

AWARENESS

Accounting and Auditing Developments ISSUE 02 - MARCH 2007

AUDIT OFFICE UPDATE

Auditor-General's Report to Parliament - Addressing the Needs of Young Offenders - Department of Juvenile Justice and the NSW Police Force

Background

This is the second of two reports that deals with young offenders. Our 2005 report 'Managing and Measuring Success: Department of Juvenile Justice' examined how the department measures performance, and whether staff have adequate information to make sound planning decisions and recommend appropriate interventions for young offenders. In this audit we looked at how well the Department of Juvenile Justice and the NSW Police Force support young offenders to reduce re-offending.

There are many factors in a young person's life that may lead them to commit an offence. These include anti-social attitudes, family dysfunction, mental health problems, and drug and alcohol abuse. Some young offenders will overcome these factors without committing another offence, but others may need help. And it is more likely that a young offender will re-offend the more often they come into contact with the youth justice system. Early intervention to address a young offender's needs before re-offending occurs is critical to breaking the juvenile crime cycle.

This report highlights the work done by the Department of Juvenile Justice and the NSW Police Force to help young offenders. It also identifies some of the gaps that exist in the NSW youth justice system that need to be addressed to reduce re-offending.

Audit opinion

We recognise that the Department of Juvenile Justice and the NSW Police Force manage some of the most socially disadvantaged and troublesome young people in NSW. It is hard for them to address what may have been years of dysfunction and neglect.

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THE AUDIT OFFICE
OF NEW SOUTH WALES

Ideally, interventions that address these problems should occur well before the child commits an offence. The government is establishing a number of early intervention programs such as Families First to address problems arising from family dysfunction. However, these problems can still be present at the time when a young person first offends. If their needs are addressed as early as possible in their contact with the youth justice system, they will have a better chance of overcoming these problems and breaking the juvenile crime cycle.

Before agencies in the youth justice system can address a young offender's needs, they have to find out what factors may have led them to committing the offence. The Department of Juvenile Justice and the NSW Police Force generally work together and with other agencies to identify and address the needs of young offenders. We found that this is done particularly well for young offenders who end up in detention and under community supervision.

Both the Department of Juvenile Justice and the NSW Police Force have put some practices in place to identify and address the needs of young offenders diverted from the Children's Court. However, we found that they are not doing this systematically. It follows that where the agency does not identify a young offender's needs, it cannot address those needs by referring the young offender to appropriate support services or rehabilitation programs.

Currently agencies may be missing the opportunity to help a young person who is at the first point of contact with the youth justice system. Early intervention could prevent both an escalation of the seriousness and frequency of offending by a young person in need of help. It should be pursued wherever possible.

Summary of recommendations

We made a series of recommendations designed to improve:

- ◀ outcomes for young offenders who participate in youth justice conferences and who receive Police cautions
- ◀ cross-agency issues such as access to services and programs by young offenders, and exchanging information
- ◀ public reporting of results.

Further information

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ACCOUNTING UPDATE

Australian Accounting Standards Board (AASB)

Meetings 14-15 February 2007 & 14-15 March 2007

Work Program

At its February meeting, the Board agreed on the key areas of focus for 2007:

- ◀ whole of government GAAP/GFS Harmonisation
- ◀ review of AAS 27, AAS 29 and AAS 31
- ◀ review of public sector not-for-profit entity issues arising from the implementation of AIFRS
- ◀ superannuation entities
- ◀ reporting entity/differential reporting/small and medium sized entity (SME) issues
- ◀ revenue from non-exchange transactions
- ◀ control of an entity/asset in the not-for-profit public sector
- ◀ insurance phase 2
- ◀ conceptual framework relating to the IASB/FASB work and to the IPSASB work
- ◀ service concessions from a grantor perspective.

GAAP/GFS Harmonisation

This project comprises two phases. Phase 1 includes:

- ◀ General Government Sectors (the subject of AASB 1049 'Financial Reporting of General Government Sectors by Governments')
- ◀ whole of governments of the States, territories and the Commonwealth
- ◀ public non-financial corporation (PNFC) sectors
- ◀ public financial corporations (PFC) sectors.

Phase 2 includes entities within the GGSs of the States, Territories and the Commonwealth. GAAP/GFS will not be pursued for local governments, government business enterprises, universities and other multi-jurisdiction entities.

The Board decided that GGS and whole of government financial reporting should remain relatively consistent. On that basis, the first draft of an exposure draft addressing whole of government reporting is based upon AASB 1049. The exposure draft will include an illustrative example of whole of government financial statements and selected notes.

The Board decided that the public non-financial corporation and public financial corporation sectors should not have separate requirements. Instead, they will consider note disclosures within whole of government financial reports that show:

- ◀ the financial statements of the GGS and the two other sectors
- ◀ a reconciliation of those financial statements to the whole of government figures
- ◀ reconciliations of key fiscal aggregates between GAAP and GFS for each sector.

Review of Public Sector Not-for-Profit Entity Issues

The Board commenced reviewing a staff paper on public sector not-for-profit entity issues arising from the implementation of Australian equivalents to IFRS. The Board made a range of decisions about the manner in which it should proceed to address those issues.

Differential reporting/small and medium-sized entities (SMEs)

Differential reporting refers to a framework where different sized entities and/or different types of entities are subject to different reporting requirements. When considering the reporting requirements in Australia, the Board decided that:

- ◀ a two tier approach based upon public accountability should apply
- ◀ the IASB's definition of 'publicly accountable' would apply for for-profit corporates
- ◀ corporates that are publicly accountable should apply full AIFRS
- ◀ corporates that prepare general purpose financial reports but which are not publicly accountable should apply an appropriate SME standard (IFRS based)
- ◀ all financial reports lodged with ASIC under the *Corporations Act 2001* would be regarded as general purpose financial reports
- ◀ corporates that do not satisfy the definition of a publicly accountable entity, but are envisaged as being of high public interest because of their economic importance or dominant market position, should be subject to a size test to determine whether AIFRS or an SME standard should apply
- ◀ not-for-profit entities should generally be regarded as publicly accountable, but due to cost-benefit considerations, a two-tier system based on a size test is appropriate. The top tier would apply AIFRS and the bottom an SME standard adjusted for relevant not-for-profit requirements
- ◀ all public sector entities should be regarded as publicly accountable, but a similar size test be introduced for cost-benefit reasons.

Proposals arising from the short term review of AASs 27, 29 and 31

A draft exposure draft has been developed that incorporates proposals for three new topic based standards and amendments to various existing standards. Further review of the draft, together with a Preface and Basis for Conclusions, will occur at a future meeting.

Proposed amendments to AASB 1

The Board agreed to issue ED 152 'Proposed Amendments to AASB 1 First-time Adoption of Australian equivalents to IFRSs'. ED 152 incorporates an IASB ED proposing that, on first-time adoption, a parent can measure its interest in a subsidiary at the fair value or carrying amount of net assets at transition date and subsequently treat this as the cost of the investment.

Proposals to change AASB 102 'Inventories'

Constituents have highlighted difficulties in complying with the AASB 102 requirement for not-for-profit entities to measure certain inventories held for distribution at the lower of cost and current replacement cost. The Board agreed to propose measurement at cost adjusted for any loss of service potential in a forthcoming exposure draft.

New standard on operating segments

The Board agreed to vote on making AASB 8 'Operating Segments' out of session. AASB 8 will apply to for-profit entities that participate in public equity markets and will supersede AASB 114 'Segment Reporting'. The new standard will apply for annual reporting periods beginning on or after 1 January 2009 and early adoption will be permitted.

Proposed amendments to AASB 124

The Board approved ED 153 'Proposed Amendments to AASB 124 Related Party Disclosures: State-controlled entities and the Definition of a Related Party'. This is the Australian equivalent of an exposure draft issued by the IASB.

Revenue from Non-Exchange Transactions

The AASB have agreed to develop a joint Standard on revenue from non-exchange transactions with New Zealand. In Australia, the Standard will replace AASB 1004 'Contributions'.

Interpretations of accounting standards

The Board approved AASB Interpretation 11 'AASB 2 - Group and Treasury Share Transactions' and AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'.

The Board also approved AASB Interpretation 12 'Service Concession Arrangements'. Consequential amendments were made to UIG Interpretation 4 'Determining whether an Arrangement contains a Lease' and UIG 129, now titled 'Service Concession Arrangements: Disclosures'. AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12' was also approved. The Board has agreed the composition of an Advisory Panel to develop recommendations for the Board on the accounting by public sector grantors for service concession arrangements.

A revised version of AASB 1048 'Interpretation and Application of Standards' that incorporates the new Interpretations will be published on the AASB's website shortly. This revised version of AASB 1048 will apply to annual reporting periods ending on or after 31 March 2007.

Further information on all new interpretations and amendments appears later in this publication.

Australian additions to, and deletions from, IFRSs

The Board considered constituents' comments on ED 151 which proposed removing Australian additions to, and deletions from, IFRSs. In general, constituents supported the proposals and the Board agreed to proceed with them. Some of the key changes include:

- ◀ reinstating the option to use the indirect method for presenting cash flow statements
- ◀ retaining the requirement to disclose a reconciliation of cash flows from operating activities to profit and loss when using the direct method
- ◀ reinstating the option to use proportionate consolidation for investments in joint ventures
- ◀ retaining the requirement to disclose information about significant subsidiaries in group financial statements when parent financial statements are not prepared - but only in respect of public sector not-for-profit entities
- ◀ that AASB 108 should apply when an entity changes accounting policy as a result of adopting new options available.

Superannuation Entities

In February, the Board considered the proposed project plan for the comprehensive review of AAS 25 'Financial Reporting by Superannuation Plans'. Because additional guidance on measurement of assets would have a broader application than just superannuation entities, the Board agreed that such guidance would fall outside the scope of this project.

The Board noted that the fair value measurement of a defined benefit obligation measured at fair value would potentially be different from the amount of the defined benefit obligation measured in accordance with AASB 119 'Employee Benefits'. The Board agreed to use the requirement of AASB 119 as the basis for proposals in a replacement for AAS 25.

In March, the Board considered issues surrounding consolidation of subsidiaries by superannuation entities. They agreed that consolidated financial statements provide useful information to users over and above that offered by separate financial statements. A draft consultation paper will be prepared that considers the main implications of consolidations by parent superannuation entities prepared with a full fair value model for all assets and liabilities.

Other items

The Board will continue its deliberations on issues affecting the public sector not-for-profit sector when applying AIFRS.

The Board has reviewed a draft submission on the IASB's 'Fair Value Measurements' discussion paper. This will be revised in light of constituent's comments. The due date for these comments was extended to 2 April 2007. More information on this paper appears further on in this publication.

The AASB staff is continuing to work on the IASB intangible assets project proposal.

The Board noted that discussion at IPSASB's March meeting will likely include:

- ◀ disclosure of social policy obligations
- ◀ service concessions
- ◀ public sector conceptual framework
- ◀ heritage assets.

The Board anticipates issuing an Invitation to Comment that will incorporate the IASB's discussion paper on insurance contracts.

Source: AASB Action Alert 101, 16 February 2006 AASB Action Alert 102, 16 March 2007.

Australian accounting pronouncements

AASB Interpretation 11 'AASB 2 - Group and Treasury Share Transactions'

This Interpretation addresses whether certain types of share-based payment transactions with employees (or other suppliers of good and services) should be accounted for as equity-settled or as cash-settled transactions under AASB 2. It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.

Interpretation 11 applies to annual reporting periods beginning on or after 1 March 2007 with early adoption permitted.

AASB 2007-1 'Amendments to Australian Accounting Standards arising from Interpretation 11'

The transitional provisions in Interpretation 11 state that the Interpretation would be applied retrospectively, subject to transitional provisions in AASB 2. This Standard amends AASB 2 to include relevant transitional provisions.

AASB 2007-1 applies to annual reporting periods beginning on or after 1 March 2007 with early adoption permitted. AASB 2007-1 must be applied when Interpretation 11 is applied.

AASB Interpretation 12 'Service Concession Arrangements'

This Interpretation addresses service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services, such as transport, water and energy facilities. It gives guidance on the accounting by operators for public-to-private service concession arrangements. It does not address the accounting by grantors.

The scope of the Interpretation is limited to public-to-private service concession arrangements where the concession grantor controls or regulates the services that the operator must provide with the infrastructure, to whom it must provide them and the price of the services. In addition, the grantor must also control any significant residual interest in the infrastructure at the end of the arrangement.

Interpretation 12 applies to annual reporting periods beginning on or after 1 January 2008 with early adoption permitted.

AASB 2007-2 'Amendments to Australian Accounting Standards arising from Interpretation 12'

AASB 2007-2 provides an optional exemption on first-time application of AASB Interpretation 12. When applying Interpretation 12 for the first-time, AASB 1 includes an optional exemption from the requirement to restate comparative information as if the requirements of Interpretation 12 had always applied.

AASB 2007-2 applies to annual reporting periods beginning on or after 1 January 2008 with early adoption permitted. AASB 2007-2 must be applied when Interpretation 12 is applied. AASB 2007-2 also amends references to UIG Interpretations. These amendments apply to annual reporting periods ending on or after 28 February 2007 with early adoption permitted.

AASB Interpretation 4 'Determining whether and Arrangement contains a Lease'

Interpretation 4 was revised as a result of Interpretation 12. It supersedes UIG Interpretation 4, issued in June 2005. Interpretation 4 specifies criteria for determining whether an arrangement is, or contains, a lease.

This version of Interpretation 4 applies to annual reporting periods beginning on or after 1 January 2008 with early adoption permitted. Interpretation 4 must be applied when Interpretation 12 is applied.

AASB Interpretation 129 'Service Concession Arrangements: Disclosures'

Interpretation 129 was revised as a result of Interpretation 12. It supersedes UIG Interpretation 129, issued in July 2004. Interpretation 129 requires specific disclosures, in the notes accompanying financial statements, about service concession arrangements entered into by the entity, whether as a grantor or an operator.

This version of Interpretation 129 applies to annual reporting periods beginning on or after 1 January 2008 with early adoption permitted. Interpretation 4 must be applied when Interpretation 12 is applied.

AASB 8 'Operating Segments'

AASB 8 is based upon IFRS 8 'Operating Segments' recently issued by the IASB, and supersedes AASB 114 'Segment Reporting'. AASB 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. This generally means that the information reported should be consistent with the information used by management when making decisions.

AASB 8 generally applies to for-profit entities whose debt or equity instruments are traded in a public market or that file their financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. AASB 8 applies to annual reporting periods beginning on or after 1 January 2009 with early adoption permitted.

AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'

The issuance of AASB 8 necessitates consequential amendments to several other accounting standards, which are contained with AASB 2007-3. For example, references to AASB 114 Segment Reporting are replaced with references to AASB 8 Operating Segments, and language drawn from AASB 114 is replaced with that compatible with AASB 8.

AASB 2007-3 applies to annual reporting periods beginning on or after 1 January 2009 with early adoption permitted. AASB 2007-3 must be applied when AASB 8 is applied.

Copies of all Standards are available from the AASB website: www.aasb.com.au.

Australian exposure drafts and discussion papers

ED 152 'Proposed Amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards: Cost of an Investment in a Subsidiary'

This ED proposes permitting a parent to use a deemed cost for an investment in a subsidiary rather than using the actual cost of acquisition. The proposed amendments are intended to reduce the burden on parents of complying with AASB 127 and measuring the cost of a subsidiary at acquisition in their separate financial statements in certain circumstances. The proposed amendments apply only on the adoption of Australian equivalents to IFRSs.

The ED is open for comment until 13 April 2007. A copy of the ED is available from the AASB's website: www.aasb.com.au.

ED 153 'Proposed Amendments to AASB 124 Related party Disclosures - State-controlled Entities and the Definition of a Related Party'

This ED proposes to eliminate some disclosure requirements for some entities that are controlled or significantly influenced by a state. Such entities will not need to disclose transactions with other entities controlled or significantly influenced by that state. This amendment will impact for-profit public sector entities.

The ED is open for comment until 7 May 2007. A copy of the ED is available from the AASB's website: www.aasb.com.au.

ED 154 'Proposed Amendments to AASB 102 - Inventories Held for Distribution by Not-for-Profit Entities'

This ED proposes amendments that would replace the existing requirement that inventories held for distribution by not-for-profit entities be measured at the lower of cost and current replacement cost. Under the proposals, such inventories would be measured at cost, adjusted when applicable for any loss of service potential.

The ED is open for comment until 11 May 2007. A copy of the ED is available from the AASB's website: www.aasb.com.au.

Discussion paper: 'Fair Value Measurements'

The paper incorporates the IASB's Discussion Paper on fair value measurements. The IASB's paper establishes a single definition of fair value for use when applying IFRS. The objective of the IASB's fair value measurement project is to codify, clarify and simplify existing guidance on fair value that is dispersed widely in IFRS.

The AASB's discussion paper is open for comment until 2 April. A copy of the paper is available from the AASB's website: www.aasb.com.au.

Financial Reporting Council (FRC) update

This FRC met on 19 February and 6 March 2007. Matters considered by the Council included:

- ◀ the issue of sector neutral accounting standards
- ◀ small and medium sized entity issues, with reference to the IASB's exposure draft addressing this sector
- ◀ recognition of IFRS adoption in Australia
- ◀ scope of the Council's audit independence work
- ◀ reports from the AASB and AUASB.

Sources: FRC Bulletin 2007/1, 8 March 2007, FRC Bulletin 2007/2, 13 March 2007.

AUDITING UPDATE

Australian Auditing and Assurance Standards Board (AUASB) Meeting 26 -27 February 2007

The AUASB met on 26-27 February. Topics discussed included:

Upcoming exposure drafts

The AUASB expects to shortly issue as exposure drafts:

- ◀ 'Framework for Assurance Engagements'
- ◀ ASAE 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'
- ◀ ASRE 2400 'Engagements to Review Historical Financial Information'.

Changes to ASA 700 'The Auditor's Report on a General Purpose Financial Report'

The AUASB will amend ASA 700 in coming months to include reference to compliance with International Financial Reporting Standards. As a consequence of the proposed amendments to ASA 700, the AUASB requested that the Technical Group review the status of AGS 1066 'Reporting by Auditors on Compliance with International Financial Reporting Standards'.

Source: AUASB website.

AUASB discussion paper: Auditing Small and Medium Sized Entities (SMEs)

The AUASB has released for public comment a discussion paper on auditing SMEs. The discussion paper poses several specific questions on issues identified as key by the AUASB. These questions address issues such as:

- ◀ documenting the audit of SMEs and providing further guidance demonstrating the application of auditing principles to SMEs
- ◀ the potential for limiting the requirement for an audit for certain entities
- ◀ balancing governance with costs of assurance.

The paper also includes the following statements of principle:

- ◀ the auditing principles in Australian Auditing Standards (ASAs) should be complied with in the conduct of an audit irrespective of the nature, size and complexity of an entity or the sector to which it belongs and the applicable financial reporting framework under which the financial report is prepared
- ◀ separating the financial reporting responsibilities of an entity from the independent audit requirements under the *Corporations Act 2001* would help readers understand that reforms associated with "differential" financial reporting do not apply necessarily to auditing requirements
- ◀ an interim review is based on the premise that an annual audit will be conducted
- ◀ a review of financial reports (which provides limited assurance) is not a substitute for an audit (which provides reasonable assurance)
- ◀ differential financial reporting for SMEs would result in somewhat less onerous audit procedures being required in the annual audit of their financial reports
- ◀ perceived difficulties in the financial reporting framework are thought to contribute to onerous audit requirements in SMEs.

Comments, including reasons for any views expressed, are invited on the specific questions and the statements of principle. These comments are due 30 April 2007. A copy of the discussion paper is available from the AUASB website: www.auasb.gov.au.

Source: AUASB website.

Australian Securities and Investments Commission (ASIC) policy on auditor rotation

The *Corporations Act 2001* contains auditor rotation requirements that apply only to listed entities. ASIC can exercise discretion and grant relief from those requirements. This Policy outlines ASIC's approach to applications for relief.

Source: ASIC IR 07-05.

ETHICAL UPDATE

Australian Professional and Ethical Standards Board (APESB)

Proposed Standard: APES 460 Taxation Services (Formerly APS6)

The APESB has released an exposure draft of a new ethical pronouncement addressing the provision of quality and ethical taxation services. The closing date for comments on the exposure draft is 31 May 2007. A copy is available from the APESB's website: www.apesb.org.au.

INTERNATIONAL UPDATE

International Accounting Standards Board (IASB)

Meeting 20-22 February 2007

The IASB discussed the following issues:

- ◀ business combinations II
- ◀ insurance contracts
- ◀ financial statement presentation
- ◀ annual improvements process
- ◀ financial instruments
- ◀ liabilities and equity
- ◀ conceptual framework
- ◀ post employment benefits

Source: IASB Update February 2007.

Exposure drafts

The IASB has released an exposure draft proposing change to disclosure requirements in IAS 24 'Related Party Disclosures'. The AASB has issued a similar exposure draft; refer to the earlier section on AASB exposure drafts for more information.

The IASB has released an exposure draft of a proposed standard for small and medium sized entities. International Financial Reporting Standards (IFRS) were developed primarily for listed companies. The aim of the proposed standard is to provide a simplified, self-contained set of accounting principles that are appropriate for smaller, non-listed companies and are based on full IFRS. Comments on the exposure draft are requested by 1 October 2007.

Copies of both exposure drafts are available from the IASB's website: www.iasb.org.

Source: IASB media release 15 February 2007.

International Financial Reporting Interpretations Committee (IFRIC)

Meeting 8-9 March 2007

The IFRIC discussed the following issues:

- ◀ D19 'IAS 19 - The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements'
- ◀ D20 'Customer Loyalty Programs'
- ◀ IAS 18 'Revenue' - sales of real estate
- ◀ IAS 21 'The Effects of Changes in Foreign Exchange Rates' - the hedge of a net investment in a foreign operation
- ◀ IAS 38 'Intangible Assets' - advertising and promotion
- ◀ IFRS 5 'Non-current Assets held for Sale and Discontinued Operations' - plan to sell the controlling interest in a subsidiary
- ◀ IFRIC agenda decisions.

Source: IFRIC Update March 2007.

International Auditing and Assurance Standards Board (IAASB)

The IAASB has issued two exposure drafts:

- ◀ ISA 550 (Revised and Redrafted) 'Related Parties'
- ◀ ISA 570 (Redrafted) 'Going Concern'.

Comments on proposed ISA 550 are requested by 30 June 2007 and on the proposed ISA 570 by 31 May 2007. Copies of both exposure drafts are available from IFAC's website: www.ifac.org.

Source: IFAC media release 1 March 2007.

MISCELLANEOUS PUBLICATIONS

Australian Capital Territory Auditor-General's Office

Performance audit report:

- ◀ Credit Card Use, Hospitality and Sponsorship

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

Australian National Audit Office

Performance audit reports:

- ◀ Purchase, Chartering and Modification of the New Fleet Oiler
- ◀ Implementation of the revised Commonwealth Procurement Guidelines
- ◀ Management of intellectual property in the Australian Government sector
- ◀ Application of the Outcomes and Outputs Framework
- ◀ Customs' Cargo Management Re-engineering Project
- ◀ Management of Federal Airport Leases - Follow up
- ◀ Administration of Complex Age Pension Assessments
- ◀ Management of Air Combat Fleet In-Service Support
- ◀ Project Management in Centrelink
- ◀ Implementation of the *Sydney Airport Demand Management Act 1997*
- ◀ The Australian Taxation Office's Management of its Relationship with Tax Practitioners Follow-up Audit

Better practice guides:

- ◀ Administering Regulation

Speech:

- ◀ Performance Audit Reports: An Auditor-General's Perspective

The reports, guide and speech are available at www.anao.gov.au.

Northern Territory Auditor-General's Office

Reports to the Legislative Assembly:

- ◀ February 2007

The report is available at www.nt.gov.au/ago.

Victorian Auditor-General's Office

Financial statement audit report:

◀ February 2007

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

The Office of the Auditor General of Western Australia

Performance examination report:

◀ Having your say: Public Participation in Government Decision-Making

The report is available at www.audit.wa.gov.au.

Independent Commission Against Corruption

◀ Report on an investigation and systems review of corruption risks associated with HSC take-home assessment tasks

◀ ICAC Code of Conduct

These publications are available at: www.icac.nsw.gov.au.

Australian Securities and Investments Commission

ASIC has launched a new guide which clarifies its approach to accepting enforceable undertakings. Enforceable undertakings are one of several remedies available to ASIC for breaches of the legislation it is responsible for enforcing. This legislation includes the *Corporations Act 2001* and the *Financial Services Reform Act 2001*, for example. The guide is available at www.asic.gov.au.

Source: ASIC IR 07-62.

Institute of Chartered Accountants in Australia (ICAA)

The ICAA recently published 'Enhancing not-for-profit annual and financial reporting'. This contains extensive guidance and an overview of relevant legislation and resources. The publication is available from the ICAA's website: www.charteredaccountants.com.au.

Source: ICAA website.

LEGISLATIVE UPDATE

Workers Compensation Amendment (Index Number) Regulation 2007

This Regulation updates an index number that is used for the purposes of the indexation of benefits under the *Workers Compensation Act 1987*.

(GG No 33, 2007, page 1043)

Electricity Supply Amendment (Miscellaneous) Regulation 2007

This Regulation extends the scheme for the determination of electricity tariffs by the Independent Pricing and Regulatory Tribunal and the operation of the Electricity Tariff Equalisation Fund to 30 June 2010.

(GG No 36, 2007, page 1324)

PREMIER'S DEPARTMENT UPDATE

Premier's Department Circulars

C2007-04 - International Women's Day 2007

This Circular urged agencies to promote International Women's Day and encourage staff to attend relevant functions.

C2007-05 - Coordination of e-Recruitment-Related Initiatives

Due to planned changes to recruitment policy and practice, including the introduction of a new e-recruitment system for the whole public sector, agencies are required to seek prior approval from the Premier's Department on any major initiatives relating to intended procurement or contracting out of e-recruitment systems or related projects. State Owned Corporations are not affected.

C2007-06 - Accessing leave entitlements and flexible work hours arrangements to observe religious duties

Chief Executives are asked to circulate the list of days of religious significance attached to this Circular. They are also asked to remind managers and supervisors to be sensitive in accommodating the needs of employees requiring access to their leave entitlements and flexible work hours for the purposes of observing religious duties. This Circular superseded C2006-9.

C2007-07 - NSW Seniors Week

Agencies were requested to make staff aware of Seniors Week activities and the expected impact on services.

C2007-08 - Earth Hour - 31 March 2007

Earth Hour has the full support of the NSW Government. The event is voluntary and relates to non-essential lighting - not lighting that impacts on public safety. Earth hour will not involve street lights, trains or public transport.

C2007-09 - SES/Senior Officer Motor Vehicle Charges 2007-2008

An attachment to this Circular outlines new charges for SES/Senior Officer motor vehicles effective from 1 April 2007. Another attachment contains a revision of the spreadsheet used for calculating motor vehicle packages. This Circular superseded C2006-10.

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

Premier's Memoranda

M2007-02 - Dignity and Respect: Policy and Guidelines on Preventing and Managing Workplace Bullying

NSW public sector organisations are required to apply the 'Dignity and Respect: Policy and Guidelines on Preventing and Managing Workplace Bullying'. State Owned Corporations are strongly encouraged to apply them.

M2007-03 - Congratulations to the NSW Public Sector

The Premier offers congratulations to public sector workers and private sector contractors who assisted with the Harbour Bridge 75th anniversary celebrations.

The Memoranda are available at: www.premiers.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

Title of Guide	Issued
Fraud Control Improvement Kit - Meeting your Fraud Control Obligations	20 July 2006
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 to International Financial Reporting Standards
APRA	Australian Prudential Regulation Authority
ASA	Australian Auditing Standard
ASIC	Australian Securities and Investments Commission
AUASB	Auditing and Assurance Standards Board
ED	Exposure Draft
FASB	Financial Accounting Standards Board (USA)
GAAP	Generally Accepted Accounting Principles
GFS	Government Finance Statistics
GGs	General Government Sector
GPFR	General Purpose Financial Report
IAASB	International Auditing and Assurance Standards Board
HoTARAC	Heads of Treasuries Accounting and Reporting Advisory Committee
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
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISQC	International Standards on Quality Control
PCAOB	Public Company Accounting Oversight Board
UIG	Urgent Issues Group

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Australian Auditing and Assurance Standards Board
Phone: (03) 8080 7400
Fax: (03) 8080 7450
Postal Address: PO BOX 204 Collins Street West, Victoria 8007
Website: www.auasb.com.au

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