 4☑ Compliance with CPD requirement 5☐ Other (please describe)	
2.14.4.3.	*Sanctions SMO 2* Where a professional accountant does not satisfy the CPD requirements (within a reasonable period of encouraging the professional accountant to meet the requirements), are sanctions or other non-compliance actions, such as expulsion or denial of the right to practice, imposed?	1⦿ Yes, sanctions or actions for non-compliance are imposed 2○ No, sanctions or other non-compliance actions are not imposed	
2.14.4.4.	*Sanction Types and CPD* Describe the nature and extent of the sanction, expulsions or denial of the right to practice.	The nature of the sanction depends on the state board; however, it includes fines, termination of license and denial of the right to practice.	
2.15.	*Activities to Promote IESs SMO 2* Please describe the activities your organization undertakes to promote and	The activities described earlier, including publication of the	

Number	Question Title/Text/Help text	Answer	Comments
	assist in implementing the pronouncements issued by IFAC's International Accounting Education Standards Board.	Uniform Accountancy Act, for influencing the content of educational programs are the primary means for promoting and assisting with implementation of the IFAC IAESB pronouncements. In addition, NASBA, with input from AICPA and other academic and professional associations, is responsible for issuing education rules that help interpret the education requirement in the model statute. Additional processes used to promote implementation of IAESB pronouncements are presentations made at academic conferences and forums and publication of IAESB activities in the AICPA Education Supplement newsletter.	
3.	**SMO 3**		
3.1.	*Auditing Standards in Law/Regulation* Does law or regulation establish the set of auditing standards to be used in the audit of private sector listed entities and non-listed entities? Select all the answer options that are appropriate. Where the law / regulation establishes the	1☑ Yes for audits of listed entities	

Number	Question Title/Text/Help text		Answer	Comments
	auditing standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 3.8. of this module includes questions about the law / regulation. Where the law / regulation gives authority to a national standard-setter to establish the auditing standards, please respond "no". Section 3.2. of this module includes questions about the standard-setter and the auditing standards that are established.			
		2☐	Yes for audits of non-listed entities	
		3☐	No for audits of listed entities	
		4☑	No for audits of non-listed entities	
3.2.	**Responsibility for Private Sector Auditing Standards**			
3.2.4.	*Standard-Setter - Non-Listed SMO 3* Who has the authority for establishing the auditing standards for non-listed entities?	1⦿	Our organization	
		2○	Another IFAC member body	
		3○	Joint process between our organization and another IFAC member body or other organization	
		4○	Another organization	

Number	Question Title/Text/Help text	Answer	Comments
3.5.	**Non-Listed and Member Body SMO 3**		
3.5.1.	*MB Convergence Objective - Non-Listed SMO 3* For auditing standards for non-listed entities, has convergence with IAASB pronouncements been established as an objective?	1⦿ Yes 2○ No	
3.5.3.	*MB Convergence Implemented - Non-Listed SMO 3* Has the convergence objective for auditing standards for non-listed entities been implemented?	1⦿ Yes 2○ No	
3.6.	**Incorporation of Auditing Standards**		
3.6.1.	*Incorporation Approach SMO 3* Where your response indicates that convergence with IAASB pronouncements has been implemented, which of the following best describes the approach is used to incorporate the IAASB pronouncements into national standards? Select the answer option that is most appropriate. **Help text:** Answer Option 1 and reference to "adopted without amendment" Select this option where IAASB pronouncements are adopted as drafted except for changes to:	1○ IAASB pronouncements are adopted as drafted without amendments (refer Help Text) 2○ IAASB pronouncements are adopted as national standards and amended as necessary to address differences due to conflicts with legal or regulatory requirements (refer	

Number	Question Title/Text/Help text		Answer	Comments
	Rename the IAASB pronouncement to a national standard name; Translate the IAASB pronouncement into another language; Apply an effective date that differs from the IAASB pronouncement. Answer Option 2 and 3 reference to "Differences" In responding to this question, "differences" may include: Requirements in addition to those specified in the IAASB pronouncement or ISA; Deletion of a basic principle, essential procedure, and / or related guidance specified in the IAASB pronouncement or ISA; Modification of a requirement specified in the IAASB pronouncement or ISA (e.g. an ISA requirement was not deleted in full because a similar requirement was included).		Help Text)	
		3⦿	Existing national standards are compared with IAASB pronouncements to eliminate to the extent possible differences between the national standard and the IAASB pronouncement (refer Help Text)	

Number	Question Title/Text/Help text		Answer	Comments
		4○	Other	
3.6.4.	**National Standards and ISAs SMO 3**			
3.6.4.1.	*National Pronouncements SMO 3* Which of the following types of pronouncements does your organization establish? Select all that apply.	1☑	Standards on quality control	
		2☑	Auditing standards setting out principles and essential procedures	
		3☑	Guidance or other statements containing explanatory information related to auditing standards	
		4☑	Standards for assurance engagements other than for audits of historical financial information	
		5☑	Standards on review engagements	
		6☑	Standards on other services	
3.6.4.2.	*Other Services - National SMO 3* Please describe the other types of services where national standards have been developed.	Standards on other services include tax and consulting. The Accounting and Review Services Committee establishes standards for compilation engagements.		
3.6.4.3.	*Information - National Standards SMO 3* Is information publicly available describing or comparing differences between the	1○	Yes	The comparison between the ISAs and the SASs is

Number	Question Title/Text/Help text		Answer	Comments
	IAASB pronouncements and national standards and other pronouncements including: The IAASB pronouncement in effect as at September 30, 2005 that have been compared with a similar or equivalent national standard or pronouncement; The effective date of the similar or equivalent national standard or pronouncement; The differences between the IAASB pronouncement and the similar or equivalent national standard and pronouncement; and The reasons for the differences?	2⦿	No	prepared in December each year. For our 2006 handbook, we compare the SASs in effect with the ISAs included in the 2005 IFAC Handbook. Differences where the ISA requirement is considered more rigorous only are included in our summary of differences.
3.6.4.4.	*Submit Information - National Standards SMO 3* If information about the similar or equivalent national standards and pronouncements is publicly available and it is in English, please indicate this in your response and submit a copy to Compliance Staff. If this information is not available, complete the SMO 3:	1⦿	The information is available and in English and will be submitted to Compliance Staff	

Number	Question Title/Text/Help text		Answer	Comments
	Comparison with IAASB Pronouncements report by clicking on the link and submit it in Word format to Compliance Staff. Indicate whether your organization will be submitting available information or the "SMO 3: Comparison with IAASB Pronouncements" report.			
		2○	The "SMO 3: Comparison with IAASB Pronouncements" report will be completed and submitted to Compliance Staff	
3.8.	**Law/Reg and Auditing Standards**			
3.8.3.	*Auditing Standards for Listed* For listed entities, does the law/regulation require the use of IAASB pronouncements? Select the answer option that is most appropriate.	1○	For listed entities, the law/regulation simply refers to IAASB pronouncements as the auditing standards (without bringing in the full or partial text of individual IAASB pronouncements)	
		2○	For listed entities, the law/regulation contains the full text of each IAASB pronouncement	
		3○	For listed entities, the law/regulation contains the basic principles and essential	

Number	Question Title/Text/Help text	Answer	Comments
		procedures of the IAASB pronouncements 4○ For listed entities, the law / regulation has a requirement to use IAASB pronouncements using another approach (please describe) 5⦿ For listed entities, the law / regulation requires the use of national standards with no reference to IAASB pronouncements	
3.8.6.	*National Auditing Standards - Listed* For listed entities, provide the name of the national auditing standards and other authoritative pronouncements established by law/regulation.	Auditing Standards issued by the Public Company Accounting Oversight Board.	
3.8.8.	*MB Responsibilities National Standards SMO 3* Does your organization have responsibility for any of the following activities? Select all the answer options that are appropriate.	1☑ Develop or assist in developing the proposed standards as law / regulation 2☑ Develop other authoritative pronouncements 3☑ Promulgate the auditing standards (e.g. by publishing or communicating the standards to the public)	

Number	Question Title/Text/Help text	Answer	Comments
		4☐ Other (please describe) 5☐ None of the above	
3.8.10.	*Authoritative Pronouncements and Law/Reg SMO 3* Please state the name of the other authoritative pronouncements and describe their purpose.	Interpretive publications consisting of interpretations of the Statements on Auditing Standards (SASs), appendices to SASs, auditing guidance included in AICPA Audit and Accounting Guides, and AICPA auditing Statements of Position. Interpretive publications are recommendations on the application for the SASs in specific circumstances, including engagements for entities in specialized industries.	
3.8.11.	*Describe Activities and Law/Reg SMO 3* Describe your organization's activities for promulgating and / or implementing the standards.	Activities for implementing standards include: articles in the Journal of Accountancy, publication of Audit and Accounting guides, presentations at conferences.	
3.8.13.	*National Standards and Convergence SMO 3* Please describe the activities your organization has undertaken to promote the	The Auditing Standards Board uses ISAs as a base in developing new	

Number	Question Title/Text/Help text	Answer	Comments
	IAASB pronouncements to the relevant government or regulatory body that sets national standards. Include in your explanation descriptions of any specific activities and the outcome.	standards or revising existing standards.	
3.10.	**Translation SMO 3**		
3.10.1.	*Translation of IAASB Pronouncements* Are the IAASB pronouncements translated into a national language?	1⦿ No as English is the national language or a widely spoken language 2○ Yes, the IAASB pronouncements are translated 3○ No and English is not an official language or is not widely spoken	
3.11.	*Activities to Promote IAASB Pronouncements* Please describe the activities your organization undertakes to promote and assist in the implementation of IAASB pronouncements and other IAASB activities.	The issuance of ISAs and IAPSs is communicated to our members on a timely basis through the journal of accountancy. We contribute to the standard setting process by responding to invitations to comment on proposed ISAs and IAPSs. Members of the AICPA participate in the IAASB and various IAASB task forces.	

Number	Question Title/Text/Help text		Answer	Comments
4.	**SMO 4**			
4.1.	**Responsibility and National Ethical Requirements**			
4.1.1.	*IFAC MB and Ethical Requirements* Does your organization establish ethical requirements (e.g. code of ethics, code of conduct, ethics rules, member regulations, etc.) to be complied with by your members? **Help text:** In some countries, ethical requirements may be established on a regional, provincial, or state basis. Where this is the case in your country for the ethical requirements that apply to your members, please contact Compliance Staff for further instruction.	1⦿ 2○	Yes, our organization does establish ethical requirements No, our organization does not establish ethical requirements	
4.1.2.	*IFAC MB and Convergence with IFAC Code* Has your organization implemented convergence with the IFAC Code of Ethics as an objective?	1⦿ 2○	Yes No	We have a convergence plan in place and are in the process of implementation.
4.1.9.	*IFAC MB Approach to Ethics* Which of the following options best describes your organization's activities to incorporate the IFAC Code? For the purposes of the Part 2 SMO 4 module, modifications include: Deletion/omission of concepts, principles, or	1○	Our organization adopted the IFAC Code as issued without modifications	

Number	Question Title/Text/Help text	Answer	Comments
	guidance that are established in the IFAC Code; Inclusion of concepts, principles, or guidance that are not in the IFAC Code; Other amendments that give rise to differences between your organization's ethical requirements and the IFAC Code.	2○ Our organization adopted the IFAC Code but with modifications 3⦿ Our organization has developed our own ethical requirements with a process to eliminate differences between our ethical requirements and the IFAC Code 4○ Our organization develops our own ethical requirements and uses another approach to incorporate the IFAC Code of Ethics	
4.1.10.	*IFAC MB and Code - Eliminate Differences* Describe the process used to adopt the IFAC Code or the process used to eliminate differences between your organization's ethical requirements and the IFAC Code.	We have analyzed areas where AICPA Code may require convergence to IFAC (e.g., incorporation of threats & safeguards approach applicable to all rules/principles) and we expect	

Number	Question Title/Text/Help text	Answer		Comments
		to propose necessary revisions to AICPA Code to membership.		
4.2.	**MB and Version of IFAC Code**			
4.2.1.	*Version of IFAC Code* Which version of the IFAC Code was adopted or used as the basis for your organization's ethical requirements?	1○ 2○ 3⦿	The IFAC Code currently in effect, revised and issued in June 2004 A version issued prior to 2004 The revised IFAC Code issued and in effect June 30, 2006	
4.3.	*Ethical Requirements by Gov / Reg Bodies* In addition to the ethical requirements established by your organization, are there also laws or regulations that set out ethical requirements to be complied with by your members?	1⦿ 2○	Yes No	
4.4.	**Gov / Reg Bodies and Ethical Requirements**			
4.4.1.	*Gov/Reg Bodies - Ethical Requirements* Where ethical requirements applicable to your members are established in law or regulation, do they include any of the following types of laws and regulations? Select all the answer options that are appropriate.	1☐	There is a law / regulation (e.g. Audit Law, Accountants Law) that sets out ethical requirements to be complied with by all professional accountants	State boards of accountancy establish regulations for all professional accountants who hold themselves out as "CPAs." Professional accountants employed in

Number	Question Title/Text/Help text	Answer	Comments
			business may be covered by these regulations if they hold out as a CPA.
		2☑ There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit listed entities	
		3☑ There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit entities other than listed entities	
		4☑ There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who provide services to the public (other than as auditors of listed or other entities)	
		5☐ There is a law / regulation that sets out ethical requirements for professional accountants employed in business	
		6☐ None of the above	
4.4.4.	*Describe Law / Reg - Audit*		

Number	Question Title/Text/Help text	Answer	Comments
	Regarding your response to question 4.4.1 and professional accountants who audit listed entities and / or other entities, please: State the law / regulation's name; Provide a general description of the law / regulation; Describe how the law / regulation sets out the scope of professional accountants that it applies to.	SEC Rules/Regulations (e.g., Rule 2-01 of Regulation SX)- set forth independence requirements applicable to all accountants who audit listed entities; State boards of accountancy - Each state has established its own rules/regulations (ethics, independence, etc.) for licensees practicing in the state; GAO - Government auditing standards set forth specific independence requirements applicable to auditors of governmental entities and certain other entities that receive governmental funds. Dept. of Labor - 1975 Interpretive Bulletin establishes independence requirements for auditors of certain employee benefit plans.	
4.4.5.	*Describe Law / Reg - Other Services* Regarding your response to question 4.4.1 and professional accountants who provide services to the public (other than as auditors or listed or other entities) please: State the law / regulation's name; Provide a general description of the law / regulation;	State boards of accountancy - each state has specific rules/regulations applicable to licensees who hold out as CPAs.	

Number	Question Title/Text/Help text	Answer	Comments
	Describe how the law / regulation sets out the scope of professional accountants that it applies to.		
4.4.7.	*Gov/Reg and Convergence* Please explain whether your organization has undertaken any activities to promote the IFAC Code of Ethics to the relevant government or regulatory body that sets ethical requirements. Include in your explanation descriptions of any specific activities and the outcome or the reasons why such activities have not been undertaken.	AICPA sets ethical requirements for its members. In addition, when proposing standards to membership and interested parties (including regulators) through Exposure Drafts, AICPA will make mention of IFAC standard. This was recently done when promoting Conceptual Framework for AICPA Independence Standards.	
4.5.	*Comparison of Requirements SMO 4* Does your organization have information that identifies any differences between the IFAC Code of Ethics currently in effect or the revised Code and the national ethical requirements? In responding to this question, differences include: Principles, concepts, and guidance in the IFAC Code that are not addressed in the national ethical requirements; Principles, concepts, and guidance in the IFAC Code that are not equivalent to the national ethical requirements;	1○ Yes, our organization has this information and it will be submitted	

Number	Question Title/Text/Help text		Answer	Comments
	Principles, concepts, rules, regulations, laws, or other mandatory ethical requirements in national ethical requirements that are not addressed in the IFAC Code. The phrase "national ethical requirements" as used in this questionnaire refers to the totality of ethical requirements established by your organization and others including government and regulatory bodies that are applicable to your members.			
		2○	This information will be submitted by another IFAC member body	
		3⊙	No, the information is not available	
4.6.	**Fundamental Principles - National**			
4.6.1.	**Integrity - Principle**			
4.6.1.1.	*Integrity* Do the national ethical requirements require professional accountants to comply with the fundamental principle "integrity" as described in the revised IFAC Code?	1⊙	Yes, professional accountants are required to comply with the same principle	
		2○	Yes, professional accountants are required to comply with a similar or equivalent principle	
		3○	The same or similar / equivalent principle has not been established	
4.6.1.2.	*Integrity Requirement*			

Number	Question Title/Text/Help text		Answer	Comments
	Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	1☑	Our organization's ethical requirements	
		2☑	Law that regulates professional accountants and / or auditors	
		3☐	Securities regulation	
		4☐	Other laws and / or regulation	
4.6.2.	**Objectivity - Principle**			
4.6.2.1.	*Objectivity* Do the national ethical requirements require professional accountants to comply with the fundamental principle "objectivity" as described in the revised IFAC Code?	1⦿	Yes, professional accountants are required to comply with the same principle	
		2○	Yes, professional accountants are required to comply with a similar or equivalent principle	
		3○	The same or similar / equivalent principle has not been established	
4.6.2.2.	*Objectivity Requirement* Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	1☑	Our organization's ethical requirements	
		2☑	Law that regulates professional accountants and / or auditors	
		3☐	Securities regulation	

Number	Question Title/Text/Help text		Answer	Comments
		4☐	Other laws and / or regulation	
4.6.3.	**Professional Competence / Due Care - Principle**			
4.6.3.1.	*Prof Competence / Due Care* Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional competence and due care" as described in the revised IFAC Code?	1⦿	Yes, professional accountants are required to comply with the same principle	
		2○	Yes, professional accountants are required to comply with a similar or equivalent principle	
		3○	The same or similar / equivalent principle has not been established	
4.6.3.2.	*Prof Competence / Due Care Req* Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	1☑	Our organization's ethical requirements	
		2☑	Law that regulates professional accountants and / or auditors	
		3☐	Securities regulation	
		4☐	Other laws and / or regulation	
4.6.4.	**Confidentiality - Principle**			
4.6.4.1.	*Confidentiality* Do the national ethical requirements require professional accountants to comply with the fundamental principle "confidentiality" as	1⦿	Yes, professional accountants are required to comply with the same principle	

Number	Question Title/Text/Help text		Answer	Comments
	described in the revised IFAC Code?			
		2○	Yes, professional accountants are required to comply with a similar or equivalent principle	
		3○	The same or similar / equivalent principle has not been established	
4.6.4.2.	*Confidentiality Requirement* Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	1☑	Our organization's ethical requirements	
		2☑	Law that regulates professional accountants and / or auditors	
		3☐	Securities regulation	
		4☐	Other laws and / or regulation	
4.6.5.	**Professional Behavior - Principle**			
4.6.5.1.	*Professional Behavior* Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional behavior" as described in the revised IFAC Code?	1⦿	Yes, professional accountants are required to comply with the same principle	
		2○	Yes, professional accountants are required to comply with a similar or equivalent principle	
		3○	The same or similar / equivalent principle has not been established	

Number	Question Title/Text/Help text		Answer	Comments
4.6.5.2.	*Professional Behavior Requirement* Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	1☑	Our organization's ethical requirements	
		2☑	Law that regulates professional accountants and / or auditors	
		3☐	Securities regulation	
		4☐	Other laws and / or regulation	
4.7.	**Threats and Safeguards - National**			
4.7.1.	*Threats and Safeguards* Do the national ethical requirements establish a framework or principle similar or equivalent to the threats and safeguards framework as described in the revised IFAC Code (effective June 30, 2006)? Select the answer option that is the most appropriate.	1⦿	Yes, our organization has a threats and safeguards framework or similar / equivalent framework in our ethical requirements	Threats & safeguards framework has been established for independence. AICPA is in the process of developing a threats and safeguards framework for other rules/principles of AICPA Code.
		2○	Yes, a threats and safeguards framework or similar / equivalent framework is in the ethical requirements established in law and / or regulation	
		3○	No, a threats and safeguards framework, or similar / equivalent framework has not been established in the	

Number	Question Title/Text/Help text	Answer	Comments
		national ethical requirements	
4.7.3.	*Threats and Safeguards - Other* Please describe the threats and safeguards framework or similar requirement established by your organization or law / regulation.	AICPA adopted Conceptual Framework for AICPA Independence Standards on January 31, 2006. AICPA is in the process of developing a threats and safeguards approach applicable to other rules/principles of the AICPA Code.	
4.7.4.	*Application of Framework SMO 4* Which of the following does the threats and safeguards framework, or similar / equivalent requirement, apply to? Select the answer option that is the most appropriate.	1○ All professional accountants 2⦿ Only to independence requirements relating to professional accountants in public practice. 3○ Other	AICPA is currently in the process of developing a threats and safeguards approach for other rules/principles of the AICPA Code which would apply to all AICPA members.
4.8.	**Ethical Behavior Resolution**		
4.8.1.	*Identifying and Resolving Unethical Behavior* Are there specific requirements and	1☑ Yes, our organization has	

Number	Question Title/Text/Help text		Answer	Comments
	guidance provided to assist your members in identifying and resolving ethical matters? Select all of the answer option that are appropriate.		developed requirements for identifying and resolving ethical matters	
		2☑	Yes, government, regulatory, or oversight bodies have developed requirements for identifying and resolving ethical mattes	
		3☐	No, there is no such requirements or guidance	
4.8.2.	*MB and Ethical Conflict Resolution* Are the ethical conflict resolution requirements and guidance adopted from the IFAC Code or similar / equivalent to the guidance in the Code? Select the answer option that is the most appropriate.	1○	Yes, the requirements and guidance are adopted from the IFAC Code	AICPA Int. 102-4 provides guidance in this area.
		2○	Yes, the IFAC Code was used as a model in developing the requirements	
		3⦿	Yes, the requirements are similar / equivalent to the IFAC Code	
		4○	No, the requirements differ from the IFAC Code	
4.8.3.	*Gov/Reg/Oversight and Ethical Conflict Resolution* Are the ethical conflict resolution requirements and guidance established by	1○	Yes, the requirements and guidance are adopted from	Uncertain as to whether state boards of accountancy have

Number	Question Title/Text/Help text		Answer	Comments
	government, regulators adopted from the IFAC Code or similar / equivalent to the guidance in the Code? Select the answer option that is the most appropriate.		the IFAC Code	adopted similar conflict resolution requirements but believe at least some have.
		2○	Yes, the IFAC Code was used as a model in developing the requirements	
		3⦿	Yes, the requirements are similar / equivalent to the IFAC Code	
		4○	No, the requirements differ from the IFAC Code	
4.9.	**Independence and Threats So Significant**			
4.9.1.	*Provisions and Threats to Independence* The "SMO 4: Provisions Relating to Threats to Independence" report refers to specific provisions of Section 290 of the revised IFAC Code of Ethics that are currently in effect. Section 290 requires members of assurance teams, firms, and when applicable, network firms be independent of assurance clients and describes specific circumstances that may give rise to threats to independence. Where Section 290 is applicable to your members, the SMO 4: Provisions Relating to Threats to Independence report should be	1⦿	Our organization will complete the "SMO 4: Provisions Relating to Threats to Independence" report	

Number	Question Title/Text/Help text		Answer	Comments
	completed and submitted to Compliance Staff. Alternatively, where this information is available in another format it can be submitted instead of the report. Select the option below to confirm the information to be submitted. **Help text:** Section 290 of the revised Code of Ethics is currently in effect. Section 290 describes specific provisions that may give rise to threats to independence that are so significant, no safeguards are available to reduce the threat to an acceptable level. For some provisions the Code describes the actions that are available to address the threat.	2○ 3○	Our members provide assurance services; however, another IFAC member body will complete the "SMO 4; Provisions Relating to Threats to Independence" report or provide the relevant information to Compliance Staff. Our members do not provide assurance services; therefore, Section 290 and the Provisions Relating to Threats to Independence is not applicable to our organization.	
4.10.	**National Ethical Requirements - Other**			
4.10.1.	**National - Prof Accountants**			
4.10.1.1.	*National Additional - Prof Accountants* Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government,	1⦿	Yes	

Number	Question Title/Text/Help text	Answer	Comments
	regulatory or other bodies that your members must comply with but are not addressed in the revised IFAC Code (effective June 30, 2006)?	2○ No	
4.10.1.2.	*National Conflicts - Prof Accountants* Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your requirements?	1○ Yes 2⦿ No	
4.10.1.3.	*National Comparison - Prof Accountants* Please provide a general description about the additional national ethical requirements or conflicts with the revised IFAC Code. This information may be submitted as a separate document to Compliance Staff.	SEC and banking regulators have guidance on limitation of liability/indemnification clauses; AICPA has guidance not reflected in IFAC Code: - "outsourcing of professional services"; - alternative practice structures (MDPs) - responding to requests for client records - firm organization and name	
4.10.2.	**National - Public Practice**		
4.10.2.1.	*National Additional - Public Practice* Are there rules, regulations, laws, or other mandatory ethical requirements established	1○ Not applicable as our members do not operate as	

Number	Question Title/Text/Help text		Answer	Comments
	by your organization, government, regulatory or other bodies that are applicable to your members who are professional accountants in public practice that are not addressed in the revised IFAC Code (effective June 30, 2006)?		professional accountants in public practice	
		2⦿	Yes	
		3○	No	
4.10.2.2.	*National Conflicts - Public Practice* Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants in public practice?	1○	Not applicable as our members do not operate as professional accountants in public practice	
		2○	Yes	
		3⦿	No	
4.10.2.3.	*National Comparison - Public Practice* Please provide a general description about the additional national ethical requirements or conflicts with the revised IFAC Code. This information may be submitted as a separate document to Compliance Staff.	See listing in response to 4.10.1.3.		
4.10.3.	**National - Business**			
4.10.3.1.	*National Additional - Business* Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that are applicable	1○	Not applicable as our members do not operate as professional accountants employed in business	

Number	Question Title/Text/Help text	Answer	Comments
	to your members who are professional accountants in business that are not addressed in the revised IFAC Code (effective June 30, 2006)?	2○ Yes 3⦿ No	
4.10.3.2.	*National Conflicts - Business* Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants employed in business?	1○ Not applicable as our members do not operate as professional accountants employed in business 2⦿ Yes 3○ No	
4.10.3.3.	*National Comparison - Business* Please provide a general description about the additional national ethical requirements or conflicts with the revised IFAC Code. This information may be submitted as a separate document to Compliance Staff.	AICPA Code permits members in business to disclose "confidential information" of their employers (e.g., "whistle-blowing"). IFAC Code would not unless required by law and/or with employer's consent.	
4.11.	*Translation of IFAC Code* Has your organization or others (e.g. government or regulatory body) translated the IFAC Code (in effect) or earlier versions of the Code? Select all the answer options that are appropriate.	1☑ No, as English is an official language or widely spoken language 2☐ Yes, our organization has	

Number	Question Title/Text/Help text	Answer	Comments
		translated the IFAC Code 3☐ Yes, a government, regulatory, or other body has translated the IFAC Code 4☐ No, the IFAC Code has not been translated and English is not an official language or widely spoken language	
4.15.	*Activities to Promote IFAC Code of Ethics* Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements (e.g. IFAC Code of Ethics) and work of IFAC's International Ethics Standards Board for Accountants.	At each AICPA Professional Ethics Executive Committee meeting, the Committee is apprised of the activities of the IFAC IESBA and any actions deemed necessary with respect to convergence. In developing ethical standards, AICPA reviews relevant IFAC standard to ensure consistency. When proposing standards to AICPA membership and other interested parties, mention is given to the IFAC standard, where applicable.	
5.	**SMO 5**		
5.1.	*Public Sector Accounting Standards - Objective* Has the federal government / national government established convergence with	1○ Yes	There are two public sector standards setters in the US.

Number	Question Title/Text/Help text		Answer	Comments
	International Public Sector Accounting Standards (IPSASs) as an objective?			One is the Federal Accounting Standards Advisory Board (sets standards for the federal government) and one is the Governmental Accounting Standards Board (sets standards for state and local governments). Although neither standard setter has established convergence as an objective, the GASB has included in its strategic plan an objective of harmonizing with international standards, where appropriate. The GASB also actively participates in the standard setting activities of the IPSASB.
		2⦿	No	
		3○	Information is not available or not known	
5.2.	**IPSASs Convergence Follow Up**			
5.2.1.	*Public Sector Accounting Standards - Cash/Accrual* Do the national public sector accounting standards require financial statements to be prepared on a cash basis or accrual basis?	1○	Cash	Both the FASAB and GASB require accrual accounting in their financial reporting models.

Number	Question Title/Text/Help text	Answer	Comments
		2⦿ Accrual 3○ Both cash and accrual are permitted	Modified accrual accounting is also used in certain cases.
5.2.2.	*Convergence Plans Follow Up SMO 5* Does the government have plans to converge national public sector accounting standards with IPSASs?	1○ Yes 2⦿ No 3○ Information is not available or not known	See response to 5.1 for additional information.
5.4.	*Activities to Promote IPSASB Pronouncements* Please describe the activities your organization undertakes to promote pronouncements issued by the International Public Sector Accounting Standards Board. Please provide an explanation where such activities have not been undertaken because they are not within the scope of your organization's objectives or work program.	The AICPA regularly publicizes the activities of the IPSASB in its magazine the Journal of Accountancy; its newsletter, the CPA Letter; and various other communication vehicles. Also, the US representative to the IPSASB and his technical advisor generally include mention/discussion of IPSASB in various presentations that they give in the US.	
6.	**SMO 6**		
6.1.	*Investigation and Discipline Program* In your jurisdiction is there a program for investigating and disciplining members of	1⦿ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	your organization for misconduct, including breaches of professional standards and rules?	2○ No	
6.3.	**Responsibility for Investigation and Discipline**		
6.3.1.	*Body Responsible for Investigation and Discipline* Is your organization responsible for investigation and discipline of misconduct, including breaches of professional standards and rules by its individual members (and, if local laws and practices permit, by firms)? Select the answer option that is most appropriate.	1○ Yes, our organization has this responsibility 2○ No, responsibility for investigation and discipline rests solely with an external body 3⦿ Our organization shares responsibility for investigation and discipline with an external body 4○ Other	
6.3.2.	*Name of Body Responsible for Investigation and Discipline* Provide the name(s) of the external body responsible for investigation and discipline or the name of the body sharing this	State boards of accountancy SEC for auditors of listed entities PCAOB for auditors of listed	

Number	Question Title/Text/Help text	Answer	Comments
	responsibility with the member body.	entities	
6.5.	**SMO 6 - Detailed Assessment**		
6.5.1.	**Rules and Procedures for Investigation and Discipline**		
6.5.1.1.	*Rules and Procedures* Does your organization establish in its constitution or rules the provisions and processes for the investigating and disciplining your members?	1⦿ Yes 2○ No	
6.5.1.3.	*Misconduct* In your jurisdiction, which of the following are considered "misconduct" as described in SMO 6 paragraph 4? Select all the answer options that are appropriate.	1☑ Criminal activity 2☑ Acts or omissions likely to bring the accountancy profession into disrepute 3☑ Breaches of professional standards 4☑ Breaches of ethical requirements 5☑ Gross professional negligence 6☑ A number of less serious instances of professional negligence that, cumulatively, may indicate unfitness to exercise practicing rights 7☑ Unsatisfactory work	

Number	Question Title/Text/Help text		Answer	Comments
		8☐	Other (please describe)	
6.5.2.	*Types of Sanctions* Which of the following actions can be imposed by those who judge such issues: Select all the answer options that are appropriate.	1☑	Reprimand	Other - Publication of disciplinary action; continuing professional education courses, pre-issuance review of reports, etc. Note: state boards of accountancy have jurisdiction over CPA license and therefore only organization who can revoke license. AICPA does not impose fines on members but state boards, SEC/PCAOB can.
		2☑	Loss or restriction of practice rights	
		3☑	Fine/payment of costs	
		4☑	Loss of professional title (designation)	
		5☑	Exclusion from membership	
		6☑	Other (please describe)	
6.5.3.	**Provision of Information and Guidance to Members**			
6.5.3.1.	*Information and Guidance* Does your organization make each member fully aware of:	1⦿	Yes	

Number	Question Title/Text/Help text	Answer	Comments
	- All provisions of the ethical code and other applicable professional standards, rules and requirements (and any amendments), whether issued by IFAC or at the national level by the member body and - Consequences of non-compliance?	2○ No	
6.5.3.2.	*Information and Guidance Description* Provide a brief description of how your organization meets this requirement of SMO 6.	The AICPA Code of Professional Conduct is available on the AICPA Web site. AICPA bylaws require members to subject themselves to AICPA disciplinary process and members agree to comply with Bylaws upon membership in the Institute. All new ethical standards are posted on the AICPA Web site and issued in the Journal of Accountancy. Information on AICPA's disciplinary process, including the ethics committee's policies, procedures and possible sanctions are set forth in the Joint Ethics Enforcement Program Manual	

Number	Question Title/Text/Help text	Answer	Comments
		available on the AICPA Web site.	
6.5.4.	**Obligations to Report to Outside Bodies**		
6.5.4.1.	*Reporting to Outside Bodies* Is your organization obligated under local laws to report possible involvement in serious crimes and offences by its individual members or member firms to the appropriate public authority and disclose related information to that authority?	1○ Yes 2⦿ No	
6.5.4.2.	*Reporting to Outside Bodies Follow Up* Please describe your plans to introduce an obligation or requirement to report possible involvement in serious crimes and offences by individual members or member firms to the appropriate public authority and disclose related information to that authority.	AICPA bylaws require that investigations be conducted in a confidential manner. However, serious misconduct of our members is published on our Web site and the information is sent to the applicable state board of accountancy for their action.	
6.5.5.	*Approach to Proceedings* What type of approach does your organization use to initiate investigation and discipline proceedings? Select all the answer options that are appropriate.	1☑ Information-based 2☑ Complaints-based 3☑ Other (please describe)	Other: Media reports, referrals from government agencies.

Number	Question Title/Text/Help text		Answer	Comments
		4☐	None of the above	
6.5.6.	**Investigative Powers and Processes**			
6.5.6.1.	*Powers* Does your organization have all required powers so that authorized personnel can carry out an effective investigation?	1⦿ 2○	Yes No	
6.5.6.3.	*Cooperation of Members* Do the powers to carry out an effective investigation include: Select all the answer options that are appropriate.	1☑ 2☑ 3☐	A requirement for members (and member firms) to co-operate in the investigation of complaints and to respond promptly to all communications from the member body Provision for sanctions in the event of failure to comply None of the above	
6.5.6.6.	*Expertise and Resource* Does your organization maintain appropriate expertise and adequate financial and other resources to enable timely investigative and disciplinary action?	1⦿	Yes (please describe)	The AICPA Professional Ethics Division is comprised of 22 professionals (CPAs) and 5 support staff. The Division conducts investigations of alleged misconduct by AICPA members. It also includes 3 ethics committees, 2 of which

Number	Question Title/Text/Help text		Answer	Comments
		2○	No	are dedicated to enforcement functions only.
6.5.6.8.	*Independence and Subject of Investigation* Does your organization in all cases, confirm at the start of the investigation that any individual chosen to assist in an investigation is independent from (a) the subject of the investigation, and (b) anyone connected with or interested in the matter investigated?	1⦿	Yes	
	Help text: If a conflict exists at the start of an investigation, or arises during the investigation, the chosen individual should immediately withdraw. Similar considerations apply equally to anyone else connected with the investigation and hearing of cases.	2○	No	
6.5.6.10.	*Infrastructure* Which of the following best describes your organization's investigation and discipline infrastructure? Select all the answer options that are appropriate.	1○	One committee/panel to investigate the complaint and a separate committee/tribunal to administer disciplinary action	For investigations resulting in admonishment, suspension or expulsion from AICPA, the professional ethics excutive committee (senior committee) must review and concur with the findings of the enforcement subcommittee.
		2⦿	A single committee/panel to conduct the investigation and	

Number	Question Title/Text/Help text		Answer	Comments
			administer disciplinary action.	
		3○	Other	
6.5.6.12.	*Independent Review* Has your organization established and does it maintain a process for the independent review of complaints by clients and others where it has been decided by the investigation committee that the matter will not be referred to a disciplinary hearing?	1⦿	Yes	The complainant will be referred to the state board of accountancy for consideration of their complaint. AICPA members who file complaints against other AICPA members can appeal the decision to the Joint Trial Board if the Ethics Division determines to close the clase with no action taken.
		2○	No	
6.5.7.	**The Disciplinary Process**			
6.5.7.1.	*Composition of Tribunal* Does the tribunal responsible for the disciplinary hearing contain a balance of professional expertise and outside judgment (e.g., composed of accountants and non-accountants)?	1⦿	Yes (please describe)	The Professional Ethics Executive Committee is comprised of volunteer CPA members as well as public members (non-CPAs) who represent the public interest. Currently, 3 of the 20 members are from the public.
		2○	No	
6.5.7.3.	*Conflicts* Are members of the investigation committee	1○	Yes	The members of the

Number	Question Title/Text/Help text	Answer	Comments
	or the disciplinary tribunal permitted to serve on both at the same time, or in relation to the same case?	2⦿ No	Professional Ethics Executive Committee (PEEC) review all findings and recommended sanctions of the enforcement subcommittee involving admonishment, suspension or expulsion from AICPA. Members of the PEEC do not serve as members of the subcommittee. In addition, the AICPA Joint Trial Board (disciplinary tribunal body for "appeals") is independent of the Ethics Division's committees and does not include overlap of personnel.
6.5.7.5.	*Independence of Tribunal* Briefly describe how the disciplinary tribunal exhibits independence.	The disciplinary proceedings of the ethics committees are confidential and information is not shared outside the Ethics Division with others in the Institue unless it is deemed absolutely necessary. The ethics committees are considered to be independent and are not influenced by other committees, board or management of the	

Number	Question Title/Text/Help text	Answer	Comments
		Institute.	
6.5.7.6.	*Appeals Process* Does your organization's rules: Select all the answer options that are appropriate.	1☑ Permit a qualified lawyer or other person chosen by the defendant to accompany and represent the defendant at all disciplinary hearings and to advise him or her throughout the investigative and disciplinary process 2☑ Permit the defendant to appeal the conviction and any imposed sanction 3☑ Permit any order made against the defendant to be suspended by the tribunal that convicted the defendant, pending the hearing of that appeal 4☑ Prohibit the appeal tribunal from including a prosecutor or a member of the first tribunal, or any other individual who was concerned with the original conviction 5☑ Require that the same procedures apply to the appeal process as apply to	These rules are in place at the AICPA's Joint Trial Board.

Number	Question Title/Text/Help text		Answer	Comments
			hearings before the disciplinary tribunal	
		6☐	None of the above	
6.5.8.	**Administrative Processes**			
6.5.8.1.	*Elements of Administrative Processes* As a part of Investigation and Discipline administrative processes does your organization: Select all the answer options that are appropriate.	1☑	Establish time limits for disposal (completion) of all cases	
		2☑	Maintain and operate tracking mechanisms, to ensure that all investigations and prosecutions are promptly handled, and that all necessary action is taken at the appropriate stage	
		3☑	Maintain a procedure requiring (a) notification to all persons employed or otherwise participating in the investigative and disciplinary processes (or having access to information concerning such processes) of the importance of maintaining confidentiality, and (b) a binding agreement to maintain that confidentiality	

Number	Question Title/Text/Help text		Answer	Comments
		4☑	Maintain secure and confidential facilities for the storage of case papers and other evidence	
		5☑	Maintain records of all investigation and disciplinary proceedings	
		6☐	None of the above	
6.5.8.3.	**Case Numbers**			
6.5.8.3.1.	*2005 Heard Case Numbers* Indicate the number of cases heard in 2005.	393		Uncertain as to what is intended by the term "heard" Case statistics for 2005 have not been completed. In 2004, the Division opened 393 new cases. This number includes all cases and not necessarily limited to criminal activity, acts or omissions, etc. listed below.
6.5.8.3.2.	*2004 Heard Case Numbers* Indicate the number of cases heard in 2004.	393		Uncertain as to what is intended by the term "heard" In 2004, the Division opened 393 new cases. This number includes all cases and not necessarily limited to criminal activity, acts or omissions, etc. listed below.

Number	Question Title/Text/Help text	Answer	Comments
6.5.8.3.3.	*2003 Heard Case Numbers* Indicate the number of cases heard in 2003.	325	Uncertain as to what is intended by the term "heard." In 2003, the Division opened 325 new cases. This number includes all cases and not necessarily limited to criminal activity, acts or omissions, etc. listed below.
6.5.8.3.4.	*2005 Completed Case Numbers* Indicate the number of cases completed in 2005.	201	Case statistics for 2005 have not been completed. In 2004, the Division completed 201 cases. This number includes all cases and not necessarily limited to criminal activity, acts or omissions, etc. listed below.
6.5.8.3.5.	*2004 Completed Case Numbers* Indicate the number of cases completed in 2004.	201	In 2004, the Division completed 201 cases. This number includes all cases and not necessarily limited to criminal activity, acts or

Number	Question Title/Text/Help text		Answer	Comments
				omissions, etc. listed below.
6.5.8.3.6.	*2003 Completed Case Numbers* Indicate the number of cases completed in 2003.	237		In 2003, the Division completed 237 cases. This number includes all cases and not necessarily limited to criminal activity, acts or omissions, etc. listed below.
6.5.8.3.7.	*Average time required for disposal of cases* Indicate the average time (in months) required for the disposal (completion) of a case. This number should include both the time spent on (a) the investigation of the complaints and (b) the disciplinary proceedings.	18		This estimated time varies based on complexity of case. It also assumes that case does not get placed in "litigation deferral" due to pending litigation or other legal proceedings.
7.	**SMO 7**			
7.1.	*Accounting Standards in Law/Regulation* Does law or regulation establish the set of accounting standards to be used for preparation of financial statements of private sector listed entities and non-listed entities? Select all the answer options that are appropriate. Where the law / regulation establishes the accounting standards to be used by reference	1☐	Yes, for financial statements of listed entities	The Sarbanes-Oxley Act of 2002 amended Section 19 of the Securities Act of 1933 (15 U.S.C. 77s) to authorize the U.S. Securities and Exchange Commission to recognize as "generally accepted" for purposes of the securities laws any accounting

Number	Question Title/Text/Help text		Answer	Comments
	to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 7.8. of this module includes questions about the law / regulation. Where the law / regulation gives authority to a national standard-setter to establish the accounting standards, please respond "no". Section 7.2. of this module includes questions about the standard-setter and the accounting standards that are established.			principles established by a standard setting body that meets specified criteria. The Financial Accounting Standards Board is the designated organization in the private sector for establishing standards of financial accounting and reporting.
		2☐	Yes, for financial statements of non-listed entities	
		3☑	No, for financial statements of listed entities	
		4☑	No, for financial statements of non-listed entities	
7.2.	**Responsibility for Private Sector Accounting Standards**			
7.2.1.	*Accounting Standards - Private Sector* Is there only one group of accounting standards or are the accounting standards applicable to listed entities different from non-listed entities?	1⦿	The accounting standards for listed entities and non-listed entities are the same set of standards	The U.S. Securities and Exchange Commission (SEC) has established additional accounting, display, and disclosure requirements for SEC registrants.
		2○	The accounting standards for listed entities and non-listed	

Number	Question Title/Text/Help text	Answer	Comments
		entities are not the same set of standards	
7.2.6.	*Responsibility for Accounting Standards* Who has the authority establishing the accounting standards for listed and non-listed entities?	1○ Our organization 2○ Another IFAC member body 3○ Joint process between our organization and another IFAC member body 4⦿ Another organization	
7.2.7.	*Responsibility - Other SMO 7* State the organization's name that is responsible for establishing accounting standards for listed and non-listed entities.	Financial Accounting Standards Board	
7.7.	**Other Organization Standard-Setter SMO 7**		
7.7.1.	*Standard-Setter and Convergence SMO 7* Has the standard-setter established convergence of national accounting standards with IFRSs and other IASB pronouncements? Select the answer option that is most appropriate.	1○ Standard-setter's convergence objectives are not known 2⦿ Standard-setter has established convergence as a formal objective 3○ Standard-setter has not established convergence as a formal objective	

Number	Question Title/Text/Help text		Answer	Comments
7.7.4.	**Convergence Established - Standard-Setter SMO 7**			
7.7.4.1.	*Standard-Setter Amendments SMO 7* Has the standard-setter issued information that describes differences between the IFRSs, other IASB pronouncements and national standards including: IFRSs and other IASB pronouncements in effect as at September 30, 2005 that have been adopted or compared with a similar or equivalent national standard or pronouncement; The effective date of national standard or pronouncement where it differs from the IFRS or other IASB pronouncement; The differences between the IFRS or other IASB pronouncement and the similar or equivalent national standard and pronouncement; and The reasons for the differences?	1○ 2⦿	Yes No	
7.7.4.2.	*Submit Information - Standard-Setter SMO 7* If the standard-setter has issued information about differences between IFRSs and other IASB pronouncements and the national standards and it is available in English, indicate this in your response and submit a copy of the information to Compliance	1⦿	Yes, information is available for standard-setter and in English and will be submitted to Compliance Staff	The information submitted, which was not previously available to the public, was prepared by the FASB for the Committee of European Securities Regulators. Note

Number	Question Title/Text/Help text		Answer	Comments
	Staff. If this information is not available, refer to the SMO 7: Comparison with IASB Pronouncements report by clicking on the link and complete it to the extent your organization is able to and submit it in Word format to Compliance Staff. Indicate whether your organization will be submitting available information or the "SMO 7: Comparison with IASB Pronouncements" report.			that the comparison was prepared as of December 31, 2004.
		2○	No, information is not available from standard-setter; however our organization or jointly with another IFAC member / associate will complete the "SMO 7: Comparison with IASB Pronouncements" and submit it to Compliance Staff	
		3○	No, information is not available	
7.10.	**Translation SMO 7**			
7.10.1.	*Translation of IFRSs* Are the IFRSs and other IASB pronouncements translated into national	1⦿	No, as English is an official language or widely spoken	

Number	Question Title/Text/Help text	Answer	Comments
	language?	language 2○ Yes, the IFRSs are translated 3○ No and English is not an official language or is not widely spoken	
7.11.	*Promotion Activities SMO 7* Please describe the activities your organization undertakes to promote and assist in the implementation of IFRSs and other IASB pronouncements and activities.	As a founding member of the IASB's predecessor body, the International Accounting Standards Committee, the AICPA was among the first organizations to recognize the need for international convergence of accounting standards and has used its "best efforts" to promote the work of the IASC and IASB since 1973. Currently, the AICPA-- * provides comment letters to the IASB on discussion documents on key international standards proposals. * encourages the Financial Accounting Standards Board's efforts to converge with the IASB. * publishes IASB standards in the U.S. * announces in AICPA publications all significant proposals and pronouncements issued by the IASB, and describes significant	

Number	Question Title/Text/Help text	Answer	Comments
		IASB activities in news reports. * publishes articles on international convergence of accounting standards and on IASB standards in the Journal of Accountancy and in other AICPA publications. * includes segments on international convergence and IASB standards in major AICPA-sponsored conferences. * develops and markets continuing professional education materials on IASB standards.	
8.	**Certification of Chief Executive**		
8.1.	*Complete Certification* Once all required questions have been completed, the Certification of Chief Executive should be signed and submitted to Compliance Staff. Click here to download a copy of the Certification form.	1☑ Yes, the Certification of Chief Executive has been submitted 2☐	

AU Appendix B

Analysis of International Standards on Auditing

This analysis was prepared by Dr. Kay Tatum, University of Miami, and the Audit and Attest Standards staff. This analysis is not authoritative and is prepared for informational purposes only. It has not been acted on or reviewed by the Auditing Standards Board.

Statements on Auditing Standards (SASs) are issued by the Auditing Standards Board (ASB), the senior technical body of the AICPA designated to issue pronouncements on auditing matter for nonissuers. [fn 1] Rule 202, *Compliance With Standards* [ET section 202.01], of the AICPA Code of Professional Conduct, requires an AICPA member who performs an audit of a nonissuer to comply with standards promulgated by the ASB.

An AICPA member practicing in the United States of America may be engaged to audit the financial statements of a nonissuer in accordance with the International Standards on Auditing (ISAs) developed by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). In those circumstances where the auditor's report states that the audit was conducted in accordance with International Auditing Standards, the U.S. auditor should comply with both the ISAs and, as required by the AICPA Code of Professional Conduct, auditing standards generally accepted in the United States of America. An engagement of this nature is normally conducted by performing an audit in accordance with auditing standards generally accepted in the United States of America plus performing the additional procedures required by the ISAs.

The purpose of this Appendix is to assist the U.S. auditor in planning and performing an engagement in accordance with the ISAs. This document identifies the sections and paragraphs, if applicable, within the ISAs that may require procedures and documentation in addition to those required by auditing standards generally accepted in the United States of America. A brief description of how the international standard differs from the U.S. standard is provided. However, to fully understand how the ISA might affect the nature, timing, and extent of the procedures performed in an engagement in accordance with auditing standards generally accepted in the United States of America, the auditor should consider the ISAs in their entirety, by considering the standards together with the related guidance included in the ISAs. In performing an audit in accordance with the ISAs, the auditor also needs to consider, where relevant, the guidance provided in the International Auditing Practice Statements issued by the IAASB and comply with IFAC's Code of Ethics.

This analysis compares the ISAs included in the 2005 edition of the *Handbook of International Auditing, Assurance, and Ethics Pronouncements*, except as noted below, to the AICPA's *Codification* *of Statements on Auditing Standards*. References to auditing standards generally accepted in the United States of America are made to the relevant AU sections. This analysis segregates the guidance into general, fieldwork, and reporting sections.

Summary of Significant Changes to the ISAs

In 2003, the IAASB issued a set of standards referred to as the audit risk standards. This set of standards was the culmination of a joint project between the IAASB and the ASB. The ASB approved its risk assessment standards for final issuance in October 2005 and those statements have not yet been codified. For this reason, the updated analysis does not include differences arising from the audit risk standards or the revisions to other ISAs or AU sections that will be revised as a result of the joint risk assessment project.

The standards comprise:

- ISA 300, *Planning an Audit of Financial Statements*,
- ISA 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*,
- ISA 330, *The Auditor's Procedures in Response to Assessed Risks*, and
- ISA 500 (Revised), *Audit Evidence*.

The audit risk standards deal with the core of the audit—the auditor's assessment of the risk that the financial statements could be wrong, and the way in which the auditor designs the rest of the audit to provide an effective audit response to the identified risks. Significant changes in the ISAs and the way they are expected to affect the auditor's work are:

- *The auditor is required to obtain an enhanced understanding of the entity's business*. The auditor is required to perform audit procedures to obtain a broader and deeper understanding of specified aspects for the entity and its environment, including its internal control.
- *The auditor is required to make risk assessments in all cases*. The required understanding of the entity provides a better basis for identifying risks of material misstatement at the financial statement level and in classes of transactions, account balances and disclosures. The auditor is required to perform a more rigorous assessment in relating the identified risks to what can go wrong at the assertion level. By requiring the auditor to make risk assessments in all audits, the auditor can no longer default to a high risk assessment.

- *The auditor is required to link the identified risks to audit procedures*. In designing and performing further audit procedures, the nature, timing, and extent to the procedures are linked to the assessed risks.

- *The auditor is required to document specific matters*. The proposed documentation requirements are more specific.

The IAASB's risk assessment standards are effective for audits of financial statements for periods beginning on or after December 15, 2004. The ASB's risk assessment standards are effective for audits of financial statements for periods beginning on or after December 15, 2006.

General

ISA 210, *Terms of Audit Engagements*, Compared to Section 310, *Appointment of the Independent Auditor*

ISA 210.02 states that the auditor and the client should agree on the terms of the engagement. The agreed terms would need to be recorded in an audit engagement letter or other suitable form of contract. Section 310.05 states that the auditor should establish an understanding with the client regarding the services to be performed for each engagement. The auditor should document the understanding in the working papers, preferably through a written communication with the client. Thus, both standards require the auditor to document the understanding. However, ISA 210 requires that the understanding be recorded in an engagement letter or other suitable form of contract; section 310 does not require such a contract.

ISA 210.23 states that where the terms of the engagement are changed the auditor and the client should agree on the new terms. ISA 210.25 states that if the auditor is unable to agree to a change of the engagement [from an audit to a lower level of service] and is not permitted to continue the original engagement, the auditor should withdraw and consider whether there is any obligation, either contractual or otherwise, to report to other parties, such as the board of directors or shareholders, the circumstances necessitating the withdrawal. Auditing standards generally accepted in the United States of America do not include this requirement.

Field Work

ISA 240, *The Auditor's Responsibility to Consider Fraud and Error in an Audit of Financial Statements*, Compared to Section 333, *Management Representations*

ISA 240.57 requires the auditor to identify and assess the risks of material misstatement due to fraud when identifying and assessing the risks of material misstatement at the financial statement level, and at the assertion level for classes of transactions, account balances and disclosures. Further, ISA 240.61 requires the auditor to determine overall responses to address the assessed risks of material misstatement due to fraud at the financial statement level and design and perform further audit procedures whose nature, timing and extent are responsive to the assessed risks at the assertion level. U.S. generally accepted auditing standards do not require the auditor to identify and assess the risks of material misstatement due to fraud at the assertion level for classes of transactions, account balances and disclosures.

ISA 240.51 states that the auditor should obtain a written representation from management that it has disclosed to the auditor the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud. Section 333 does not require such a representation.

ISA 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*, Compared to Section 317, *Illegal Acts by Clients*

ISA 250.02 states that when planning and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that noncompliance by the entity with laws and regulations may materially affect the financial statements. ISA 250.05 explains that laws and regulations vary considerably in their relation to the financial statements. Generally, the further removed noncompliance is from the events and transactions ordinarily reflected in financial statements, the less likely the auditor is to become aware of it or to recognize its possible noncompliance. However, ISA 250 does not distinguish between laws and regulations that have a direct versus an indirect effect on the financial statements. This approach to the auditor's responsibilities regarding noncompliance with laws and regulations is different from the approach set forth in section 317.

ISA 260, *Communications of Audit Matters With Those Charged With Governance*, Compared to Section 380, *Communication With Audit Committees*

ISA 260 establishes standards and provides guidance on communication between the auditor and those charged with governance of an entity. It requires the auditor to communicate audit matters of governance interest with those charged with governance. Audit matters of governance interest are defined as those matters that arise from the audit of financial statements and, in the opinion of the auditor, are both important and relevant to those charged with governance in overseeing the financial reporting and disclosure process. *Governance* is the term used to describe the role of persons entrusted with the supervision, control and direction of an entity.

Auditing standards generally accepted in the United States of America require the auditor to communicate specified matters to the audit committee or others. Section 380 is the principal section requiring such communication, although other sections also have specified communication requirements. Communications made to the audit committee or board of directors pursuant to sections 316, *Consideration of Fraud in a Financial Statement Audit*, 317, *Illegal Acts by Clients*, 325, *Communication of Internal Control Related Matters in an Audit*, and 380 satisfy the ISA 260 requirement to report such matters to those charged with governance. However, ISA 260 requires that the communications be made in all audits of financial statements, regardless of whether there is an audit committee or another group formally designated oversight for the financial reporting process. ISA 260 identifies matters that ordinarily would be communicated and also requires the auditor to communicate other matters that are, in the auditor's judgment, audit matters of governance interest. The following are matters that ordinarily are considered matters of governance interest that are not explicitly required to be communicated by auditing standards generally accepted in the United States of America:

- The general approach and overall scope of the audit, including any expected limitation thereon, or any additional requirements
- The potential effect on the financial statements of any significant risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements
- Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern
- Expected modifications to the auditor's report
- Questions regarding management integrity.

As part of the auditor's communications, those charged with governance are informed that (1) the auditor's communications of matters include only those audit matters of governance interest that have come to the attention of the auditor as a result of the performance of the audit and (2) an audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

In addition to requiring the auditor to document the communications, ISA 260 requires the auditor to document any responses to the matters communicated.

ISA 300, *Planning*, Compared to Section 311, *Planning and Supervision*

ISA 300.08 states that the auditor should develop and document an overall audit plan describing the expected scope and conduct of the audit. Similarly, section 150, *Generally Accepted Auditing Standards*, paragraph .02, requires the work to be adequately planned.

According to section 311.03, audit planning involves developing an overall strategy for the expected conduct and scope of the audit. Section 311.04 states that the auditor may wish to prepare a memorandum setting forth the preliminary audit plan, particularly for large and complex entities; however, the auditor is not required to do so.

ISA 510, *Initial Engagements—Opening Balances*, Compared to Section 315, *Communications Between Predecessor and Successor Auditors*

ISA 510.06 states that when the prior period's financial statements were audited by another auditor, the current auditor may be able to obtain sufficient appropriate audit evidence regarding opening balances by reviewing the predecessor auditor's working papers. In these circumstances, ISA 510.06 states that the current auditor also would consider the professional competence and independence of the predecessor auditor. Footnote 8 to section 315.12 states that the successor auditor may wish to make inquiries about the professional reputation and standing of the predecessor auditor; however, this guidance is not specifically directed to the circumstances described in ISA 510.06.

ISA 520, *Analytical Procedures*, Compared to Section 329, *Analytical Procedures*

ISA 520.15 states that the extent of reliance that the auditor places on the results of analytical procedures depends on the . . . materiality of the items involved. For example, when inventory balances are material, the auditor does not rely only on analytical procedures as substantive tests. However, the auditor may rely solely on analytical procedures for certain income and expense items when they are not individually material. In contrast, section 329.09 states that the auditor's reliance on substantive tests to achieve an audit objective related to a particular assertion may be derived from tests of details, from analytical procedures, or from a combination of both. The decision about which procedure or procedures to use to achieve a particular audit objective is based on the auditor's judgment on the expected effectiveness and efficiency of the available procedures. According to section 329.11, the expected effectiveness and efficiency of an analytical procedure in identifying potential misstatements depend on, among other things, . . . the precision of the expectation. The importance of the precision of the expectation is discussed in section 329.17.

ISA 570, *Going Concern*, Compared to Section 341, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*

ISA 570.02 states that when planning and performing audit procedures and in evaluating the results thereof, the auditor should consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements. Section 341.03 states that the auditor should evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. However, ISA 570 requires consideration of the going concern assumption throughout the engagement. In planning the audit, the auditor is required to consider whether there are events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and to remain alert throughout the audit for evidence of such events or conditions. Section 341 does not require the auditor to design audit procedures solely to identify such events and conditions. It requires the auditor to consider whether the results of other procedures performed during the course of the engagement identify conditions and events that, when considered in the aggregate, indicate there could be substantial doubt about the entity's ability to continue as a going concern.

ISA 570.05 states that management has a responsibility to assess the entity's ability to continue as a going concern, regardless of whether the financial reporting framework being applied requires management to do so. In addition, ISA 570.17 requires the auditor to evaluate management's assessment. Section 341 does not contain these explicit requirements, except that in circumstances when the auditor believes there is substantial doubt about the entity's ability to continue as a going concern, the auditor is required to consider management's plans for dealing with the adverse effects of the conditions and events that led to the auditor's belief.

The period of assessment also may be different. ISA 570 requires the auditor to consider the same period as that used by management in making its assessment, a period at least, but not limited to twelve months from the balance sheet date. ISA 570 also requires the auditor to inquire of management as to its knowledge of events or conditions beyond the period of assessment used by management that may cast significant doubt on the entity's ability to continue as a going concern. Section 341 requires the auditor to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, not to exceed one year beyond the date of the financial statements being audited.

When events or conditions have been identified which may cast significant doubt on the entity's ability to continue as a going concern, ISA 570 requires the auditor to seek written representations from management regarding its plans for future action. Section 341 contains no such requirement; however, an illustrative going concern representation is included in Appendix B of section 333, *Management Representations* [section 333.17].

When there is significant delay in the signature or approval of the financial statements by management after the balance sheet date, ISA 570 says that the auditor considers the reasons for the delay. When the delay could be related to events or conditions relating to the going concern assessment, the auditor considers the need to perform additional audit procedures and the effect on the auditor's conclusion regarding the existence of a material uncertainty. Section 341 does not contain similar guidance.

ISA 600, *Using the Work of Another Auditor*, Compared to Section 543, *Part of Audit Performed by Other Independent Auditors*

ISA 600.09 states that the principal auditor would obtain written representations regarding the other auditor's compliance with the independence requirements and the accounting, auditing, and reporting requirements. Section 543.10 states that the principal auditor should obtain a representation from the other auditor that he or she is independent. In addition, the principal auditor should ascertain through communication with the other auditor that he or she is familiar with accounting principles generally accepted in the United States of America and with the generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants, and will conduct his or her audit and will report in accordance therewith. However, section 543 does not require written representations regarding these matters.

ISA 600.14 states that the principal auditor would document in the audit working papers the components whose financial information was audited by other auditors, their significance to the financial statements of the entity as a whole, the names of the other auditors, and any conclusion reached that individual components are immaterial. The principal auditor would also document the procedures performed and the conclusions reached. Section 543 does not set forth specific documentation requirements regarding using the work of another auditor.

ISA 610, *Considering the Work of Internal Auditing*, Compared to Section 322, *The Auditor's Consideration of the Internal Audit Function in an Audit of Financial Statements*

ISA 610.16 states that when the external auditor intends to use specific work of internal auditing, the external auditor should evaluate and test that work. In contrast, section 322.26 states that the auditor should test some of the internal auditors' work related to the significant financial statement assertions. These tests may be accomplished by either (*a*) examining some of the controls, transactions, or balances that the internal auditors examined or (*b*) examining similar controls, transactions, or balances not actually examined by the internal auditors.

ISA 620, *Using the Work of an Expert*, Compared to Section 336, *Using the Work of a Specialist*

ISA 620.05 states that when the auditor uses the work of an expert employed by the auditor, that work is used in the employee's capacity as an expert rather than as an assistant on the audit as contemplated in ISA 220, *Quality Control for Audit Work*. Accordingly, in such circumstances the auditor will need to apply relevant procedures (as discussed in ISA 620, paragraphs .11 through .15) to the employee's work and findings but will not ordinarily need to assess the employee's skills and competence for each engagement. In contrast, section 336 does not apply to situations in which a specialist employed by the auditor's firm participates in the audit. In that situation, section 311, *Planning and Supervision*, applies.

ISA 800, *The Auditor's Report on Special Purpose Audit Engagements*, Compared to Section

623, *Special Reports*

ISA 800.18–.20 discusses a special-report engagement in which the auditor expresses an opinion on an entity's compliance with certain aspects of contractual agreements, such as bond indentures or local agreements. Section 623.19–.21 discusses a special report that an auditor may issue as a by-product of performing an audit of financial statements. The section 623 by-product report is in the form of negative assurance that is not enabled under the ISAs. Instead, Statement on Standards for Attestation Engagements No. 10, Chapter 6, "Compliance Attestation" [AT section 601], provides guidance for such an engagement.

Reporting

ISA 560, *Subsequent Events*, Compared to Section 530, *Dating of the Independent Auditor's Report*

ISA 560.10 states that when management amends the financial statements for facts discovered after the date of the auditor's report but before the financial statements are issued, the auditor would provide management with a new report. The new auditor's report would be dated not earlier than the date the amended financial statements are signed or approved and, accordingly, the procedures referred to in ISA 560.04 and ISA 560.05 would be extended to the date of the new auditor's report. In contrast, section 530.03 states that the date of the report ordinarily is not changed when the subsequent event requiring an adjustment to the financial statements is made without disclosure. In situations when the subsequent event requires disclosure, section 530.05 permits the auditor to dual-date the report or date the report as of the later date. In the former instance, the auditor's responsibility for events occurring subsequent to the original report date is limited to the specific event referred to in the note. In the latter instance, the independent auditor's responsibility for subsequent events extends to the date of the report and, accordingly, the procedures outlined in section 560, *Subsequent Events*, paragraph .12, should be extended to that date.

ISA 570, *Going Concern*, Compared to Section 341, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*

ISA 570.32 states that if the use of the going concern assumption is appropriate but a material uncertainty exists, the auditor considers whether the financial statements—

a. Adequately describe the principal events or conditions that give rise to the significant doubt on the entity's ability to continue in operation and management's plans to deal with these events or conditions *b.* State clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business

Section 341.10 states that when, after considering management's plans, the auditor concludes there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, the auditor should consider the possible effects on the financial statements and the adequacy of the related disclosure. Examples of information that might be disclosed in the financial statements are provided; however, section 341.10 does not suggest the specific statements found in ISA 570.32(b). In addition, the emphasis paragraph in the auditor’s report required by ISA 570.33 requires similar wording, which is different than the wording used in section 341.12.

ISA 620, *Using the Work of an Expert*, Compared to Section 336, *Using the Work of a Specialist*

ISA 620.17 states that if, as a result of the work of an expert, the auditor decides to issue a modified auditor's report, in some circumstances it may be appropriate, in explaining the nature of the modification, to refer to or describe the work of the expert. In these circumstances, the auditor would obtain the permission of the expert before making such a reference. Section 336.16 discusses situations in which it is appropriate for the auditor to reference the specialist in the auditor's report; however, the auditor is not required to obtain the specialist's permission.

ISA 700, *The Auditor's Report on Financial Statements*, Compared to Section 508, *Reports on Audited Financial Statements*

ISA 700.25 states that the report should name a specific location, which is ordinarily the city where the auditor maintains the office that has responsibility for the audit. Section 508 does not contain this requirement.

When the auditor's report contains an emphasis of matter paragraph, ISA 700.30 states that the paragraph would preferably be included after the opinion paragraph and would ordinarily refer to the fact that the auditor's opinion is not qualified in this respect. Section 508 does not contain comparable guidance on either of these matters regarding the emphasis paragraph.

ISA 700.32 states the auditor should consider modifying the auditor’s report by adding a paragraph if there is a significant uncertainty (other than a going concern), the resolution of which is dependent upon future events and which may affect the financial statements. Section 508.30 states that if . . . the auditor concludes that sufficient evidential matter supports management’s assertions about the nature of a matter involving an uncertainty and its presentation or disclosure in the financial statements, an unqualified opinion ordinarily is appropriate. Although section 508.19 permits the auditor to add a separate paragraph to the auditor's report emphasizing a matter such as an uncertainty, the auditor is not required to do so.

ISA 700.41 states that when a limitation on the scope of the auditor's work in the terms of a proposed engagement is such that the auditor believes the need to express a disclaimer of opinion exists, the auditor would ordinarily not accept such a limited engagement, unless required by statute. Section 508 does not include this guidance.

ISA 800, *The Auditor's Report on Special Purpose Audit Engagements*, Compared to Section 623, *Special Reports*

ISA 800.05(g) states that the auditor's report on a special-purpose audit engagement should include the auditor's address. Section 623 does not contain this requirement.

ISA 800, *The Auditor's Report on Special Purpose Audit Engagements*, Compared to Section 623, *Special Reports*

ISA 800.15 states that the auditor would advise the client that the auditor's report on a component of financial statements is not to accompany the financial statements of the entity. Section 623 does not contain guidance regarding this matter.

ISA 800, *The Auditor's Report on Special Purpose Audit Engagements*, Compared to Section 552, *Reporting on Condensed Financial Statements and Selected Financial Data*

ISA 800.22 and .23 state that: (1) summarized financial statements need to clearly indicate the summarized nature of the information, and (2) summarized financial statements need to be appropriately titled to identify the audited financial statements from which they have been derived. Section 552 does not contain this guidance.

ISA 800.25 states that the auditor's report on summarized financial statements should include the following basic elements that are not included in section 552:

a. Addressee

b. A statement, or reference to the note within the summarized financial statements, which indicates that for a better understanding of an entity's financial performance and position and of the scope of the audit performed, the summarized financial statements should be read in conjunction with the unabridged financial statements and the audit report thereon

c. Auditor's address

Footnotes (Appendix B — Analysis of International Standards on Auditing):

fn 1 The term issuer means an issuer (as defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c)), the securities of which are registered under section 12 of that Act (15 U.S.C. 78l), or that is required to file reports under section 15(d) (15 U.S.C. 78o(d)), or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933 (15 U.S.C. 77a et seq.), and that it has not withdrawn. The term nonissuer refers to any entity not subject to the Sarbanes-Oxley Act or the rules of the SEC.

Prev Up Next

Home

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SMO 4: Provisions Relating to Threats to Independence

In completing this report, IFAC members and associate should refer to the terms defined in the revised IFAC Code of Ethics (see Definitions)

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	General:			
1.	**290.13**	**4. Other**	**AICPA Conceptual Framework for Independence Standards (CF) recognizes that threats may differ depending on the specific circumstances which would include the nature of the assurance engagement. However, the CF and AICPA independence rules do not bifurcate between audit and other types of assurance engagements.**	
2.	**290.21**	**1. Yes**	**AICPA Code requires compliance with SEC rules and SEC rules consider the client to include all related entities. AICPA Int. 101-1 and CF would require members to take into account such "Other Considerations."**	

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	Restricted Use Reports:			
3.	**290.19**	**1. Yes**		**AICPA Int. 101-11 provides for a modified application of the independence rules for restricted-use reports issued under the attestation standards.**
	Engagement Period:			
4.	**290.31**	**1. Yes**		
5.	**290.32**	**1. Yes**		
6.	**Provisions Applicable to All Assurance Clients:**			
7.	**290.106**	**1. Yes**		
	Provisions Applicable to Financial Statement Audit Clients:			
8.	**290.113**	**1. Yes**	**AICPA guidance applicable to all assurance engagements.**	
9.	**290.114**	**1. Yes**	**AICPA guidance applicable to all assurance engagements.**	
10.	**290.115**	**1. Yes**	**AICPA guidance applicable to all assurance engagements.**	
11.	**290.117**	**1. Yes**	**AICPA guidance applicable to**	

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
			all assurance engagements.	
12.	290.119	1. Yes	AICPA guidance applicable to all assurance engagements.	
13.	290.121	1. Yes	AICPA guidance applicable to all assurance engagements.	
	Provisions Applicable to Non-Financial Statement Audit Assurance Clients:			
14.	290.122	1. Yes	AICPA guidance applicable to all assurance engagements.	
15.	290.123	1. Yes	AICPA guidance applicable to all assurance engagements.	
16.	290.124	1. Yes	AICPA guidance applicable to all assurance engagements.	
	Loans and Guarantees:			
17.	290.129	1. Yes	AICPA rules prohibit loans to/from clients regardless of materiality.	
18.	290.130	1. Yes	AICPA rules prohibit loans to/from clients regardless of materiality.	
19.	290.131	1. Yes	AICPA rules prohibit loans to/from clients regardless of materiality.	

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
20.	Close Business Relationships With Assurance Clients:			
21.	290.132	1. Yes		
	Family and Personal Relationships:			
22.	290.136	1. Yes		
	Recent Service with Assurance Clients:			
23.	290.147	1. Yes		
	Serving as an Officer or Director on the Board of Assurance Clients:			
24.	290.149	1. Yes		
25.	290.151	1. Yes		AICPA rules don't refer to "Company Secretary" but would prohibit a member from acting as an employee or performing any management functions.
	Financial Statement Audit Clients That are Listed Entities:			
26.	290.154	1. Yes		SEC rules require

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
				partner rotation.
	Provision of Non-Assurance services to Assurance Clients:			
27.	290.158	1. Yes		
28.	290.159	1. Yes		
29.	Preparing Accounting Records and Financial Statements:			
30.	290.167	1. Yes.		
31.	290.171	1. Yes		SEC rules prohibit bookkeeping services.
	Valuation Services:			
32.	290.176	1. Yes		
	Provision of Internal Audit Services to Financial Statement Audit Clients:			
33.	290.185	1. Yes		
	Provision of IT Systems Services to Financial Statement Audit Client:			
34.	290.188	1. Yes	AICPA rules prohibit a member from designing the client's IT system.	

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	Temporary Staff Assignments to Financial Statement Audit Clients:			
35.	**290.192**	**1. Yes**		**AICPA rules don't specifically refer to temporary staff assignments but members are prohibited from performing management functions and acting as an employee.**
36.	**290.200**	**3. Under development** **4. Other**		**Members are not permitted to perform legal services in the U.S. AICPA in process of developing guidance that would prohibit "advocacy services" for assurance clients.**
37.	**290.202**	**1. Yes**		
38.	**290.204**	**1. Yes**		
	Pricing:			
39.	**290.209**	**4. Other**		**AICPA rules do not specifically address "low balling" but**

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
				require that members exercise due care and comply with all professional standards.
	Contingent Fees:			
40.	290.11	1. Yes	AICPA rules prohibit contingent fees for an assurance client regardless of whether the fee is charge in respect to the assurance engagement.	
	Gifts and Hospitality:			
41.	290.213	1. Yes		

Ref.: CESR/04-635

Robert Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116
États-Unis

By email to: rhherz@fasb.org

CC: Sue Bielstein, Technical Director

By email to: sqbielstein@fsab.org

Paris, 23 November 2004

Dear Mr. Herz:

In a letter dated 3rd of August 2004, we informed you that the European Commission has given CESR a mandate to provide technical advice on the equivalence between certain third country GAAP (i.e. Canadian GAAP, Japanese GAAP and US GAAP) and IAS/IFRS. This mandate also requires CESR to describe the mechanisms of Canada, Japan and the US ensuring that local GAAP are properly enforced.

CESR tasked its standing operational Committee in the area of endorsement and enforcement of financial reporting standards in Europe (CESR Fin) to take forward this work. More specifically, CESR-Fin's SubCommittee on Enforcement (SCE), chaired by Lars Østergaard Director at the Danish Financial Services Authority (Finanstilsynet) works on the description of the enforcement mechanisms in Canada, Japan and the US and CESR-Fin's Subcommittee on International Standards Endorsement (SISE), chaired by Paul Koster, Board Member at the Netherlands Financial Market Authority (AFM), carries out the technical assessment of equivalence of third country GAAP.

As a first step, CESR released for public consultation on 21st October 2004 a draft concept paper setting out the principles, methods and criteria to be used for preparing the technical advice to the European Commission. The public consultation of this paper will close on the 22nd of December 2004 (Please find enclosed the concept paper in Appendix 3). In order to give interested parties an opportunity to express their opinions on the consultation paper, CESR will also hold an open hearing on 23rd of November 2004 at the CESR premises. We would very much appreciate receiving your reactions and possible comments on this concept paper.

As a second step, and as mentioned in our letter dated 3 August 2004, CESR would like to call on each of the relevant third country standard setters and regulatory agencies to provide information so that CESR can obtain an appropriate and meaningful understanding of the third countries GAAP, their equivalence with IAS/IFRS and of the third countries enforcement mechanisms.

The objective of this letter is to invite you to provide this information in relation with your country GAAP and its equivalence with IAS/ IFRS.

In this context, we kindly ask you to answer the attached questionnaire in order to gather the necessary information on your country GAAP (find enclosed the questionnaire in Appendix 1). Please send your answers by early to mid January 2005.

Please note that, in the process of finalising its advice to the Commission, CESR might have to use the information received from you with several identified parties. In the framework of CESR public consultation practice, it is also envisaged to make your response publicly available on CESR website, unless otherwise specified.

Having read your answers, CESR Fin/SISE will possibly contact you in order to arrange a meeting at which your answers to this questionnaire could be discussed.

In case you have any questions or comments to specific parts of the questionnaire or this approach in general, please do not hesitate to contact any of the undersigned.

A copy of this letter has been sent to SEC to whom we have sent the same request for information.

Yours sincerely,

Jon Tiner

John Tiner
Chairman of CESR Fin

Paul Koster
Chairman of SISE

Appendices

1. Questionnaire on Equivalence
2. Draft Concept Paper on equivalence of certain third country GAAP and on Description of certain third countries mechanisms of enforcement of financial information – Consultation paper ref CESR/04-509.

CESR

Appendix 1

Questionnaire on equivalence of third country GAAP
Section 1 – General Accounting Accepted Principles
a. Please describe the financial reporting standards that are legally enforceable in your jurisdiction as of January 2005, and which are covering the list of topics mentioned in Annex 2?
b. Where relevant, please also describe any other principles/guidance which are not mandatory applicable but are relevant for this project.
c. Could you please include a description of the formal hierarchy of your standards? In particular, indicate whether the financial reporting standards referred to above are e.g. accounting standards, company law provisions, corporate governance standards…. Please also state whether provisions referred to are standards or interpretation (where necessary, please mention the basis for the enforceability).
d. Please indicate whether there are any additional or different enforceable final standards whose date of application would be after 1st January 2005.
e. Do you anticipate other significant changes in your GAAP to take place before 1st January 2007 (date upon which all third country issuers in Europe will have to present financial statements prepared under IAS/IFRS or equivalent GAAP, for reporting under Transparency and Prospectus EU Directive)?
Section 2- Description of differences
a. Please describe any differences between your financial reporting standards and the IAS/IFRS listed in Appendix 2 (please indicate which of your national financial reporting standards correspond to each IAS/IFRS mentioned). Differences should be mentioned with regard to the following types of provisions: ▪ Scope ▪ Presentation/measurement ▪ Recognition ▪ Disclosure
b. When information is provided to investors through other means than in the financial statements; is this information subject to audit requirements identical to those applicable for financial statements?
Section 3 – Standard Setting Process
a. What is(are) the name of the body(ies) entrusted with the standard setting process in your jurisdiction? Please detail structure, functions and responsibilities of theses bodies.
b. Please include a brief description of the standard setting process (of the standards referred to above).

c. Are the standards referred to above easily accessible in English?
Section 4 – Conceptual framework
a. Do you have general financial reporting principles identical to the ones set out in the IAS/IFRS framework? Please describe any difference.
b. Are your enforceable financial reporting standards taking into account the four characteristics as described in the concept paper released by CESR? Where not the case, please explain the differences.
c. Do financial statements prepared under the basis of your GAAP pursue the same objectives as financial statements prepared under IAS/IFRS?
Section 5 -Published comparison
Have you conducted and published any exercise comparing and describing differences between IAS/IFRS and your country GAAP? If so, please provide us with a copy. Please also mention any other similar analysis that would have been made by a separate reliable body.
Section 6 -Standards not covered by IAS/IFRS
Are there standards/principles covered by your GAAP that are not covered by IAS/IFRS? If so, (i) do they comply with IAS/IFRS basic principles contained in the IAS Framework and IAS 1 and (ii) are they compatible with all other IAS/IFRS endorsed for use in the EU?
Section 7 Convergence projects
Is it intended that there will be any convergence project of your country's national standards with IAS/IFRS or with another framework -? If so, please describe the project.
Section 8 Other issues
In understanding this exercise at this stage, do you identify any other particular issue that might be relevant for your national issuers in EU?

THE COMMITTEE OF EUROPEAN SECURITIES REGULATORS

Appendix 2

List of IAS, IFRS and Interpretations issued		Do you have any Standard covering this topic?			Scope	Presentation / measurement	Recognition	Disclosure		Differences
IFRS 1	First time adoption of International Financial Reporting	Yes	No	If yes, please name the enforceable provisions.						
IFRS 2	Share based payment	Yes	No	If yes, please name the enforceable provisions.						
IFRS 3	Business combinations	Yes	No	If yes, please name the enforceable provisions.						
IFRS 4	Insurance contracts	Yes	No	If yes, please name the enforceable provisions.						
IFRS 5	Non-current assets held for sale and discontinued operations	Yes	No	If yes, please name the enforceable provisions.						
IAS 1	Presentation of financial statements	Yes	No	If yes, please name the enforceable provisions.						
IAS 2	Inventories	Yes	No	If yes, please name the enforceable provisions.						
IAS 7	Cash flow statements	Yes	No	If yes, please name the enforceable provisions.						
IAS 8	Accounting policies, changing in accounting estimates	Yes	No	If yes, please name the enforceable provisions.						
IAS 10	Events after the balance sheet date	Yes	No	If yes, please name the enforceable provisions.						
IAS 11	Construction contracts	Yes	No	If yes, please name the enforceable provisions.						
IAS 12	Income taxes	Yes	No	If yes, please name the enforceable provisions.						
IAS 14	Segment reporting	Yes	No	If yes, please name the enforceable provisions.						
IAS 16	Property, plant and equipment	Yes	No	If yes, please name the enforceable provisions.						
IAS 17	Leases	Yes	No	If yes, please name the enforceable provisions.						
IAS 18	Revenue	Yes	No	If yes, please name the enforceable provisions.						
IAS 19	Employee benefits	Yes	No	If yes, please name the enforceable provisions.						
IAS 20	Accounting of governance grants and disclosure of government assistance	Yes	No	If yes, please name the enforceable provisions.						
IAS 21	The effects of changes in foreign exchange rates	Yes	No	If yes, please name the enforceable provisions.						
IAS 22	Business combinations	Yes	No	If yes, please name the enforceable provisions.						
IAS 23	Borrowing costs	Yes	No	If yes, please name the enforceable provisions.						
IAS 24	Related party disclosures	Yes	No	If yes, please name the enforceable provisions.						
IAS 27	Consolidated and separate financial statements	Yes	No	If yes, please name the enforceable provisions.						
IAS 28	Investments in associates	Yes	No	If yes, please name the enforceable provisions.						
IAS 29	Financial reporting in hyperinflationary economies	Yes	No	If yes, please name the enforceable provisions.						
IAS 30	Disclosures in the financial statements of banks and similar financial institutions	Yes	No	If yes, please name the enforceable provisions.						
IAS 31	Interests in joint ventures	Yes	No	If yes, please name the enforceable provisions.						
IAS 32	Financial instruments: disclosure and presentation	Yes	No	If yes, please name the enforceable provisions.						
IAS 33	Earnings per share	Yes	No	If yes, please name the enforceable provisions.						
IAS 34	Interim financial reporting	Yes	No	If yes, please name the enforceable provisions.						
IAS 36	Impairment of assets	Yes	No	If yes, please name the enforceable provisions.						
IAS 37	Provisions, contingent liabilities and contingent assets	Yes	No	If yes, please name the enforceable provisions.						
IAS 38	Intangible assets	Yes	No	If yes, please name the enforceable provisions.						
IAS 39	Financial instruments: recognition and measurement	Yes	No	If yes, please name the enforceable provisions.						
IAS 40	Investment property	Yes	No	If yes, please name the enforceable provisions.						
IAS 41	Agriculture	Yes	No	If yes, please name the enforceable provisions.						
SIC 7	Introduction of the euro	Yes	No	If yes, please name the enforceable provisions.						
SIC 10	Government assistance	Yes	No	If yes, please name the enforceable provisions.						
SIC 12	Consolidation- special purpose entities	Yes	No	If yes, please name the enforceable provisions.						
SIC 13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers	Yes	No	If yes, please name the enforceable provisions.						
SIC 15	Operating leases- incentives	Yes	No	If yes, please name the enforceable provisions.						
SIC 21	Income taxes- recovery of revalued non-depreciable assets	Yes	No	If yes, please name the enforceable provisions.						
SIC 25	Income taxes- Changes in the tax status of an enterprise or its shareholders	Yes	No	If yes, please name the enforceable provisions.						
SIC 27	Evaluating the substance of transactions in the legal form of a lease	Yes	No	If yes, please name the enforceable provisions.						
SIC 29	Disclosure- Service concession arrangements	Yes	No	If yes, please name the enforceable provisions.						
SIC 31	Revenue- Barter transactions involving advertising services	Yes	No	If yes, please name the enforceable provisions.						
SIC 32	Intangible assets- Website costs	Yes	No	If yes, please name the enforceable provisions.						
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	Yes	No	If yes, please name the enforceable provisions.						

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IAS / IFRS	FASB Pronouncements[1]	Differences[2]
IFRS 1: First-time Adoption of International Financial Reporting Standards	ARB 43 (Chapter 2A), APB 20, APB 22.	***First-time application:*** **IFRS:** IFRS 1 applies only when international financial reporting standards are adopted by an entity for the very first time: it does not apply to any subsequent changes in accounting policies which are covered by IAS 8. Full retrospective application of most pronouncements is required with limited optional and mandatory exceptions. **US:** There is no comparable guidance for the first time application of U.S. GAAP; however, accounting principles must be consistent for comparative financial information presented in financial statements.

[1] The FASB pronouncements referenced in this table refer only to those pronouncements by the FASB and its predecessor bodies that fall within category (a) of the U.S. GAAP hierarchy and that are effective at January 1, 2005, or that become effective after January 1, 2005 and were issued prior to that date. The types of pronouncements covered are: FASB Statements of Financial Accounting Standards (FAS), FASB Interpretations (FIN), Accounting Principles Board Opinions (APB), and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure (ARB).

[2] The significance of any difference between IFRS and U.S. GAAP to individual companies will vary depending on many factors including the types of transactions that it enters into, the accounting policy choices that it makes, and the materiality of particular items.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IFRS 2: Share-Based Payment	ARB 43 (Chapter 1A), ~~ARB 43 (Chapter 13B)~~, ~~APB 25~~, ~~FAS 123~~, ~~FAS 148~~, ~~FIN 28~~, ~~FIN 38~~, ~~FIN 44~~. FAS 123(R), issued in December 2004 supersedes the pronouncements above that have been struck-through. FAS 123(R) is effective for interim or annual accounting periods of public companies beginning after June 15, 2005.	***Recognizing an expense for a share-based payment:*** **IFRS:** An expense is recognized based on the fair value of the share-based payment exchanged for goods or services, including employee services. **US:** Before the effective date of FAS 123(R), for most employee share options, an entity can choose (a) expense recognition similar to IFRS 2 or (b) expense recognition based on the intrinsic value at grant date (which generally is zero for share options without any performance conditions). After the effective date of FAS 123(R) the required treatment will be similar to IFRS 2. ***Measurement date for share-based payments made to non-employees:*** **IFRS:** The same as the measurement date for share-based payments made to employees, modified grant-date. **US:** Measured at the earlier of (a) the date at which a commitment for performance by the counterparty is reached or (b) the date at which that performance is complete. **Other comments:** FAS 123(R) has not changed the requirements for measurement date which are contained in EITF Issue 96-18. Therefore, this remains a difference. ***Employee share purchase plans:*** **IFRS:** IFRS 2 does not distinguish between share-based payments made as part of an employee share purchase plan and other share-based payments. **US:** FAS 123(R) provides an exemption from the recognition of an expense when an employee share purchase plan provides a discount to employees that does not exceed the per-share amount of share issuance costs that would have been incurred to raise a significant amount of capital by a public offering and that discount is not extended to other holders of the same class of shares. A 5% or lower discount automatically qualifies for the exemption, higher discounts must be justified.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Simplified measurement of share options granted by a nonpublic entity: **IFRS:** Measured in the same way as share options granted by a public entity. **US:** Measured in the same way as share options granted by a public entity under FAS 123(R) except when it is not practicable for a non-public entity to make a reasonable estimate of the expected volatility of its own share price. In those circumstances a simplified calculation of volatility is required using an appropriate index. The definition of nonpublic entities under FAS 123(R) includes entities whose debt is publicly traded but whose equity is not. ***Type III modification of an award when it is not probable that the original vesting conditions will be satisfied at the date of the modification:*** **IFRS:** If the per option fair value after the modification is lower than before the modification then expense recognition is based on the original (higher) fair value of the award. **US:** Under FAS 123(R), if the per option fair value after the modification is lower than before the modification then expense recognition is based on the new (lower) fair value of the award.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
IFRS 3: Business Combinations	FAS 72, FAS 141, FAS 142, FAS 147, FIN 4, FIN 9. Differences relating to business combinations are being considered in the joint Business Combinations project.	***Acquisition date:*** **IFRS:** The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. **US:** The emphasis is on the consummation of the transaction. The acquisition date is ordinarily the date on which consideration passes and the acquired (net) assets are received. That is, the date on which the transaction closes. However, if the parties agree in writing that effective control passes to the acquirer at an *earlier* date then that earlier date is the acquisition date. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that the acquisition date is the date on which the acquirer obtains control of the business, consistent with a similar tentative decision by the IASB. ***Measurement date for shares issued as consideration:*** **IFRS:** Shares issued as consideration are measured at their fair value on the date of the exchange transaction. **US**: Shares issued as consideration are measured at their market price over a reasonable period of time (a few days) before and after the parties reach an agreement on the purchase price and the transaction is announced. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that equity instruments of the acquirer issued as consideration should be measured at their fair value on the acquisition date, consistent with a similar tentative decision by the IASB.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Recognition of contingent consideration: **IFRS:** Requires contingent consideration to recognized at the date of acquisition when it is probable that it will be paid and it can be reliably measured. **US**: Included in the determination of the cost of the acquired entity if the amount is determinable at the date of acquisition. If the amount is not determinable it is excluded until the contingency is resolved or the amount is determinable. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that obligations for contingent consideration that are part of the consideration for the business acquired would be recognized and measured at fair value at the acquisition date, similar to IFRS 3. ***Recognizing a liability for costs of restructuring the activities of the acquiree:*** **IFRS:** Only permitted if the acquiree has already recognized an existing liability under IAS 37 at the acquisition date. A detailed formal plan for the restructuring must exist and a valid expectation must have been raised in those affected that the plan will be carried out, evidenced either by starting to implement the plan or announcing its main features to those affected. **US**: Exit costs, involuntary employee termination costs and relocation costs (but not integration costs) can be recognized if management has *begun to assess and formulate* a plan at the consummation date. The plan must identify all significant actions to be taken, be finalized and committed to within one year after the consummation date, and management must communicate the termination or relocation requirements to the employees of the acquired company within that time period. Actions required by the plan must begin as soon as possible after the plan is finalized. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that costs of restructuring the activities of the acquiree would only be recognized as part of a business combination if they meet the definition of liabilities at the acquisition date, similar to IFRS 3.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Recognizing contingent liabilities as acquired liabilities in a business combination*:** **IFRS:** Recognize the acquiree's contingent liabilities if their fair values can be measured reliably, otherwise do not recognize. **US:** Recognize the acquiree's contingent liabilities based on fair value if it can be determined during the allocation period. If fair value cannot be determined during the allocation period, the contingent liability should be recognized if it is probable that a liability existed and it can be reasonably estimated (using the guidance in FAS 5). **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that contingencies of the acquired business that meet the definition of an asset or a liability at the acquisition date (but previously were not required to be recognized under the criteria in FAS 5) would be required to be recognized and measured at their fair value, similar to IFRS 3. ***Measuring minority (non-controlling) interest: **IFRS:** Measured as the minority's proportion of the net fair value of the identifiable net assets acquired. This means that the acquired identifiable net assets will always be recorded based on their fair value at the acquisition date regardless of whether a minority interest exists. **US:** Authoritative U.S. GAAP is silent on this issue. Minority interest can be measured in the same way as IFRS *or* as the minority's proportion of the pre-acquisition historical book value of the identifiable net assets acquired. The latter method is more prevalent in practice. This means that, when a minority interest exists, the acquired identifiable net assets are generally recorded based partially on their fair values and partially on historical book value. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that non-controlling interests should be measured at their portion of the fair value of all of the net assets acquired (including goodwill), consistent with a similar tentative decision by the IASB.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		In-process research and development (R&D): **IFRS:** In-process R&D is recognized as an acquired intangible asset if it meets the definition of an intangible asset and its fair value can be measured reliably. If it is not recognized separately it is subsumed within goodwill. **US:** In-process R&D must be included in the determination of the fair values of the net assets acquired. If in-process R&D has no *alternative future use* then it is immediately expensed, otherwise it is recognized as an intangible asset. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that in-process R&D acquired in a business combination should be recognized as an asset at its fair value regardless of whether it has an *alternative future use*, similar to IFRS 3. ***Negative goodwill:*** **IFRS:** Recognize immediately as a gain. **US:** Initially allocate on a pro rata basis against the carrying amounts of certain acquired non-financial assets, with any excess recognized as an extraordinary gain. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that if the fair value of the acquiring entity's interest in the business acquired exceeds the fair value of the consideration exchanged for that interest then any excess remaining, after first reducing goodwill to zero, should be recognized as a gain in the income statement, consistent with a similar tentative decision by the IASB.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Combinations of entities under common control: **IFRS:** Outside the scope of IFRS 3. **US:** A method similar to pooling of interests is required. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that the existing guidance for accounting for transactions between entities under common control would be carried forward without reconsideration.
IFRS 4: Insurance Contracts	FAS 60, FAS 97, FAS 113, FAS 120, FIN 40, FIN 45.	***Rights and obligations under insurance contracts:*** **IFRS:** IFRS 4 allows current national accounting methods for insurance contracts to continue and contains little guidance on how to account for insurance contracts. **US:** FASB has issued several comprehensive pronouncements on how to account for different types of insurance contracts and other comprehensive industry accounting guides have been published by the AICPA. ***Derivatives embedded in insurance contracts*:** **IFRS:** An embedded derivative whose characteristics and risks are not closely related to the host contract and whose value is interdependent with the value of the insurance contract need not be separated out and accounted for as a derivative. **US:** Such derivatives must be accounted for separately.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IFRS 5: Non-current Assets Held For Sale and Discontinued Operations	FAS 144	***Measurement of an asset when it is first classified as held for sale:*** **IFRS:** Cumulative foreign exchange differences that have been recognized in equity (other comprehensive income) remain in equity until the asset is actually disposed of (but must be disclosed separately). **US:** Cumulative foreign exchange differences that have been recognized in equity (other comprehensive income) are reclassified from equity to the asset held for sale when it is first classified as held for sale. ***Definition of a discontinued operation*:** **IFRS:** A component of an entity that either has been disposed of or is classified as held for sale and a) represents a separate major line of business or geographical area of operations, b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or c) is a subsidiary acquired exclusively with a view to resale. **US:** A component of an entity that has been disposed of or is classified as held for sale. The definition is less restrictive than the IASB definition. ***Presentation of discontinued operations in the income statement:*** **IFRS:** The net amount of post-tax income or loss is required to be disclosed on the face of the income statement although disaggregation into its component parts is permitted as long as these are clearly separated form the results of continuing operations in the presentation. If the disaggregated information (including revenue and expenses) is not shown on the face of the income statement it must be disclosed in the notes. **US:** The net amount of pre-tax and post-tax income or loss is required to be disclosed on the face of the income statement. No further disaggregation is required.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IAS 1: Presentation of Financial Statements	ARB 43 (Chapter 1A), ARB 43 (Chapter 2A), ARB43 (Chapter 3A), ARB 43 (Chapter 3B), APB 6, APB 9, APB 10, APB 12, APB 13, APB 18, APB 20, APB 22, APB 30, FAS 5, FAS 6, FAS 37, FAS 47, FAS 78, FAS 95, FAS 109, FAS 115, FAS 129, FAS 130, FIN 8, FIN 39, FIN 41. Differences related to the presentation of financial statements are being considered in the joint Financial Performance Reporting by Business Enterprises project.	***Structure and Content of Financial Statements:*** **IFRS:** IAS 1 includes detailed requirements for the structure and content of a set of financial statements including the individual statements to be presented and the line items to be presented in each statement. **US:** In general FASB pronouncements do not specify the overall structure and content of financial statements, although a number of pronouncements include specific display and disclosure requirements. SEC Rules and Regulations include specific requirements for the structure and content of financial statements and related disclosures that apply only to SEC Registrants. ***Comparative financial statements for the previous year(s):*** **IFRS:** Comparative financial information for the preceding year is generally required for all information presented in the financial statements. **US:** Comparatives financial information is “desirable” but not required. SEC Rules and Regulations generally require the presentation of three years of comparative financial statements (two years for the balance sheet) for SEC Registrants. ***Reporting comprehensive income:*** **IFRS:** Statement of changes in equity is required. A grand total of ‘comprehensive income’ is permitted but not required. Comprehensive income is net income plus gains and losses that are recognized directly in equity rather than in net income. **US:** Must present grand total of ‘comprehensive income’. Can present that total in the income statement, separate statement of comprehensive income, or statement of changes in equity.

IAS / IFRS	**FASB Pronouncements[1]**	**Differences[2]**
		Classification of liabilities on refinancing: **IFRS:** If refinancing is completed before the balance sheet date then the liability can be classified as non-current. **US:** If refinancing is completed after the balance sheet date but before the date of issue of the financial statements then the liability can be classified as non-current. ***Classification of liabilities due on demand due to breach of a debt covenant:*** **IFRS:** The liability is classified as non-current if the lender has granted a 12-month waiver before the balance sheet date. **US:** The liability is classified as non-current if the lender has granted a 12-month waiver before the date of issue of the financial statements. ***Extraordinary items:*** **IFRS:** Extraordinary items are prohibited. **US:** Extraordinary items are permitted but restricted to infrequent, unusual, and rare items that affect income.
IAS 2: Inventories	ARB 43 (Chapter 4), FAS 86, FAS 151. FAS 151 amends ARB 43 (Chapter 4) and is effective for fiscal years beginning after June 15, 2005. Earlier application is permitted.	***Abnormal costs of idle capacity, freight, handling costs and spoilage:*** **IFRS:** Such costs cannot be included in inventory. **US:** Prior to the effective date of FAS 151, such costs can be included in inventory if they are not "so abnormal" as to require treatment as a current period expense. FAS 151 removes the “so abnormal” criterion and clarifies what is meant by *normal* capacity. After the effective date of FAS 151 US GAAP is similar to IAS 2.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Costing method used to determine inventory cost: **IFRS:** Use of the LIFO method is prohibited. **US:** Use of the LIFO method is permitted as an accounting policy choice if it is the method that most clearly reflects periodic income. ***Measurement of impairment:*** **IFRS:** Inventory is generally stated at the lower of cost and net realizable value. **US:** Inventory is generally stated at the lower of cost and market value. Market value is the current replacement cost except that it should not be greater than net realizable value and should not be less than net realizable value reduced by a normal profit margin. ***Reversal of impairment:*** **IFRS:** The reversal of inventory write-downs (from cost to net realizable value) is required in the period the reversal occurs. **US:** Once an item of inventory has been written down below cost (from cost to market value) that new amount is regarded as the new cost and any subsequent reversal of the write-down is prohibited. ***Measuring inventory at net realizable value even if above cost:*** **IFRS:** Permitted for producers of agricultural and forest products, agricultural produce after harvest, minerals and mineral products, and for the commodity inventory of commodity broker-traders. **US:** Allowed where it is accepted industry practice, not restricted to primary producers and broker-traders.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IAS 7: Cash Flow Statements	FAS 95, FAS 102, FAS 104. Differences related to the presentation of financial statements are being considered in the joint Financial Performance Reporting by Business Enterprises project.	***Exemption from requirement to present a cash flow statement:*** **IFRS:** No exemptions. **US:** Defined benefit and other employee benefit plans that follow FAS 35 and certain investment entities with substantially all of their investments in highly liquid investments that are carried at market value are exempt from the requirement to present a cash flow statement. ***Classification of interest and dividends paid in the cash flow statement:*** **IFRS:** Interest and dividends paid may each be classified as either an operating or financing activity. **US:** Interest paid must be classified as an operating activity and dividends paid as a financing activity. ***Classification of interest and dividends received in the cash flow statement:*** **IFRS:** Interest and dividends received may each be classified as either an operating or investing activity. **US:** Both interest and dividends received must be classified as an operating activity. ***Classification of taxes paid in the cash flow statement:*** **IFRS:** Taxes paid (or refunded) should be classified as an operating activity unless they can be specifically identified with financing or investing activities, when they may be classified as such. Total taxes paid must be disclosed if they are allocated over more than one activity. **US:** Taxes paid must be classified as an operating activity.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
		Inclusion of bank overdrafts in cash: **IFRS:** Bank overdrafts are included in cash if they are repayable on demand and form an integral part of an entity's cash management. **US:** Bank overdrafts are excluded from cash.
IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	APB9, APB 13, APB 20, APB 22, APB 30, FAS 3, FAS 16, FAS 73, FIN 1, FIN 20. Differences related to changes in accounting policies, changes in accounting estimates and error correction have been considered in the Short-Term Convergence project.	***Voluntary changes in accounting policy:*** **IFRS:** Must apply retrospectively and restate prior years, unless it is impracticable to do so. **US:** Generally, must include the cumulative effect of the change as a separate component of net income in the year of change without restating prior years (but must restate prior years for changes in the method of accounting for inventory valuation, depreciation in the rail industry, construction contracts and adoption of the full-cost method in extractive industries). **Other comments:** As part of the joint Short-Term Convergence project the FASB has tentatively decided to eliminate this difference and converge with IAS 8. ***Change in depreciation method for existing assets:*** **IFRS:** Treated as a change in accounting estimate (applied prospectively). **US:** Treated as a change in accounting policy (cumulative effect shown separately as a component of net income in the current year). **Other comments:** As part of the joint Short-Term Convergence project the FASB has tentatively decided to eliminate this difference and converge with IAS 8.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IAS 10: Events After the Balance Sheet Date	There are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic.	Guidance covering events after the balance sheet date but before issuance of the financial statements and auditor's report is found in the U.S. auditing literature in the Codification of Statements on Auditing Standards under AU section 560 "Subsequent Events." The guidance provided is similar to IAS 10.
IAS 11: Construction Contracts	ARB 43 (Chapter 11), ARB 45.	***Recognition methods for revenues and expenses:*** **IFRS:** Use of the percentage of completion method to recognize revenue and expenses is required if the final outcome of the contract can be measured reliably. When the final outcome cannot be reliably estimated the zero-profit method must be used. Use of the completed contract method is prohibited. Limited guidance is provided on the use of estimates. **US:** Use of the percentage of completion method is preferred. When the extent of progress towards completion is not reasonably measurable, the completed contract method should be used (and can be used where contracts are short-term in nature). Detailed guidance is provided on the use of estimates. ***Combining contracts and segmenting a contract:*** **IFRS:** Contracts must be combined and a contract must be segmented when certain specified criteria are met. **US:** SOP 81-1 contains a rebuttable presumption that a single contract is the appropriate unit of measure. Contracts may be combined and segmented when specified criteria are met that are similar to those in IAS 11. However, combination and segmentation of contracts is permitted when those criteria are met, but not required.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
IAS 12: Income Taxes	APB 2, APB 4, APB 10, APB 23, FAS 37, FAS 109, FAS 123(R), FIN 18.	***Exception to the basic principle that deferred tax is recognized for all temporary differences —initial recognition of an asset or liability:*** **IFRS:** Deferred tax is not recognized on taxable temporary differences that arise from the initial recognition of an asset or liability in a transaction that is (a) not a business combination and (b) does not affect accounting profit or taxable profit. Subsequent changes in the unrecognized asset or liability are also not recognized. **US:** Deferred tax is recognized; there is no similar initial recognition exemption. **Other comments:** As part of the joint Short-Term Convergence project the IASB has tentatively decided to eliminate this difference and converge with FAS 109. ***Exception to the basic principle that deferred tax is recognized for all temporary differences —leveraged leases:*** **IFRS:** Does not have an exception comparable to that in US GAAP. **US:** The tax consequences of leveraged leases are incorporated directly into the lease accounting measurements. **Other comments:** As part of the joint Short-Term Convergence project the FASB has tentatively decided make no changes to this exception. ***Exception to the basic principle that deferred tax is recognized for all temporary differences —intercompany transfers of assets within a group:*** **IFRS:** A deferred tax asset is recognized. **US:** Recognition of any deferred tax asset for the difference between the tax basis of the transferred assets (e.g. inventory) in the buyer's tax jurisdiction and the amount in the consolidated financial statements is prohibited. **Other comments:** As part of the joint Short-Term Convergence project the FASB has tentatively decided to eliminate this difference and converge with IAS 12.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Exception to the basic principle that deferred tax is recognized for all temporary differences —remeasurement of foreign nonmonetary assets: **IFRS:** Does not have an exception comparable to that in US GAAP. **US:** Prohibits recognition of a deferred tax asset or liability for differences related to assets and liabilities that, under FAS 52, are remeasured from the local currency into the functional currency using historical exchange rates and that result from (a) changes in exchange rates or (b) indexing for tax purposes. **Other comments:** As part of the joint Short-Term Convergence project the FASB has tentatively decided to eliminate this difference and converge with IAS 12.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Exception to the basic principle that deferred tax is recognized for all temporary differences —investments in subsidiaries, branches and associates, and interests in joint ventures: **IFRS:** IAS 12 does not require recognition of a deferred tax liability for temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures (*foreign or domestic*) to the extent that (a) the parent, investor or venturer is able to control the reversal of the temporary difference *and* (b) it is probable that the temporary difference will not reverse in the foreseeable future. **US:** FAS 109 does not require recognition of a deferred tax liability for two types of temporary difference unless it becomes apparent that those temporary differences will reverse in the foreseeable future. The two types of temporary difference are: (a) an excess of the amount for financial reporting over the tax basis of an investment in a *foreign* subsidiary or a *foreign* corporate joint venture that is essentially permanent in duration; and (b) undistributed earnings of a *domestic* subsidiary or a *domestic* corporate joint venture that is essentially permanent in duration and arose in fiscal years beginning on or before December 15, 1992. **Other comments:** As part of the joint Short-Term Convergence project the FASB and the IASB have tentatively decided to converge their respective requirements by: (a) retaining only the exceptions in FAS 109 and IAS 12 for the recognition of deferred tax liabilities on the excess of the amount for financial reporting over the tax basis of an investment in a *foreign* subsidiary (or a *foreign* corporate joint venture); and (b) amending the language in IAS 12 so that it is similar to that in FAS 109 and APB 23 on unremitted foreign earnings.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Tax rates and tax laws used for measuring deferred tax assets and liabilities: **IFRS:** Use tax rates and tax laws that have been enacted or "substantively enacted." **US:** Tax rate and tax laws must have been enacted. **Other comments:** As part of the joint Short-Term Convergence project the FASB has tentatively decided to amend Statement 109 to clarify that enactment occurs when every action, other than perfunctory actions, has occurred that is required for a measure to become law. ***Measurement of deferred tax—undistributed rate v. distributed rate:*** **IFRS:** Must use the tax rate applicable to undistributed profits. **US:** Provides the option to use the tax rate applicable to distributed profits in situations where the tax rate applicable to distributed profits is higher than the tax rate applicable to undistributed profits. **Other comments:** As part of the joint Short-Term Convergence project the FASB has tentatively decided to require that deferred tax assets and liabilities be measured using the distributed rate except to the extent that a subsidiary's earnings qualify for the unremitted foreign earnings exception to deferred tax accounting in Statement 109, when the undistributed rate would be used.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Recognition of deferred tax assets: **IFRS:** Recognized if it is "probable" that sufficient taxable profit will be available to utilize the temporary difference (*affirmative judgment.*) **US:** Always recognized in full, but reduced by a valuation allowance if it is "more likely than not" that some, or all, of the deferred tax asset will not be realized (*impairment.*) Further, applying the 'more likely than not' criterion through use of a valuation allowance results in disclosure differences between IAS 12 and SFAS 109. **Other comments:** This difference will be considered as part of the joint Short-Term Convergence project. ***Changes in deferred taxes that were originally charged or credited to equity (intraperiod tax allocation or "backwards tracing"):*** **IFRS:** Both IAS 12 and FAS 109 require that the tax effects of items credited or charged directly to equity during the current year also be allocated directly to equity. A deferred tax item originally recognized by a charge or credit to shareholders' equity may change either from changes in assessments of recovery of deferred tax assets or from changes in tax rates, laws, or other measurement attributes. Consistent with the initial treatment, IAS 12 requires the resulting change in deferred taxes also be charged or credited directly to equity. **US:** FAS 109 requires allocation to current year income. **Other comments:** This difference will be considered as part of the joint Short-Term Convergence project.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
		Balance sheet classification of deferred tax assets and liabilities: **IFRS:** Always classified as non-current in the balance sheet. **US:** Classification is split between the current and non-current components based on the classification of the underlying asset or liability to which the deferred tax relates. **Other comments:** As part of the joint Short-Term Convergence project the IASB has tentatively decided to eliminate this difference and converge with FAS 109. ***Subsequent recognition of deferred tax assets of the acquiree:*** **IFRS:** Recognized as a reduction in goodwill (to zero) with any excess recognized in profit or loss (as a reduction in income tax expense). **US:** Recognized firstly by reducing goodwill (to zero); secondly by reducing noncurrent intangible assets (to zero); and lastly as a reduction in income tax expense. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that the elimination of any valuation allowance established in accordance with FAS 109 at the acquisition date will be reported as a reduction of income tax expense (rather than first as a reduction of goodwill and then as a reduction of other intangible assets prior to recognition as a reduction of income tax expense). However, deferred tax benefits recognized within one year of the acquisition date would continue to be reported as an adjustment of goodwill (until goodwill is reduced to zero) unless the deferred tax benefit results from a discrete event or circumstance that occurred subsequent to the acquisition date other than changes in tax laws or rates enacted after the acquisition date. This is consistent with a similar tentative decision by the IASB.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Recognition of deferred tax assets of the acquirer that become recognizable as a result of a business combination **IFRS:** Not included in the purchase accounting for the acquisition. Recognized as part of post-acquisition profit or loss. **US:** Included in the purchase accounting for the acquisition. Reduces goodwill on the acquisition. **Other comments:** This difference will be considered as part of the joint Short-Term Convergence project, taking into account the tentative decisions made in the joint Business Combinations project. ***Disclosure of a reconciliation of actual and expected tax expense:*** **IFRS:** Computed by applying the applicable tax rate(s) to accounting profit, disclosing also the basis on which the applicable tax rate(s) are computed. The applicable tax rate could be the domestic tax rate of the entity (similar to U.S. GAAP) or the average of the individual local domestic tax rates for each tax jurisdiction, arrived at by aggregating individual reconciliations for each tax jurisdiction (not similar to U.S. GAAP). **US:** Computed by applying the domestic federal statutory tax rates to pre-tax income from continuing operations. Non-public companies must disclose the nature of the reconciling items but not amounts.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
		Recognition and measurement of tax benefits related to share-based payments: **IFRS:** Tax benefits which exceed the cumulative expense (*excess tax benefits*) are recognized directly in equity. Tax benefits which do *not* exceed the cumulative expense (*tax deficiencies*) are recognized in profit or loss for the period. Measurement is by reference to each individual share-based payment transaction. **US:** Excess tax benefits are generally recognized directly in equity for each share-based payment transaction, but may be recognized in the income statement in certain circumstances. Tax deficiencies are recognized directly in the income statement except to the extent of any remaining equity arising from excess tax benefits from previous awards (a portfolio approach). ***Measurement of deferred tax assets related to share-based payments:*** **IFRS:** The deferred tax asset is measured based on an estimate of the amount that the taxation authorities will permit as a tax deduction in future periods, remeasured each period based on the intrinsic value of share options if the tax deduction is based on the entity's future share price. **US:** The deferred tax asset is measured based on the cumulative expense recognized for financial reporting purposes: that is, based on the grant-date fair value of the award that has been recognized to date.
IAS 14: Segment Reporting	FAS 131. The IASB tentatively decided at its January 2005 meeting to converge with FAS 131.	***Basis of reportable segments:*** **IFRS:** Two bases for identifying reportable segments, one by line of business and one by geographical area. Must specify one as "primary" and one as "secondary". **US:** Only one basis for identifying reportable segments. Components for which information is reported internally to top management, which may or may not be based on lines of business or geographical areas.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
		Types of segment disclosures: **IFRS:** Disclosures required for both primary and secondary segments, with less disclosure for the secondary segment. **US:** Only one basis of segmentation, although certain "enterprise-wide" disclosures are required such as revenue from major customers and revenue by country. ***Accounting basis for reportable segments:*** **IFRS:** Segmental disclosures must be based on IFRS measures. **US:** Segmental disclosures are based on whatever accounting policies are used for internal reporting purposes. ***Segment result:*** **IFRS:** Segment result is defined. **US:** No definition of segment result.
IAS 16: Property, Plant and Equipment	ARB 43 (Chapter 9), APB 6, APB 12, APB 29, FAS 51, FAS 61, FAS 66, FAS 67, FAS 143, FAS 153, FIN 30, FIN 43.	***Basis of property, plant, and equipment:*** **IFRS:** May use either revalued amount or historical cost. Revalued amount is fair value at date of revaluation less subsequent accumulated depreciation and impairment losses. **US:** Generally required to use historical cost.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
	FAS 153 amends APB 29 and is effective for nonmonetary asset exchanges occurring in fiscal periods (interim or annual) beginning after June 15, 2005. Earlier application is permitted.	***Gains and losses on nonmonetary exchanges of similar productive assets**:* **IFRS:** A gain or loss is recognized based on the fair values of the assets exchanged provided that the exchange has commercial substance. **US:** Prior to adoption of FAS 153 recognition of any gain or loss is prohibited. After adoption of FAS 153 the accounting is similar to IAS 16. ***Subsequent expenditure—replacement of a major component part of an asset and major inspection costs:*** **IFRS:** Costs of replacing part of an asset and major inspection costs are recognized as part of the cost of the asset when the costs are incurred, if the general recognition criteria are met (probable future economic benefits and reliable measurement). The net book amounts of any replaced component and previous inspections costs are derecognized at the same time. **US:** Costs of replacing component parts of an asset and planned major maintenance activities may be capitalized or expensed. The deferral method which is specified under IFRS is one of four possible methods described in the AICPA's Audit and Accounting Guide, *Audits of Airlines*.
IAS 17: Leases	FAS 13, FAS 22, FAS 23, FAS 27, FAS 28, FAS 29, FAS 91, FAS 98, FIN 19, FIN 21, FIN 23, FIN 24, FIN 26, FIN 27.	***Leveraged leases:*** **IFRS:** No such thing as a leveraged lease. Treated in the same way as any other lease. **US:** The net investment in a leveraged lease is net of nonrecourse debt, affecting the pattern of income recognition and balance sheet presentation.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
		Minimum lease payments: **IFRS:** Include third-party guarantees related to the leased assets in minimum lease payments. **US:** Exclude third-party guarantees from minimum lease payments. ***Distinction between finance and operating leases:*** **IFRS:** Based on the substance of the transaction. **US:** Based on numerical thresholds. ***Present value of minimum lease payments:*** **IFRS:** Generally would use the interest rate implicit in the lease to discount minimum lease payments. **US:** Generally would use the incremental borrowing rate to discount minimum lease payments. ***Recognition of a gain on a sale and leaseback transaction where the leaseback is an operating lease:*** **IFRS:** The gain is recognized immediately if the sales price represents fair value. **US:** The gain is recognized over the lease term. ***Disclosure of lease maturities:*** **IFRS:** Less detailed disclosure. **US:** More detailed disclosure.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IAS 18: Revenue	ARB 43 (Chapter 1A), ARB 43 (Chapter 11), APB 10, APB 21, APB 29, FAS 45, FAS 48, FAS 49, FAS 50, FAS 51, FAS 65, FAS 66, FAS 67, FAS 68, FAS 91, FAS 152, FAS 153, FIN 43.	***Revenue recognition guidance:*** **IFRS:** General principles are consistent with US GAAP as described below, but limited detailed transaction-specific and issue-specific guidance is provided. **US:** In general, revenue is recognized when it has been earned and is realized or realizable. Extensive detailed transaction-specific and issue-specific guidance exists in all categories of GAAP. SEC Staff Accounting Bulletin 101 specifies that, for SEC Registrants, revenue is both earned and realizable when: (1) persuasive evidence of an arrangement exists, (2) the price is fixed or determinable, (3) delivery or performance has occurred, and (4) collectibility is reasonably assured.
	Differences relating to revenue recognition are being considered in the joint Revenue Recognition project.	***Up-front non-refundable revenue, such as connection fees and developers' advance payments:*** **IFRS:** If the up-front fee is in exchange for products delivered or services performed – and, therefore, substantial risks and rewards have been transferred to the buyer in a separate transaction – revenue is recognized on completion of the up-front services. Otherwise it is amortized over the expected customer service period. **US:** Amortization over the expected customer service period. Direct incremental costs are similarly deferred. ***Revenue recognition for the delivered component in a transaction with multiple deliverables:*** **IFRS:** Revenue for the delivered component is recognized even if a refund must be made if the undelivered component is not delivered, if it is probable that the undelivered component will be delivered. **US:** Revenue for the delivered component is deferred to the extent that a refund must be made if the undelivered component is not delivered.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
IAS 19: Employee Benefits	APB 12, FAS 43, FAS 87, FAS 88, FAS 106, FAS 112, FAS 132(R), FAS 146.	***Termination benefits:*** **IFRS:** No distinction between 'special' and other termination benefits. Termination benefits recognized when the employer is demonstrably committed to pay. **US:** Recognize special (one-time) termination benefits when employees accept the offer and the amount can be reasonably estimated. Recognize contractual termination benefits when it is probable that employees will be entitled to them and the amount can be reasonably estimated. ***Recognition of past service costs related to benefits that have vested:*** **IFRS:** Recognized immediately. **US:** Amortized over the remaining service period or life expectancy. ***Multi-employer plan that is a defined benefit plan:*** **IFRS:** Should be accounted for as a defined benefit plan if the necessary information is available, otherwise as a defined contribution plan. **US:** Accounted for as a defined contribution plan. ***Recognition of the minimum liability for benefits under defined benefit plans:*** **IFRS:** No minimum liability requirement. **US:** At a minimum, the unfunded accumulated benefit obligation is recognized. ***Limitation on recognizing pension assets:*** **IFRS:** Pension assets cannot be recognized in excess of the net total of unrecognized past service cost and actuarial losses plus the present value of benefits available from refunds or reduction of future contributions to the plan. **US:** No such limitation on the amount that can be recognized.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
		Timing of recognition of curtailment gains and losses: **IFRS:** Both curtailment gains and losses are recognized when the entity is demonstrably committed and a curtailment has been announced. **US:** A curtailment gain is not recognized until the related employees terminate or the plan suspension or amendment is adopted, which could be in a later period than demonstrable commitment and announcement. ***Measurement of a curtailment:*** **IFRS:** A curtailment gain or loss comprises (a) the change in the present value of the defined benefit obligation, (b) any resulting change in fair value of the plan assets, and (c) a pro rata share of any related actuarial gains and losses, unrecognized transition amount, and past service cost that had not previously been recognized. **US:** Unrecognized actuarial gains and losses arising subsequent to transition are not affected by a curtailment, while the amount of the gain or loss would be offset by any portion of the unrecognized transition asset or liability. ***Recognition of all actuarial gains and losses, in the period they arise, outside of the income statement (in a statement of recognized income and expense):*** **IFRS:** This treatment is permitted by the December 2004 amendment to IAS 19. **US:** Not permitted.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	There are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic.[3]	Not applicable.
IAS 21: The Effects of Changes in Foreign Exchange Rates	FAS 52, FAS 133, FIN 37	No significant differences.
IAS 23: Borrowing Costs	FAS 34, FAS 42, FAS 58, FAS 62	***Borrowing costs related to assets that take a substantial time to complete:*** **IFRS:** Capitalization is permitted as an accounting policy choice. **US:** Capitalization is mandatory. ***Types of borrowing costs eligible for capitalization:*** **IFRS:** Includes interest, certain ancillary costs, and exchange differences that are regarded as an adjustment of interest. **US:** Generally includes only interest. ***Income on temporary investment of funds borrowed for construction of an asset:*** **IFRS:** Reduces borrowing cost eligible for capitalization. **US:** Generally does not reduce borrowing cost eligible for capitalization.
IAS 24: Related Party Disclosures	ARB 43 (Chapter 1A), FAS 57.	No significant differences.

[3] FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made* establishes accounting standards for contributions and applies to all entities that receive or make contributions. However, Statement 116 does not apply to transfers of assets (i.e. grants) from governmental units to business enterprises.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IAS 26: Accounting and Reporting by Retirement Benefit Plans	FAS 35, FAS 110.	No significant differences.
IAS 27: Consolidated and Separate Financial Statements	ARB 43(Chapter 1A), ARB 43 (Chapter 12), ARB 51, FAS 94, FIN 46(R).	***Basis of consolidation policy - definition of a subsidiary:*** **IFRS:** Based on control, which is the *power* to govern the operating and financial policies of the subsidiary. Special purpose entities (SPEs) are consolidated where the substance of the relationship indicates that an entity controls the SPE. **US:** Based on a controlling financial interest with an emphasis on majority voting rights. Consolidation of an SPE is required by its primary beneficiary only when the SPE meets the definition of a VIE and the primary beneficiary will absorb the majority of losses or receive the majority of returns. Certain qualifying SPEs (as defined) do not need to be consolidated. ***Different reporting dates of parent and subsidiaries:*** **IFRS:** Reporting date difference cannot be more than three months. Must *adjust* for any significant intervening transactions (including the effect of significant movements in foreign exchange rates.) **US:** Reporting date difference cannot be more than three months. Must *disclose* any significant intervening transactions (including any significant effects of foreign exchange rate movements.)

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Presentation of minority interest: **IFRS:** In equity. **US:** Outside of equity, between liabilities and equity. **Other comments:** As part of the joint Business Combinations project the FASB has tentatively decided that equity interests of noncontrolling shareholders would be accounted for and presented in equity, separately from parent shareholders' equity. This tentative decision eliminates this difference and converges with IAS 27.
IAS 28: Investments in Associates	APB 18, FIN 35.	***Different reporting dates of investor and associate:*** **IFRS:** Reporting date difference cannot be more than three months. Must *adjust* for any significant intervening transactions. **US:** Reporting date difference cannot be more than three months. Must *disclose* any significant intervening transactions.
		Different accounting policies of investor and associate: **IFRS:** Investors are required to make appropriate adjustments to an associate's financial statements to conform them to the investor's accounting policies. **US:** No requirement to conform accounting policies.
IAS 29: Financial Reporting in Hyperinflationary Economies	FAS 52.	***Adjusting financial statements of an entity that operates in a hyperinflationary economy:*** **IFRS:** Adjust using a general price level index before translating to the reporting currency. **US:** An entity that operates in a hyperinflationary economy must use the functional currency of its parent, rather than its own hyperinflationary currency, to prepare its financial statements.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IAS 30: Disclosures in the Financial Statements of Banks and Similar Financial Institutions	There are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic.	Not applicable.
IAS 31: Interests in Joint Ventures	APB 18.	***Investments in joint ventures:*** **IFRS:** Permitted to use either the equity method or proportionate consolidation for jointly controlled entities. **US:** Use of the equity method is required (except in construction and extractive industries where use of the proportionate consolidation method is customary).
IAS 32: Financial Instruments: Disclosure and Presentation	See below where IAS 32 and IAS 39 are considered together.	See below where IAS 32 and IAS 39 are considered together.
IAS 33: Earnings per Share	FAS 128.	***Presentation of earnings per share*:** **IFRS:** IAS 33 requires disclosure on the face of the income statement of basic and diluted earnings per share for profit or loss from continuing operations and profit or loss for the period. Profit or loss per share from discontinued operations can be disclosed either on the face of the income statement or in the notes. **US:** FAS 128 requires disclosure on the face of the income statement of basic and diluted earnings per share for income from continuing operations and net income. Earnings per share information for income from discontinued operations, extraordinary items, and the cumulative effect of a change in accounting policy can be disclosed either on the face of the income statement or in the notes.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Calculation of year-to-date diluted earnings per share: **IFRS:** IAS 33 requires that the number of dilutive potential ordinary shares be determined independently for each reporting period presented and that the number for the year-to-date period is *not* a weighted average of the number in each interim period. **US:** FAS 128 requires that the number of dilutive potential ordinary shares for a year-to-date calculation be determined by computing a weighted average of the number for each quarter. **Other comments:** As part of the joint Short-Term Convergence project the FASB has tentatively decided to eliminate this difference and converge with IAS 33. ***Contracts that may be settled in ordinary shares or cash, at the issuer's option:*** **IFRS:** IAS 33 assumes that such contracts will *always* be settled in shares and the resulting potential shares are included in the calculation of diluted earnings per share if the effect is dilutive. **US:** FAS 128 has a rebuttable presumption that such contracts will be settled in shares. The presumption can be overcome if past experience or a stated policy provides a reasonable basis to conclude that the contract will be settled in cash. **Other comments:** As part of the joint Short-Term Convergence project the FASB has tentatively decided to eliminate this difference and converge with IAS 33.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
IAS 34: Interim Financial Reporting	APB 28, FAS 3, FAS 16, FAS 130, FAS 131, FIN 18. Differences related to the presentation of financial statements are being considered in the joint Financial Performance Reporting by Business Enterprises project.	***Form and content of interim financial statements:*** **IFRS:** IAS 34 contains comprehensive requirements for the minimum form and content of interim financial statements. **US:** While APB 28 does contain some requirements for the content of interim reports of publicly traded companies they are not comprehensive. SEC Rules and Regulations include specific requirements for the structure and content of interim financial reports and related disclosures that apply only to SEC Registrants. ***Interim reporting – revenue and expense recognition:*** **IFRS:** Interim period is a discrete reporting period (with certain exceptions). **US:** Interim period is an integral part of the full year (with certain exceptions).
IAS 36: Impairment of Fixed Assets	FAS 142, FAS 144, FAS 147.	***Measurement of an impairment loss:*** **IFRS:** Impairment is measured by comparing an individual asset's, or cash-generating unit's, carrying amount to its recoverable amount. Recoverable amount is the higher of the asset's value-in-use and fair value less costs to sell. **US:** Based firstly on a comparison of carrying amount to the expected future cash flows to be derived from an asset (or asset group) on an undiscounted basis. If the carrying amount is lower the asset (or asset group) is not impaired, if higher then impairment is measured by comparing the carrying amount to the fair value of the asset (or asset group).

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Level of impairment testing for goodwill: **IFRS:** Goodwill is allocated to a cash-generating unit (CGU) or group of CGUs that represent the lowest level at which goodwill is monitored for internal management purposes. A CGU, or group of CGU's to which goodwill is allocated must not be larger than a business or geographical segment (as defined for segmental reporting purposes). **US:** Goodwill is allocated to a reporting unit, which is either an operating segment (as defined for segmental reporting purposes), or one organizational level below an operating segment. ***Measurement of impairment of goodwill:*** **IFRS:** A one-step test: measured by comparing the carrying amount of the CGU to its recoverable amount and allocating any impairment loss first to goodwill then pro-rata to the other assets of the CGU. Recoverable amount is the higher of the CGU's value-in-use and its fair value less costs to sell. **US:** A two step test: Step 1: compare the fair value (FV) of the reporting unit with its carrying amount including goodwill. If FV is greater than carrying amount, then there is no impairment (skip step 2). Step 2: Allocate the FV of the reporting unit to all of its assets and liabilities in the same way as in a business combination and compare the resulting implied FV of goodwill with its carrying amount. ***Subsequent reversal of an impairment loss:*** **IFRS:** Required, if certain criteria are met. No reversal of impairments of goodwill. **US:** Prohibited.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
IAS 37: Provisions, Contingent Liabilities and Contingent Assets	FAS 5, FAS 11, FAS 47, FAS 112, FAS 114, FAS 143, FAS 146, FIN 14, FIN 45.	*Criteria for recognition of provisions (loss contingencies that are recognized):* **IFRS:** A *provision* is recognized when: (1) an entity has a present obligation to transfer economic benefits as a result of past events; (2) it is *probable* that such a transfer will be required; and (3) a reliable estimate of the amount of the obligation can be made. Probable is defined as "more likely than not." **US:** Similar criteria apply for the recognition of a *loss contingency*, however, the definition of *probable* as "likely" sets a higher threshold for recognition than "more likely than not" under IFRS. ***Measurement of provisions:*** **IFRS:** The best estimate of the minimum expenditure required to settle the present obligation—if no estimate in a range of estimates is more likely than any other then the mid-point of the range must be used. Discounting is required. **US:** If no estimate in a range of estimates is more likely than any other then the minimum amount must be used. Discounting is only permitted when the timing of the cash flows is fixed or determinable. ***Recognition of restructuring provisions:*** **IFRS:** Recognize if a detailed formal plan is announced or implementation of such a plan has started. **US:** Recognize when a transaction or event occurs that leaves an entity little or no discretion to avoid the future transfer or use of assets to settle the liability. An exit or disposal plan, by itself, does not create a present obligation to others for costs expected to be incurred under the plan.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Disclosures that may prejudice seriously the position of the entity in a dispute: **IFRS:** "In extremely rare cases" amounts and details need not be disclosed, but disclosure is required of the general nature of the dispute and why the details have not been disclosed. **US:** Disclosure is required.
IAS 38: Intangible Assets	APB 29, FAS 2, FAS 50, FAS 51, FAS 61, FAS 63, FAS 72, FAS 86, FAS 141, FAS 142, FAS 147, FAS 153, FIN 4, FIN 6, FIN 9, FIN 30.	***Capitalization of intangible assets acquired outside of a business combination:*** **IFRS:** Capitalize. **US:** Capitalize, except where the intangible assets acquired are to be used in R&D activities and have no "alternative future use" in which case they are expensed. ***Development costs:*** **IFRS:** Capitalize, if certain criteria are met relating to technical and commercial feasibility. **US:** Expense as incurred (except for certain website development costs and certain costs associated with developing software). ***Subsequent expenditure on purchased in-process R&D:*** **IFRS:** Capitalize if it meets the definition of development. **US:** Expense. ***Revaluation of intangible assets:*** **IFRS:** Permitted only if the intangible asset trades in an active market. **US:** Generally prohibited.

<table>
<tr><th>IAS / IFRS</th><th>FASB Pronouncements[1]</th><th>Differences[2]</th></tr>
<tr><td>IAS 32: Financial Instruments: Disclosure and Presentation

and

IAS 39: Financial Instruments: Recognition and Measurement</td><td>ARB 43 (Chapter 1A), ARB 43 (Chapter 1B), ARB 43 (Chapter 3B), APB 6, APB 10, APB 12, APB 14, APB 21, APB 26, FAS 15, FAS 47, FAS 65, FAS 84, FAS 91, FAS 97, FAS 107, FAS 114, FAS 115, FAS 118, FAS 126, FAS 133, FAS 134, FAS 137, FAS 138, FAS 140, FAS 149, FAS 150.</td><td>The Fair Value Option - classification as “at fair value through profit or loss”:

IFRS: Irrevocable decision on initial recognition to designate any financial asset or financial liability within the scope of IAS 39 (except for certain investments in equity instruments) to be remeasured at fair value through profit or loss (the fair-value option). The fair-value option cannot be applied to financial liabilities under the EU approved version of IAS 39.

US: No such fair-value option exists.

Other comments: The FASB has a current technical agenda project to consider whether entities should be permitted a one-time election, at the initial recognition of a contract, to report financial instruments, and perhaps certain nonfinancial instruments with characteristics similar to financial instruments, at fair value with the changes in fair value included in earnings.

Reclassification of financial assets or financial liabilities into or out of the “held-for-trading” category:

IFRS: The “held-for-trading” category is a subset of the “at fair value through profit or loss” category; reclassification to or from that category is prohibited.

US: Reclassification into or from the “trading” category should be rare but is not prohibited.

Classification of convertible debt by the issuer:

IFRS: Split the instrument into its liability and equity components and classify each as financial assets, financial liabilities or equity.

US: Classify the entire instrument as a liability.</td></tr>
</table>

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Investments in unlisted equity instruments*:** **IFRS:** Measured at fair value if reliably measurable; otherwise at cost. **US:** Measured at cost. ***Derecognition of financial assets: **IFRS:** Apply firstly a risks and rewards approach and then a control approach (if an analysis of risks and rewards is inconclusive) to determine if a financial asset should be derecognized. There is no legal isolation test. **US:** A components approach focusing on control with some consideration of the risks and rewards of ownership, and a requirement for the legal isolation of the financial assets transferred. ***Derecognition of financial assets - use of Qualifying Special Purpose Entities (QSPEs):*** **IFRS:** No such category of SPE. **US:** Allowed. ***Use of hedge accounting for "partial-term hedges" (hedge of a fair value exposure for only a part of the term of a derivative hedging instrument):*** **IFRS:** Allowed, provided that effectiveness can be demonstrated. **US:** Prohibited. ***Assuming perfect effectiveness of a hedge if critical terms match:*** **IFRS:** Prohibited. Must always measure effectiveness. **US:** Allowed for hedge of interest rate risk in a debt instrument if certain conditions are met. Known as the "shortcut method".

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
		Basis adjustments to non-financial assets or non-financial liabilities resulting from cash flow hedges of forecasted transactions: **IFRS:** An entity can choose the same method as U.S. GAAP or adjust the basis of the non-financial asset or non-financial liability for the gain or loss on the hedging instrument. **US:** The gain or loss on the hedging instrument that has been reported in equity remains in equity. ***Hedging the gain or loss on the net investment in a foreign entity:*** **IFRS:** Hedge ineffectiveness for any non-derivative hedging instruments designated as a hedge of the foreign currency risk related to the net investment in a foreign entity is recognized in equity. **US:** Hedge ineffectiveness on any non-derivative used to hedge foreign currency risk is recognized in profit or loss. ***Macro hedging:*** **IFRS:** Fair value hedge accounting treatment for a portfolio hedge of interest rate risk is allowed if certain specified conditions are met. **US:** Hedge accounting treatment is prohibited, though similar results may be achieved by designating specific assets or liabilities as hedged items.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
		Subsequent reversal of an impairment loss: **IFRS:** Required for held-to-maturity debt instruments, and available-for-sale debt instruments, if certain criteria are met. **US:** Prohibited.
IAS 40: Investment Property	There are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic.[4]	Not applicable.
IAS 41: Agriculture	There are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic.[5]	Not applicable.

[4] U.S. GAAP does not have any specific rules for the accounting treatment of investment property. Such properties are accounted for in the same way as other property; at depreciated historical cost. This is equivalent to the cost model in IAS 40.

[5] AICPA Statement of Position 85-3, *Accounting by Agricultural Producers and Agricultural Cooperatives* and the AICPA Audit and Accounting Guide, *Agricultural Producers and Agricultural Cooperatives* provide accounting guidance relevant to the scope of IAS 41.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
SIC-7: Introduction of the Euro (ref. IAS 10 and IAS 21)	Although there are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic EITF Topic D-71, *Accounting Issues Relating to the Introduction of the European Economic and Monetary Union (EMU)* addresses similar issues and is directly relevant.	No significant differences.
SIC-10: Government Assistance—No Specific Relation to Operating Activities (ref. IAS 20)	There are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic.	Not applicable.
SIC-12: Consolidation—Special Purpose Entities (ref. IAS 8 and IAS 27)	FIN 46(R).	***Special purpose entities (SPEs):*** **IFRS:** Consolidate where the substance of the relationship indicates that an entity controls the SPE. **US:** Consolidation of an SPE is required by its primary beneficiary only when the SPE meets the definition of a VIE and the primary beneficiary will absorb the majority of losses or receive the majority of returns. Certain qualifying SPEs (as defined) do not need to be consolidated.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
SIC-13: Jointly Controlled Entities—Non-Monetary Contributions by Ventures (ref. IAS 18 and IAS 31)	There are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic.	Not applicable.
SIC-15: Operating Leases—Incentives (ref. IAS 17)	Although there are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic FASB Technical Bulletin No. 88-1, *Issues Relating to Accounting for Leases: Lease Incentives in an Operating Lease* addresses similar issues and is directly relevant.	No significant differences.
SIC-21:Income Taxes—Recovery of Revalued Non-Depreciable Assets (ref. IAS 12 and IAS 16)	There are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic.	Not applicable.
SIC-25: Income Taxes—Changes in the Tax Status of an Enterprise or its Shareholders (ref. IAS 12)	FAS 109.	No significant differences.

IAS / IFRS	FASB Pronouncements[1]	Differences[2]
SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease (ref. IAS 1, IAS 17, IAS 18 and IFRS 4)	Although there are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic EITF Issue 01-8, *Determining Whether an Arrangement Contains a Lease* addresses similar issues and is directly relevant.	No significant differences.
SIC-29: Disclosure—Service Concession Agreements (ref. IAS 1)	There are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic.	Not applicable.
SIC-31: Revenue—Barter Transactions Involving Advertising Services (ref. IAS 18)	Although there are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic EITF Issue 99-17, *Accounting for Advertising Barter Transactions*, addresses similar issues and is directly relevant.	***Recognition of revenue from advertising barter transactions****:* **IFRS:** SIC-31 sets criteria for the reliable measurement of the fair value of advertising services given up in exchanges of dissimilar advertising services (an exchange of similar advertising services would *not* result in any revenue recognition under IAS 18). **US:** EITF 99-17 sets out similar, but more detailed, criteria. However, revenue would be recognized from the exchange of similar advertising services if the fair value could be determined.

IAS / IFRS	**FASB Pronouncements**[1]	**Differences**[2]
SIC-32: Intangible Assets—Web Site Costs (ref. IAS 38)	Although there are no FASB pronouncements in category (a) of U.S. GAAP that deal specifically with this topic EITF Issue 00-2, *Accounting for Web-Site Development Costs*, addresses similar issues and is directly relevant.	No significant differences.
IFRIC 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities (ref. IAS 1, IAS 8, IAS 16, IAS 23, IAS 36, and IAS 37)	FAS 143.	***Measurement of decommissioning provisions:*** **IFRS:** Adjust the cost of the asset and the provision to reflect changes in the current market-based discount rate at each reporting date. **US:** Do not adjust the cost of the asset or the liability for changes in the discount rate used after initial recognition.