Bruxelles, le 7 janvier 2014

COMMUNICATION AUX REVISEURS AGREES
COMMUNICATION 2014-2

Chère Consœur, cher Confrère,

Concerne: Utilisation par les établissements financiers belges de la « juste valeur » dans leurs comptes consolidés établis selon les normes IFRS

Cette communication fait suite à la lettre de la Banque Nationale de Belgique (la « BNB ») datée du 30 juillet 2013, traitant de l'utilisation par les établissements financiers belges de la « juste valeur » dans leurs comptes consolidés (et reportings prudentiels) établis selon les normes IFRS[1].

Cette lettre a été adressée par la Banque aux établissements et aux reviseurs agréés, suite à une enquête transversale[2], sur les justes valeurs utilisées.

Afin de favoriser la consistance des approches d'audit et tout en reconnaissant que l'évaluation d'instruments financiers dans un marché peu ou pas active est complexe et requiert un degré important de jugement, la lettre de la BNB nous incite à attirer l'attention des reviseurs agréés sur l'appréciation du caractère active (ou inactive) des marchés, et l'utilisation des modèles dans des marchés peu ou pas active.

Dès lors, lorsqu'un établissement utilise une évaluation sur la base de modèles, le reviseur agréé est appelé à redoubler d'esprit critique en analysant en particulier les circonstances et caractéristiques présidant à l'inactivité du marché. Des indications utiles sur les travaux à effectuer par le reviseur agréé sont reprises dans l'International Auditing Practice Note IAPN 1000, « Special considerations in auditing financial instruments », de décembre 2011[3]. En annexe 2, nous reprenons quelques passages particulièrement pertinents de cette note. Si à l'occasion de ses travaux, le reviseur agréé observe des éléments pouvant être perçus comme incohérents ou particuliers et susceptibles de remettre en cause le caractère peu ou pas active du marché ou le caractère

[1] Rappelons que la CBFA avait également émis, le 25 mai 2009, la Communication CBFA_2009_23 sur « l'évaluation d'actifs négociés sur des marchés inactifs ». Cette communication soumettait l'utilisation par une compagnie d'assurance du « mark-to-model » pour évaluer ses valeurs représentatives à une série de conditions (et notamment le strict respect des normes IFRS en la matière). Etant donné l'existence de cette correspondance de la CBFA applicable aux compagnies d'assurance, la lettre de la Banque du 30 juillet 2013 n'est adressée qu'aux établissements de crédit. Néanmoins, nous pensons que sa lecture est également profitable aux commissaires agréés des compagnies d'assurance.

[2] Cette enquête transversale a porté sur les instruments de dettes (obligations), dans la situation au 30 juin 2012, donc, préalablement à l'entrée en vigueur de la norme IFRS 13 (voir extrait annexe 1).

[3] L'IAPN 1000 est annexée à la Circulaire 2012/06 de l'Institut des Réviseurs d'Entreprises, datée du 18 juin 2012.

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raisonnable de la juste valeur d'un instrument financier donné, il pourra être amené à compléter son programme de travail, réaliser des analyses complémentaires et tirer les conclusions qui s'imposent éventuellement.

Ceci peut être le cas dans les situations suivantes:

- l'utilisation de justes valeurs différentes entre les comptes IFRS et les reportings internes (par exemple, une juste valeur différente pour le reporting au groupe et pour les états financiers locaux, ou une juste valeur différente pour la comptabilité et la gestion des risques...);
- la reprise de titres traités sur un marché peu ou pas active parmi les actifs liquides (tableau 90.31);
- l'utilisation, pour un même titre, des justes valeurs différentes au sein des différentes entités du groupe, ou par les OPC gérés par le groupe; et
- l'intention de l'établissement de vendre une partie de ces titres à un prix inférieur au prix « modèle ».

Si les titres évalués au moyen de modèles représentent une partie non négligeable des actifs de l'établissement, ou si les écarts entre les justes valeurs dérivées de modèle « level 3 » et les prix observés sur un marché peu ou pas active sont matériels, nous recommandons au reviseur agréé de:

- être particulièrement attentif aux notes requises par la norme IFRS 13. Il veillera notamment à ce que ces notes permettent aux lecteurs (en ce compris la BNB) de comprendre quels types de titres sont repris en « level 3 »;
- porter ce point à l'attention des personnes en charges de la gouvernance de l'établissement (en particulier, du Comité d'audit, si un tel Comité a été établi) comme domaine significatif dans lequel la direction a appliqué du jugement (en application des ISA); et
- en ce qui concerne le reporting sur la situation de fin d'exercice à l'attention de la BNB, commenter dans leur rapport les principales procédures effectuées et les observations mises en évidence. Dans ce cadre, nous suggérons aux reviseurs agrées de préciser l'approche d'audit appliquée quant à l'analyse des éléments clés tels que le caractère inactif du marché, la profondeur du marché, les mécanismes de calibration avec les prix observés, les ajustements adressant les risques du modèle et les procédures de validation interne.

  Si ces informations sont déjà reprises dans d'autres documents (tels que des présentations au Comité d'audit) transmis à la BNB, il n'est pas nécessaire de les reprendre in extenso dans le rapport à la BNB (une référence à ces documents nous paraît appropriée).

Cette problématique est particulièrement importante dans le cadre de la clôture du 31 décembre 2013 notamment en raison de (a) la première application de la norme IFRS 13 et (b) l'exercice de « balance sheet assessment » mené par la Banque Centrale Européenne.

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N'hésitez pas à me contacter, ou à contacter un autre membre du conseil de l'IRAIF, dans le cas où vous auriez des questions sur cette communication.

Frank Verhaegen
Président

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Annexe 1 – Extraits de la norme IFRS 13 Fair Value Measurement

62 The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

64 (…)After initial recognition, when measuring fair value using a valuation technique or techniques that use unobservable inputs, an entity shall ensure that those valuation techniques reflect observable market data (eg the price for a similar asset or liability) at the measurement date.

87 Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, ie an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

88 Assumptions about risk include the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability. For example, it might be necessary to include a risk adjustment when there is significant measurement uncertainty (eg when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability, or similar assets or liabilities, and the entity has determined that the transaction price or quoted price does not represent fair value, as described in paragraphs B37–B47).

89 An entity shall develop unobservable inputs using the best information available in the circumstances, which might include the entity's own data. In developing unobservable inputs, an entity may begin with its own data, but it shall adjust those data if reasonably available information indicates that other market participants would use different data or there is something particular to the entity that is not available to other market participants (eg an entity-specific synergy). An entity need not undertake exhaustive efforts to obtain information about market participant assumptions. However, an entity shall take into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the objective of a fair value measurement.

B38 If an entity concludes that there has been a significant decrease in the volume or level of activity for the asset or liability in relation to normal market activity for the asset or liability (or similar assets or liabilities), further analysis of the transactions or quoted prices is needed. A decrease in the volume or level of activity on its own may not indicate that a transaction price or quoted price does not represent fair value or that a transaction in that market is not orderly. However, if an entity determines that a transaction or quoted price does not represent fair value (eg there may be transactions that are not orderly), an adjustment to the transactions or quoted prices will be necessary if the entity uses those prices as a basis for measuring fair value and that adjustment may be significant to the fair value measurement in its entirety. Adjustments also may be necessary in other circumstances (eg when a price for a similar asset requires significant adjustment to make it comparable to the asset being measured or when the price is stale).

B41 Even when there has been a significant decrease in the volume or level of activity for the asset or liability, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (ie not a forced liquidation or distress sale) between market participants at the measurement date under current market conditions.

B42 Estimating the price at which market participants would be willing to enter into a transaction at the measurement date under current market conditions if there has been a significant decrease in the volume or level of activity for the asset or liability depends on the facts and circumstances at the measurement date and requires judgement. An entity's intention to hold the asset or to settle or otherwise fulfill the liability is not relevant when measuring fair value because fair value is a market-based measurement, not an entity-specific measurement.

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Annexe 2 – Extraits de la note IAPN 1000, Special Considerations in Auditing Financial Instruments

49.Depending on the circumstances, matters that the entity may address when establishing or validating a model for a financial instrument include whether:

- The model is validated prior to usage, with periodic reviews to ensure it is still suitable for its intended use. The entity's validation process may include evaluation of:
  - The methodology's theoretical soundness and mathematical integrity, including the appropriateness of parameters and sensitivities.
  - The consistency and completeness of the model's inputs with market practices, and whether the appropriate inputs are available for use in the model.
- (…)
- The model is appropriately changed or adjusted on a timely basis for changes in market conditions.
- The model is periodically calibrated, reviewed and tested for validity by a separate and objective function. Doing so is a means of ensuring that the model's output is a **fair representation of the value that marketplace participants would ascribe to a financial instrument**.
- The model maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.
- Adjustments are made to the output of the model to reflect the **assumptions marketplace participants would use in similar circumstances**.
- The model is adequately documented, including the model's intended applications and limitations and its key parameters, required data, results of any validation analysis performed and any adjustments made to the output of the model.

72.Application of professional skepticism is required in all circumstances, and the need for professional skepticism increases with the complexity of financial instruments, for example with regard to:

- Evaluating whether sufficient appropriate audit evidence has been obtained, which can be particularly challenging when models are used or in determining if markets are inactive.
- Evaluating management's judgments, and the potential for management bias, in applying the entity's applicable financial reporting framework, in particular management's choice of valuation techniques, use of assumptions in valuation techniques, and addressing circumstances in which the auditor's judgments and management's judgments differ.
- Drawing conclusions based on the audit evidence obtained, for example assessing the reasonableness of valuations prepared by management's experts and evaluating whether disclosures in the financial statements achieve fair presentation.

79.Accordingly, auditing financial instruments may require the involvement of one or more experts or specialists, for example, in the areas of:

- (…)
- Assisting the engagement team gather evidence to support management's valuations or to develop a point estimate or range, especially when fair value is determined by a complex model; when markets are inactive and data and assumptions are difficult to obtain; when unobservable inputs are used; or when management has used an expert.

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84.Management's responsibility for the preparation of the financial statements includes applying the requirements of the applicable financial reporting framework to the valuation of financial instruments. ISA 540 requires the auditor to obtain an understanding of how management makes accounting estimates and the data on which accounting estimates are based. Management's approach to valuation also takes into account the selection of an appropriate valuation methodology and the level of the evidence expected to be available. To meet the objective of a fair value measurement, an entity develops a valuation methodology to measure the fair value of financial instruments that considers all relevant market information that is available. A thorough understanding of the financial instrument being valued allows an entity to identify and evaluate the relevant market information available about identical or similar instruments that should be incorporated into the valuation methodology.

108.In accordance with ISA 540, the auditor considers the entity's valuation policies and methodology for data and assumptions used in the valuation methodology. In many cases, the applicable financial reporting framework does not prescribe the valuation methodology. When this is the case, matters that may be relevant to the auditor's understanding of how management values financial instruments include, for example:

- (...)
- Which models may give rise to the greatest risk of material misstatement;
- (...)
- Whether there is a greater risk of material misstatement because management has internally developed a model to be used to value financial instruments or is departing from a valuation technique commonly used to value the particular financial instrument;
- (...)
- Whether there are indicators of management bias in selecting the valuation technique to be used.

109.When evaluating whether the valuation techniques used by an entity are appropriate in the circumstances, and whether controls over valuation techniques are in place, the factors considered by the auditor may include:

- Whether the valuation techniques are commonly used by other market participants and have been previously demonstrated to provide a reliable estimate of prices obtained from market transactions;
- Whether the valuation techniques operate as intended and there are no flaws in their design, particularly under extreme conditions, and whether they have been objectively validated. Indicators of flaws include inconsistent movements relative to benchmarks;
- (...)
- How the valuation techniques are calibrated to the market, including the sensitivity of the valuation techniques to changes in variables;
- Whether market variables and assumptions are used consistently and whether new conditions justify a change in the valuation techniques, market variables or assumptions used;
- (...)
- The organizational structure, such as the existence of an internal department responsible for developing models to value certain instruments, particularly where level 3 inputs are involved. For example, a model development function that is involved in assisting in pricing deals is less objective than one which is functionally and organizationally segregated from the front office; and
- The competence and objectivity of those responsible for the development and application of the valuation techniques, including management's relative experience with particular models that may be newly developed.

The auditor (or auditor's expert) may also independently develop one or more valuation techniques to compare its output with that of the valuation techniques used by management.

113.The susceptibility to management bias, whether intentional or unintentional, increases with the subjectivity of the valuation and the degree of measurement uncertainty. For example, management may tend to ignore observable marketplace assumptions or data and instead use their own internally-developed model if the model yields more favorable results. Even without fraudulent intent, there may be a natural temptation to bias judgments towards the most favorable end of what may be a wide spectrum, rather than the point in the spectrum that might be considered to be most consistent with the applicable financial reporting framework. Changing the valuation technique from period to period without a clear and appropriate reason for doing so may also be an indicator of management bias. Although some form of management bias is inherent in subjective decisions relating to the valuation of financial instruments, when there is intention to mislead, management bias is fraudulent in nature.

126.Where there is a lack of observable external evidence, it is particularly important that those charged with governance have been appropriately engaged to understand the subjectivity of management's valuations and the evidence that has been obtained to support these valuations. In such cases, it may be necessary for the auditor to evaluate whether there has been a thorough review and consideration of the issues, including any documentation, at all appropriate management levels within the entity, including with those charged with governance.

127.When markets become inactive or dislocated, or inputs are unobservable, management's valuations may be more judgmental and less verifiable and, as result, may be less reliable. In such circumstances, the auditor may test the model by a combination of testing controls operated by the entity, evaluating the design and operation of the model, testing the assumptions and data used in the model, and comparing its output to a point estimate or range developed by the auditor or to other third-party valuation techniques.

145.In some cases, auditors may be required, or may consider it appropriate, to communicate directly with regulators or prudential supervisors, in addition to those charged with governance, regarding matters relating to financial instruments. Such communication may be useful throughout the audit. For example, in some jurisdictions, banking regulators seek to cooperate with auditors to share information about the operation and application of controls over financial instrument activities, challenges in valuing financial instruments in inactive markets, and compliance with regulations. This coordination may be helpful to the auditor in identifying risks of material misstatement.