

AWARENESS

Accounting and Auditing Developments ISSUE 01 - FEBRUARY 2006

AUDIT OFFICE UPDATE

Premier's Department: Relocating Agencies to Regional Areas

Background

Since 1999 the Government has actively pursued a policy of relocating agencies, or parts of them, to regional NSW.

The audit assessed whether there was good quality information and analysis available to support the selection of agencies and their new locations and whether outcomes have met expectations.

We reviewed processes co-ordinated by the Government Asset Management Committee (GAMC) and four relocations. Two of the relocations, the WorkCover Authority to Gosford and the Department of Local Government (DLG) to Nowra, were announced in early 1999. The other two relocations we reviewed, Mineral Resources to Maitland and the State Debt Recovery Office (SDRO) to Lithgow, were announced in late 2001.

Audit opinion

On balance, we believe that the decisions by the Government to relocate the four agencies were not adequately supported by advice from GAMC.

On the positive side, we found that decisions to relocate the agencies were arrived at quickly by the Government, that GAMC began developing appropriate processes to support government decisions and that the relocations were operational within three years from announcement.

Significant weaknesses in our view were:

- ◀ the decisions to relocate the agencies were made either without advice or with only limited advice from GAMC
- ◀ GAMC's processes did not provide timely and thorough advice when required. GAMC's advice to the Government on WorkCover and SDRO provided only limited options and analysis. The decisions to relocate DLG and Mineral Resources were made by the Government with no advice or business cases provided by GAMC.

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THE AUDIT OFFICE
OF NEW SOUTH WALES

The absence of business cases with clear objectives also means that no evaluations have been undertaken of outcomes against relocation objectives.

Auditors-General in various jurisdictions have highlighted the need for governments to be circumspect when making decisions affecting marginal electorates. Three of the four relocations that we examined were to marginal electorates. Without transparent processes in such situations, history has shown that governments may be exposed to criticism.

If the Government and GAMC are to achieve more accountable decisions they must support:

- ◀ processes providing more thorough analysis of options and timely advice
- ◀ compliance with established and relevant guidelines
- ◀ evaluation and reporting of results.

Summary of recommendations

We recommend that GAMC:

- ◀ document its processes for implementing government policies and strategies
- ◀ produce business cases for significant proposals to government
- ◀ evaluate important initiatives against objectives and targets
- ◀ report annually on performance of government reforms
- ◀ conduct reviews assessing the value of current programs and identifying more pressing priorities.

Further Information

Sean Crumlin, Director, Performance Audit on 02 9275 7286 or sean.crumlin@audit.nsw.gov.au The full report is available from our Internet site on www.audit.nsw.gov.au.

ACCOUNTING UPDATE

Australian Accounting Standards (AASB) Update

Meeting 7-8 December 2005

The Board discussed the following matters:

- ◀ Board membership
- ◀ the revision of AASB 124 'Related Party Disclosures'
- ◀ the release of ED 145 'Operating Segments'
- ◀ the release of AASB 2005-13, which amends AAS 25 'Financial Reporting by Superannuation Plans'
- ◀ practical issues about the consolidation of controlled entities by superannuation plans
- ◀ the release of AASB 2005-12, which amends AASB 1038 'Life Insurance Contracts' and AASB 1023 'General Insurance Contracts'
- ◀ the research project on Joint Ventures
- ◀ Australian Guidance within AEIFRS
- ◀ the release of AASB Interpretation 1002 'Post-Date-of-Transition Stapling Arrangements'
- ◀ the revision of AASB 1048 'Interpretation and Application of Standards'
- ◀ Urgent Issues Group Issue Proposals
- ◀ submissions received on ED 144 'Contributions'
- ◀ the development of a Standard on prospective financial information.

Source: AASB Action Alert 90 (December 2005).

Meeting 8-10 February 2006

Australian Guidance

The Board intends to provide Australian guidance in Australian equivalents to IFRSs relating to for-profit entities only when there is a compelling reason to do so. A process for removing such guidance from AEIFRS will be considered in the future.

Interpretations Model

The Board agreed that there should be a new Interpretations Model which would have the following features:

- ◀ the Board would have direct responsibility for developing and approving Interpretations

- ◀ Advisory Panels would be formed on a topic-by-topic basis with the purpose of making recommendations for consideration by the Board
- ◀ establishing an Interpretations Agenda Committee made up of Board members which would consider issue proposals and recommend a course of action to the Board
- ◀ issues relating to interpretation of Australian equivalents of IASB requirements would, in the first instance, be referred to the International Financial Reporting Interpretations Committee (IFRIC)
- ◀ the recommendations of an Advisory Panel would be published at least 30 days before an AASB meeting and proposed Interpretations would be further exposed for at least 30 days before they are considered for formal adoption.

The Board will further consider features of the proposed Model at its March meeting prior to discussing its proposals with the Financial Reporting Council (FRC).

First-time Adoption

The Board agreed to issue an Invitation to Comment proposing an amendment to AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'. The changes will permit access to AASB 1 for some not-for-profit entities experiencing difficulties due to information deficiencies and would apply for periods ending on or after 30 June 2006.

GAAP/GFS Convergence

The Board started its review of submissions received on ED 142 'Financial Reporting of General Government Sectors by Governments'. The Board decided to continue developing a Standard based on the proposals in ED 142, amended where appropriate to take account of constituents' comments.

The Board decided that:

- ◀ the General Government Sector (GGS) is a reporting entity that should prepare a general purpose financial report that does not consolidate the controlled entities that are part of other sectors on a line-by-line basis
- ◀ GGS investments in non-consolidated controlled entities should be recognised and measured in accordance with the proposals in ED 142
- ◀ GAAP information included in a general purpose financial report of a GGS should be recognised and measured in accordance with the proposals in ED 142
- ◀ Government Finance Statistics (GFS) information included in general purpose financial reports of a GGS should be determined in accordance with the ABS publication 'Government Finance Statistics, Australia: Concepts, Sources and Methods'
- ◀ the principles proposed in ED 142 for presenting GAAP and GFS information should be adopted. However, members agreed that the format for the

illustrative financial statements in Appendix B of ED 142 should be replaced with an illustration of a single column format and further consultation with constituents on its development would occur

- ◀ the proposals in ED 142 relating to performance indicators should be adopted with some amendments
- ◀ the Standard should require the general purpose financial report of a GGS to cross reference to the related whole of government report
- ◀ the Standard should require budget information to be presented on a comparable basis to the GGS financial statements, should require explanations of major variances between actual and budgeted amounts and allow the disclosure of a revised budget in addition to the original budget
- ◀ the mandatory application date for the GGS Standard should be determined in the future having regard to the implications of the GGS requirements for other public sector entities.

The Board also decided that the accounting treatment applied in the GGS Standard will not necessarily apply to other public sector entities. The Board will develop an issues paper considering the extent to which the Board's decisions for GGSs should be applied to other public sector entities.

Review of AAS 27 'Financial Reporting by Local Governments', AAS 29 'Financial Reporting by Government Departments' and AAS 31 'Financial Reporting by Governments and the ongoing Public Sector Strategy'

The Board has finalised its detailed review of these Standards and identified those paragraphs that it will propose to remove because they are adequately or more appropriately addressed in other Standards or framework, or they are no longer necessary, given the progress in financial reporting. It has also identified those paragraphs that are not adequately addressed in other Standards and which Standards should incorporate the contents.

The Board will issue an ED proposing that AAS 27, AAS 29 and AAS 31 be withdrawn. The application date will be reporting periods ending on or after 30 June 2007, with early adoption permitted.

Specific decisions made by the Board include:

- ◀ guidance in AAS 31 relating to government control of entities should be retained where appropriate and integrated into guidance in AASB 127 'Consolidated and Separate Financial Statements'
- ◀ references and guidance in the three Standards relating to infrastructure, cultural and heritage assets should be condensed into a single statement to be included in AASB 116 'Property, Plant and Equipment'

- ◀ guidance in the three Standards on revenue from non-exchange transactions (including contributions and appropriations) should be incorporated into AASB 1004 'Contributions'
- ◀ the possibility of amending AASB 114 'Segment Reporting' to incorporate the current requirements and guidance of segment-like information within the three Standards
- ◀ possible revision of the disclosure requirements of administered items currently within AAS 29, with a view to issuing a topic based Standard addressing the issue in a more contemporary way.

Separate projects on the concept of control as it applies in the public sector, the accounting treatment of infrastructure, cultural and heritage assets and the accounting treatment of non-exchange revenue will continue to progress.

An updated Public Sector Strategy Paper reflecting the decisions of the Board will be posted on the AASB website shortly.

Joint Ventures

AASB staff presented issues papers, and the Board noted the progress of the research project on joint ventures.

Budgetary Reporting

The Board finalised its submission to the IPSASB ED 27 'Presentation of Budget Information in Financial Statements'.

Proposed Amendments to AASB 2 'Share-based Payment'

The Board approved ED 146 'Share-based Payment - Vesting Conditions and Cancellations', which proposes two amendments to AASB 2 'Share-based Payment' equivalent to the amendments proposed internationally.

Stapled Entities and Earnings per Share (EPS)

Whilst AASB 133 'Earnings per Share' prescribes disclosures, the Board discussed the presentation of additional information in notes by stapled entities necessary to ensure users are fully informed.

Source: AASB Action Alert 91 (February 2006).

Financial Reporting Council (FRC)

Meeting 16 December 2005

The meeting considered the following main issues:

- ◀ International Financial Reporting Standards (IFRS) Implementation

- ◀ Auditor Independence
- ◀ Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AUASB) membership
- ◀ Reports from the Chairmen of the AASB and AUASB.

Board Appointments

The FRC has publicly announced new appointments and re-appointments to members of the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB).

Sources: FRC Bulletin 2005/7 - 21 December 2005, FRC Bulletin 2005/8 - 21 December 2005 .

Accounting Standards and Pronouncements Released

AASB 124 'Related Party Disclosures'

The AASB has re-issued AASB 124 and withdrawn AASB 1046 'Director and Executive Disclosures by Disclosing Entities'. The requirements of AASB 1046 have essentially been included within revised AASB 124. The revised standard does not apply to not-for-profit public sector entities.

This Standard is applicable to annual reporting periods ending on or after 31 December 2005 with early adoption permitted for annual reporting periods beginning on or after 1 January 2005.

AASB 1048 'Interpretation and Application of Standards'

This Standard has been reissued containing a complete listing of all the current Urgent Issues Group Interpretations.

This Standard is applicable to annual reporting periods ending on or after 31 December 2005 with early adoption permitted for annual reporting periods that begin on or after 1 January 2005.

AASB 2005-12 Amendments to Australian Accounting Standards [AASB 1038 and AASB 1023]

The amendments acknowledge that friendly societies may have unallocated surplus that is in the nature of 'policyholder equity', similar to life insurance entities.

This Standard is applicable to annual reporting periods ending on or after 31 December 2005 with early adoption permitted for annual reporting periods beginning on or after 1 January 2005.

AASB 2005-13 to Australian Accounting Standard [AAS 25]

AAS 25 'Financial Reporting by Superannuation Plans' has been amended to require

that financial liabilities held by superannuation plans be measured at net market values and any changes in values be recognised in the profit and loss for the reporting period.

This Standard is applicable to annual reporting periods ending on or after 31 December 2005 with early adoption permitted for annual reporting periods beginning on or after 1 January 2005.

AASB 2006-1 'Amendments to Australian Accounting Standards' [AASB 121]

This Standard makes amendments to Australian Accounting Standard AASB 121 'The Effects of Changes in Foreign Exchange Rates'. These amendments arise from the issue by the International Accounting Standards Board (IASB) of amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' in December 2005.

This Standard is applicable to annual reporting periods ending on or after 31 December 2006 with early adoption permitted for annual reporting periods that begin on or after 1 January 2005.

AASB Interpretation 1002 'Post-Date-of-Transition Stapling Arrangements'

The Interpretation requires that such stapling arrangements should be accounted for in accordance with the general requirements of AASB 3 'Business Combinations' and AASB 127 'Consolidated and Separate Financial Statements'.

This Interpretation is the first interpretation issued directly by the AASB and has the same status as Urgent Issues Group Interpretations. It is applicable to annual reporting periods ending on or after 31 December 2006 with early adoption permitted for annual reporting periods that begin on or after 1 January 2005.

Copies of the Standards and Pronouncements are available on the AASB website: www.aasb.com.au

Sources: AASB website, Accounting and Audit News Today Issue 1/2006, 20 January 2006.

Exposure Draft Released

ED 145 'Operating Segments'

The Australian Accounting Standards Board (AASB) is proposing to replace existing AASB 114 'Segment Reporting'. The proposed replacement is based upon the Exposure Draft ED 8 'Operating Segments' issued by the International Accounting Standards Board (IASB) in January 2006. The AASB proposes to retain the present exemption in respect of not-for-profit entities.

The ED is open for comment until 20 April 2006 and is available at: www.aasb.com.au

AUDITING UPDATE

Auditing and Assurance Standards Board (AUASB)

Exposure Drafts Released

Continuing the 'force of law' program of re-issuing existing Auditing Standards, the following Exposure Drafts (EDs) were released on 9 December 2005 with comments due by 31 January 2006:

- ◀ ED 27/05, Proposed Auditing Standard: Inquiry Regarding Litigation and Claims (Re-issuance of AUS 508)
- ◀ ED 28/05, Proposed Auditing Standard: Audit Sampling and Other Means of Testing (Re-issuance of AUS 514)
- ◀ ED 29/05, Proposed Auditing Standard: Audit of Accounting Estimates (Re-issuance of AUS 516)
- ◀ ED 30/05, Proposed Auditing Standard: Using the Work of Another Auditor (Re-issuance of AUS 602)
- ◀ ED 31/05, Proposed Auditing Standard: Using the Work of Internal Audit (Re-issuance of AUS 604)
- ◀ ED 32/05, Proposed Auditing Standard: Comparatives (Re-issuance of AUS 704).

The following Exposure Drafts were released on 16 December 2005 with comments also due by 31 January 2005:

- ◀ ED 33/05, Proposed Auditing Standard: Materiality and Audit Adjustments (Re-issuance of AUS 306)
- ◀ ED 34/05, Proposed Auditing Standard: Communication of Audit matters With Those Charged With Governance (Re-issuance of AUS 710)
- ◀ ED 35/05, Proposed Auditing Standard: The Auditor's Report on Special Purpose Audit Engagements (Re-issuance of AUS 802)
- ◀ ED 36/05, Proposed Auditing Standard: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity.

The AUASB has also issued an Explanatory Guide to EDs 34/05, 35/05 and 36/05.

There are no further Exposure Drafts expected for this stage of the 'force of law' program. The AUASB intends to address public comments and feedback on all EDs with a view to issuing the 36 proposed Auditing Standards as legal instruments by 30 June 2006. The proposed Auditing Standards are intended to apply to audits of financial reports for periods commencing on or after 1 July 2006.

Source: www.auasb.gov.au.

AUASB Meetings

The Board met on 27-28 November and 12 December 2005. At these meetings, aside from consideration of the re-issue of Auditing Standards, several matters were covered.

The Board noted the release of AGS 1046 'Responding to Questions at an Annual General Meeting' (revised).

The Board considered staff papers on the following:

- ◀ the revision of AUS 522 'Audit Evidence Implications of Externally Managed Assets of Superannuation, Provident or Similar Funds' and AGS 1026 'Superannuation Funds - Auditor Reports on Externally Managed Assets'
- ◀ the recent activities of several overseas auditing standard setters
- ◀ new developments concerning AASB 1046 and the implication for the Guidance Note on this issue.

The Board received a verbal report from the Chairman on the status of the appointment process for new AUASB members. The Chairman also thanked departing AUASB members for their contributions. The Auditor-General for Tasmania, Mike Blake, has been appointed to the Board, and the Auditor-General for NSW, Bob Sendt, has departed.

The Board received a verbal update from its Technical group about the progress of AGS 1038 'Access to Audit Working Papers'.

The Board received a report on a number of matters to be considered by the International Auditing and Assurance Standards Board at its meeting in December 2005.

Source: www.auasb.gov.au.

INTERNATIONAL UPDATE

International Accounting Standards Board (IASB)

Meeting 13-16 December 2005

The IASB discussed the following issues:

- ◀ Conceptual Framework
- ◀ Insurance contracts
- ◀ Short-term convergence: income tax
- ◀ Fair value measurement
- ◀ Puttable instruments at fair value
- ◀ Accounting standards for small and medium-sized entities
- ◀ Update on IFRIC activities
- ◀ Joint ventures
- ◀ Technical plan.

Source: IASB Update December 2005.

Meeting 24-25 January 2006

The IASB discussed the following issues:

- ◀ Business Combinations II
- ◀ Financial Instruments and Insurance working groups: update
- ◀ Short-term convergence: borrowing costs
- ◀ Performance reporting
- ◀ Accounting Standards for small and medium-sized entities
- ◀ Earnings per share
- ◀ Update on IFRIC activities.

Source: IASB Update January 2006.

International Financial Reporting Interpretations Committee (IFRIC)

Meeting 1 December 2005

The IFRIC discussed the following issues:

- ◀ D16 'Scope of IFRS 2' - Proposal for a final Interpretation
- ◀ Interim Financial Reporting and Impairment of Goodwill and of Investments in Equity Instruments - Proposal for a draft Interpretation

◀ Tentative agenda decisions.

Source: IFRIC Update December 2005.

Meeting 12-13 January 2006

The IFRIC discussed the following issues:

- ◀ D15 'Reassessment of Embedded Derivatives' - Proposal for a final Interpretation
- ◀ Service Concessions
- ◀ Customer Loyalty Programmes
- ◀ Proposals for an IFRIC Handbook
- ◀ Hedging Inflation Risk.

Source: IFRIC Update January 2006.

Recently Released International Exposure Drafts

Related Parties

The International Auditing and Assurance Standards Board (IAASB) have released proposed International Standard on Auditing (ISA) 550 'Related Parties'. In response to the involvement of related parties in major corporate scandals, the proposed standard extends current audit procedures. It also places greater emphasis on evaluating the effects of related party relationships and transactions on financial reports, even in circumstances where the financial reporting framework does not establish related party accounting or disclosure requirements.

Comments on the Exposure Draft are requested by 30 April 2006 and a copy of the Exposure Draft is available on the IFAC website: www.ifac.org.

Source: IFAC Press Release 3 January 2006.

Guidance on Developing Codes of Conduct

The International Federation of Accountants (IFAC) has released proposed guidance for corporate accountants and management worldwide. It is intended also for professional accountants working in the not-for-profit and government sectors.

Comments on the Exposure Draft are requested by 15 April 2006 and a copy of the Exposure Draft is available on the IFAC website: www.ifac.org.

Source: IFAC Press Release 24 January 2006.

Revenue from Non-Exchange Transactions (Including Taxes and Transfers)

The International Public Sector Accounting Standards Board (IPSASB) has issued proposed standard 'Revenue from Non-Exchange Transactions (Including Taxes

and Transfers)'. The proposed standard deals with a range of matters critical to government financial reporting of taxes, including the basis on which a wide range of taxes should be recognised and measured.

Comments on the Exposure Draft are requested by 30 June 2006 and a copy of the Exposure Draft is available on the IFAC website: www.ifac.org.

Source: IFAC Press Release 31 January 2006.

OTHER ISSUES

Australian Taxation Office Ruling TR 2005/21 on Charitable Institutions and Funds

The ATO has released TR 2005/21 which sets out the Commissioner's views on the meanings of 'charitable institution' and 'fund established for public charitable purposes'. The Ruling deals with the following:

- ◀ the circumstances in which an institution or fund will be considered charitable
- ◀ determining whether the purpose of an institution or fund is charitable
- ◀ the changes made to by the Extension of *Charitable Purpose Act 2004*, in relation to child care, religious orders and self-help groups, and
- ◀ the features that distinguish a charitable institution from a charitable fund.

The meanings of 'charitable institution' and 'fund established for public charitable purposes' are relevant in determining the application of sections of the *Income Tax Assessment Act 1997* and the *Fringe Benefits Tax Assessment Act 1986* that deal with:

- ◀ income tax exemption
- ◀ income tax deductions for gifts
- ◀ some exemptions in relation to fringe benefits
- ◀ entitlement to rebates of fringe benefits tax as a rebateable employer.

The Ruling applies both before and after its issue. However, it does not apply to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of issue. This Ruling provides that charitable funds will no longer be taken to be rebateable employers for the purposes of section 65J of the *Fringe Benefits Assessment Act 1986*. As this involves a change in approach, this will only apply from 1 July 2005.

A copy of the Ruling, together with frequently asked questions and answers is available on the ATO website at: www.ato.gov.au.

Resources Available

Better Practice Guide - Strategies for earlier financial statement preparation

The Queensland Audit Office has published a guide to assist agencies in planning and monitoring their financial statement preparation process. The Guide is available from the Queensland Audit Office website: www.qao.qld.gov.au.

Australian Securities and Investments Commission (ASIC) - Insolvency Information

ASIC has released information sheets for directors, employees, shareholders and creditors affected by a company's insolvency. The information sheets are aimed at communicating the most common insolvency procedures and include a glossary of terms. The information sheets are available from ASIC's website: www.asic.gov.au.

Source: ASIC News, January 2006, Issue 90.

MISCELLANEOUS PUBLICATIONS

Australian Capital Territory Audit Office:

Other Report:

◀ 2004-05 Financial Audits

This report is available at www.audit.act.gov.au.

Australian National Audit Office:

Performance Audit Reports:

- ◀ Cross Portfolio Audit of Green Office Procurement
- ◀ Acceptance, Maintenance and Support Management of the JORN System
- ◀ ASIC's Implementation of Financial Services Licences
- ◀ Forms for Individual Service Delivery
- ◀ Reporting of Expenditure on Consultants
- ◀ Management of Net Appropriation Agreements

Other Reports:

- ◀ Audit of Financial Statements of Australian Government Entities for the Period Ended 30 June 2005
- ◀ IT Security Management

These reports are available at www.anao.gov.au.

Queensland Audit Office:

Other Publication:

◀ Better Practice Guide - Strategies for Earlier Financial Statement Preparation

This guide is available at www.gao.qld.gov.au.

Tasmanian Audit Office:

Other Report:

◀ Government Departments and Public Bodies 2004-2005 - Part B Volume Three
Local Government Authorities

This report is available at www.audit.tas.gov.au.

Victorian Audit Office:

Other Report:

◀ Results of 30 June 2005 financial statement and other audits

This report is available at www.audit.vic.gov.au.

Victorian Public Accounts and Estimates Committee:

◀ Report on a Legislative Framework for Independent Officers of Parliament

This report is available at www.parliament.vic.gov.au.

Independent Commission Against Corruption:

◀ Report on investigation into schemes to fraudulently obtain building licences

◀ Corruption Risks in the NSW development approval process: discussion paper

These reports are available at www.icac.nsw.gov.au.

LEGISLATIVE CHANGES UPDATE

Public Authorities (Financial Arrangements) Amendment (Retail Leases) Regulation 2005

This Regulation prescribes the Director-General of the Department of State and Regional Development as an authority for the purposes of Part 3 (Investment) of the *Public Authorities (Financial Arrangements) Act 1987* and confers specific investment powers on the-Director General.

This Regulation is made under the *Public Authorities (Financial Arrangements) Act 1987* and commences on 1 January 2006.

(GG No 157, 16 December 2005, page 10957).

Public Sector Employment and Management (General) Amendment (War Service) Regulation 2005

Certain prior government service is recognised in the calculation of a public sector employee's extended leave entitlement. This Regulation amends the *Public Sector Employment and Management (General) Regulation 1996* to declare certain kinds of service to be war service for the purpose of recognition of prior government service.

This Regulation is made under the *Public Sector Employment and Management Act 2002* and commences on 1 January 2006.

(GG No 164, 23 December 2005, page 11242).

Public Authorities (Financial Arrangements) Amendment (Rural Lands Protection Boards Exclusion) Regulation 2005

This Regulation excludes Rural Lands Protection Boards from the application of Part 2C of the *Public Authorities (Financial Arrangements) Act 1987*. Part 2C relates to statutory guarantees to public authorities by the Government.

This Regulation is made under the *Public Authorities (Financial Arrangements) Act 1987*.

(GG No 19, 10 February 2006, page 759).

PREMIER'S DEPARTMENT UPDATE

Premier's Department Circulars

Number		Issued
2005-48	Conversion of First State Superannuation from a NSW Regulated Scheme to a Commonwealth Regulated Scheme	December 2005
2005-49	Telephone White Pages directories - NSW Government	December 2005
2005-50	Commencement of the amendments to the Extended Leave provisions in the Public Sector Employment and Management Act 2002 and repeal of the Transferred Officers Extended Leave Act 1961	December 2005
2005-51	Press Clip Monitoring Arrangements (related to M2004-02 and C2005-05)	December 2005
2006-01	Publication of Revised SES Guidelines (supersedes C1998-97)	January 2006
2006-02	Accessing Leave Entitlements and Flexible Work Hours Arrangements to Observe Religious Duties (supersedes C2005-01)	January 2006
2006-03	Rostered Days Off for 2006 - 2008 Crown Employees (Skilled Trades) Award and General Construction (State) Award (supersedes C2004-40)	January 2006
2006-04	Nominations for the Public Service Medal - Closing Date extended to 14 February 2006	January 2006

C2005-48 Conversion of First State Superannuation from a NSW Regulated Scheme to a Commonwealth Regulated Scheme

The recently passed *First State Superannuation Amendment (Conversion) Act 2005* allows the conversion of the Scheme from a state regulated scheme to a Commonwealth regulated scheme. This will mean the Trustee of the Scheme will be able to offer continued membership to public sector employees who leave the public sector. The conversion is expected in early 2006.

The changes do not alter the entitlements or security of members' investments, nor are there any changes for public sector employers.

C2005-49 Telephone White Pages® directories - NSW Government

To improve accessibility to information on NSW Government agencies contained in the White Pages, public agencies are requested to include 'NSW Government' after their agency name when preparing their entry for the White Pages.

C2005-50 Commencement of the amendments to the Extended Leave provisions in The Public Sector Employment and Management Act 2002 and repeal of the Transferred Officers Extended Leave Act 1961

The purpose of this circular is to advise agencies on the commencement of the *Public Sector and Management Amendment (Extended Leave) Act 2005*, which commenced on 1 January 2006. This Act contains various provisions itself and amends related legislation. An explanatory document summarising the main provisions of the new Act is attached to the circular.

C2005-51 Press Clip Monitoring Arrangements

A tender for a sector wide press clip service will be released early in 2006. In accordance with Premier's Memorandum 2004-02, agencies should not separately engage commercial organisations for press clip monitoring services once the new arrangements are in place. In the meantime agencies should continue with their existing press clip provider on a month-by-month basis and no new agreements should be entered into.

C2006-01 Publication of Revised SES Guidelines

The 'SES Guidelines' have been comprehensively updated and are available on the Premier's Department internet site. The revised guidelines provide comprehensive advice on the legislative and policy framework for the employment of officers in the Chief and Senior Executive Service.

C2006-02 Accessing Leave Entitlements and Flexible Work Hours Arrangements to Observe Religious Duties

Chief Executives are asked to distribute the Days of Religious Significance list within the Circular. They should also remind managers and supervisors to be sensitive and accommodating of the needs of employees in accessing their leave entitlements to observe religious duties.

C2006-03 Rostered Days Off for 2006 - 2008 Crown Employees (Skilled Trades) Award and General Construction (State) Award

This Circular sets out the rostered days off under the relevant awards.

C2006-04 Nominations for the Public Service Medal - Closing date extended to 14 February 2006

The medal is awarded for meritorious service and is available to any public sector employee. Nominations closed 14 February 2006.

The Circulars are available at www.premiers.nsw.gov.au.

Premier's Department Memoranda

Number		Issued
2005-14	Working Together: Public Sector OHS and Injury Management Strategy 2005-2008 (related to C1999-08, C2002-51 and M98-40)	December 2005
2005-15	Family Provisions Test Case Flow On	December 2005
2006-01	Guidelines for Managing Lobbyists and Corruption Allegations Made During Lobbying	January 2006

M2005-14 Working Together: Public Sector OHS an Injury Management Strategy 2005-2008

'Working Together' is a strategy to secure improvements in the public sector's health and safety performance with a specific focus on injury management. Copies of the Strategy can be downloaded from www.workingtogether.nsw.gov.au.

M2005-15 Family Provisions Test Case Flow On

The Industrial Relations Commission has handed down a decision in the Family Provisions Case 2005 and made a General Order. The NSW public sector, including State Owned Corporations, was excluded from the Order, as the NSW Government already provided many conditions of employment which are more beneficial than provisions of the Family Provisions Test Case. However, the Order introduced some more beneficial provisions and these are to be applied administratively across the NSW public sector from the date of the IRC's decision on 19 December 2005.

M2006-01 Guidelines for managing Lobbyists and Corruption Allegations Made During Lobbying

Guidelines are attached to this Circular for Ministers, ministerial staff and public officials during lobbying. The Guidelines have been prepared to maintain the integrity of government decision-making processes and are applicable to all Ministers, ministerial staff and public officials who are lobbied in relation to the making of a statutory decision.

The Memoranda are available at www.premiers.nsw.gov.au.

TREASURY UPDATE

Treasury Circulars

Number		Issued
TC 05/10	Accounting for the Goods and Services Tax (GST) (Supersedes TC 00/09)	December 2005
TC 05/11	Accounting for Dividends (Supersedes TC 03/02)	December 2005
TC 06/01	Procurement of Photocopier Equipment	January 2006
TC 06/02	Treasury Review of Financial Impact Statements	January 2006

TC 05/10 Accounting for the Goods and Services Tax (GST)

The Circular sets out the accounting treatment of GST in financial reports.

This Circular is issued as part of the adoption of the Australian equivalents to International Financial Reporting Standards. The Circular withdraws and supersedes TC 00/09 and the sections on GST in TC 03/06 and TC 02/02. The Circular is applicable for financial years beginning on or after 1 January 2005 and does not represent a substantive change to the previous policy.

TC 05/11 Accounting for Dividends

Accounting Standard AASB 110 'Events after the Balance Sheet Date' infers that only dividends declared (appropriately authorised) before the reporting date can be recognised as a liability. Dividends declared after financial year end are not recognised because they do not meet the criteria of a 'present obligation' in AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. The existence of Statements of Corporate or Business Intent signed prior to the year end creates a present obligation as per AASB 137.

For NSW public sector agencies, this means that the existing policy for recognising dividends remains unchanged. Dividends must continue to be recognised in the year to which they relate, even though payment may not occur until the following financial year.

This Circular is issued as part of the adoption of the Australian equivalents to International Financial Reporting Standards and withdraws and supersedes TC 03/02. It is applicable for financial years beginning on or after 1 January 2005.

TC 06/01 Procurement of Photocopier Equipment

The current Photocopier contract allowing operating leases finished on 31 December 2005 and the Imaging Devices contract that replaces it has no provision for operating leasing. Agencies are not to enter into leases for photocopier equipment or other equipment covered by the new Imaging Devices contract, and are to purchase these assets using capital funds after 1 January 2006.

This policy applies to all General Government Agencies. NSW Treasury recommends that public trading enterprises and state owned corporations undertake appropriate lease versus buy financial analysis before entering into any external funding arrangements.

TC 06/02 Treasury Review of Financial Impact Statements

Where a Cabinet proposal is likely to have a material financial implication, Treasury must review the Financial Impact Statement before the matter is scheduled for Cabinet consideration. Treasury's review aims to provide some assurance as to the accuracy of the estimates in the Financial Impact Statement, and does signify Treasury endorsement of the proposal. Financial Impact Statements should be prepared using a new template available on Treasury's website.

The Circulars are available at www.treasury.nsw.gov.au.

Treasury Policies

Number		Issued
TPP05-4	Distinguishing For-Profit From Not-For-Profit Entities	December 2005
TPP06-1	CEO Contract Guidelines for Government Businesses	January 2006

TPP05-4 Distinguishing For-Profit From Not-For-Profit Entities

This Policy provides guidance to NSW public sector entities in deciding whether they are a for-profit or not-for-profit entity, for the purposes of their general purpose financial report, prepared in accordance with Australian Equivalents to International Financial Reporting Standards.

TPP06-1 CEO Contract Guidelines for Government Businesses

Where CEOs are not employed under the *Public Sector Employment and Management Act 2002 (NSW)*, the Guidelines provide guidance for their appointment. The Guidelines discuss key elements of CEO contracts and cover disclosure requirements.

The Policies are available at www.treasury.nsw.gov.au.

AUDIT OFFICE BETTER PRACTICE GUIDES

The Audit Office produces guides to better practice to assist agencies. The following is a list of those guides and the dates that they were published. All these guides are available on the Audit Office website at www.audit.nsw.gov.au/guides-bp/bpglist.htm

Title of Guide	Date issued
Fraud Control: Current Progress and Future Directions	9 February 2005
Shared Corporate Services: Realising the Benefits	November 2004
Management of Intellectual Property	October 2001
e-ready, e-steady, e-government: e-government readiness assessment guide	September 2001
Monitoring and reporting on performance audit recommendations	June 2001
Internal Financial Reporting	June 2001
Reporting Performance: a guide to preparing performance information for annual reports	November 2000
Contracting Out Review Guide	June 1999
Public Sector Corporate Governance - ready reckoner	April 1999
Methodology for the Review of Residential Services for People with Disabilities	June 1998
On Board: Guide to better practice for public sector governing and advisory boards	April 1998
The Corporate Credit Card: guidelines for the internal control	January 1997
Ambulance Service of New South Wales: debtors administration	September 1996
Ethnic Affairs Commission: administration of grants	December 1995
Joint Operations in the Education Sector: a review of establishment, management and effectiveness issues	September 1995
Fraud Control: developing an effective strategy	
Volume 1: conceptual framework	March 1994
Volume 2: strategy	March 1994
Volume 3: diagnostics	March 1994
Volume 4: Fraud Control Self Audit Kit	March 1998

ACRONYMS AND ABBREVIATIONS

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AIFRS / AEIFRS	Australian Equivalents of International Financial Reporting Standards
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
AUASB	Auditing and Assurance Standards Board
ED	Exposure Draft
GAAP	General Australian Accounting Principles
GFS	Government Finance Statistics
GGs	General Government Sector
GPFR	General Purpose Financial Reporting
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPART	Independent Pricing and Regulatory Tribunal
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISQC	International Standards on Quality Control
UIG	Urgent Issues Group

COPIES OF REPORTS AND PUBLICATIONS

All performance audit reports are available on The Audit Office web site at www.audit.nsw.gov.au/repperf.htm and can be purchased from the NSW Government Information Service (telephone 9743 7200).

Copies of Auditing Standards, Auditing Guidance Statements, Audit Guides, Exposure Drafts, and other guidance, including Legislative Policy Discussion Papers may be obtained from:

◀ The Institute of Chartered Accountants in Australia CA Retail/Chartered Bookshop
Phone: 1800 659 397 - Fax: 1800 676 732 Email: bookshop@icaa.org.au - Postal Address: GPO Box 3921, Sydney. NSW. 2001 Address: Level 11, 37 York Street, Sydney. NSW. 2000

◀ CPA Australia, Level 28, 385 Bourke Street Melbourne, Victoria, 3000 - Telephone (03) 9886 5623

Publications of the Australian Accounting Standards Board (AASB), including Accounting Standards and Accounting Exposure Drafts are available direct from the Australian Accounting Standards Board. PO Box 204 Collins Street West, Victoria, 8007. Telephone (03) 9617 7600 - Fax (03) 9617 7608 Email: publications@asb.com.au. Or by visiting the AASB website: www.aasb.com.au.

Copies of International Federation of Accountants (IFAC) publications may be obtained direct from IFAC, 535 Fifth Avenue, 26th Floor, New York, NY 10017, USA (tel 212/286.9344 or fax 212/286.9570 or by visiting the IFAC web site at www.ifac.org).

Copies of International Accounting Standards, Exposure Drafts and International Accounting Standards Committee (IASC) publications may be obtained direct from the IASC, 166 Fleet Street, London EC4A 2DY, United Kingdom (tel +44 (020) 7427-5927 or fax +44 (020) 7353-0562 or email iasc@iasc.org.uk or Internet www.iasc.org.uk).

Copies of NSW Government legislation including changes to legislation can be purchased from the NSW Government Information Service. The legislation is also on the Internet at www.austlii.edu.au.

Treasury publications (including Circulars) may be viewed by visiting the NSW Treasury web site at www.treasury.nsw.gov.au

Copies of Premier's Department Circulars and Premier's Memoranda may be viewed by visiting the Premier's Department website at <http://www.premiers.nsw.gov.au>.

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