

AWARENESS

Accounting and Auditing Developments - ISSUE 5 - JULY 2009

AUDIT OFFICE UPDATE

Auditor-General's Report to Parliament: Tackling Cancer with Radiotherapy

About the audit

Cancer will affect one in two men and one in three women currently living in New South Wales during their lifetime. By 2016, there will be an estimated 45,000 cases of cancer each year, costing around \$106 billion over the next ten years.

The focus of this audit is on radiotherapy services. Along with surgery and chemotherapy, radiotherapy is one of the main treatments for cancer. Radiotherapy can be used to cure cancer and also to reduce pain. In this audit we wanted to determine how well NSW Health manages the provision and delivery of radiotherapy services.

Audit opinion

Overall radiotherapy services are managed in a reasonably efficient and effective manner. Much is being done to further improve efficiency and effectiveness, and more can be done. The projected growth in demand for radiotherapy services will further challenge NSW Health and it needs to more clearly demonstrate how it will have the right facilities in the right place at the right time.

We found that, overall, radiotherapy services are provided in a reasonably efficient manner. Most patients have reasonable access to radiotherapy services. New South Wales has as many linear accelerators per 1000 cancer patients as other comparable jurisdictions. Centres are for the most part adequately staffed, well equipped and well utilised.

We were unable to obtain similar assurance in relation to the effectiveness of the provision of radiotherapy treatment. We looked for, but did not find, clarity and agreement on what the results for patients should be from the use of radiotherapy.

We found that the foundation for many improvements in efficiency and effectiveness appears to be in place. This includes improving:

- accessibility of radiotherapy services such as by more timely referrals, reducing waiting times, and locating radiotherapy facilities in regional centres
- operational performance of radiotherapy treatment centres by waiting list management, patient booking systems and staff rostering.

We expected that NSW Health would have a strategy or plan to help ensure that the provision and delivery of radiotherapy services are directed to areas of need and the highest priorities. We also expected its assessments to support value for money.

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THE AUDIT OFFICE
OF NEW SOUTH WALES

We found that NSW Health had undertaken significant planning in relation to the development of a draft 'Radiotherapy Services Plan 2007-2011', but not released it due to the need to resolve the significant funding required.

Although there has been no published plan, we found that implementation of state-wide planning has progressed. We also found assessments in the 'Business Case for the Radiotherapy Services Plan 2007' to support value for money.

Further information

The full report is available on the [Audit Office of New South Wales website](#).

Guide to Better Practice: Implementing Successful Amalgamations - A Guide for Managing the Amalgamation of Government Departments

In light of the public sector reform of the Government merging 160 agencies into 13 super agencies, the Department of Premier and Cabinet is supporting the use of our Office's recent better practice guide (the Guide).

The Guide provides guidance for those implementing an amalgamation.

The guide will assist management teams who have the challenge of planning and implementing an amalgamation. It contains a series of questions identifying what needs to be done to achieve a successful amalgamation following the formal announcement by Government. The guide's checklists help assess if an amalgamation is on course.

The guide recognises four phases that are common for most amalgamations: (1) taking action early (2) developing formal plans (3) implementing the amalgamation (4) assessing results against objectives and targets. Within these phases the checklists cover such topics as: governance arrangements, due diligence, people and communication issues, integrating information systems and financial and legal matters.

Our Office published the Guide in early 2008 as a product of the performance audit, 'Managing Departmental Amalgamations - Department of Commerce and Department of Primary Industries'.

Further Information

The Guide and the concurrent performance audit report are available on the [Audit Office of New South Wales website](#).

Also see the public accounts committee [report no. 6/54](#) (160) (June 2009) which examined the agencies' responses to the audit.

Source: Parliament of New South Wales website.

Public Accounts Committee - Report on Examination of the Auditor-General's Performance Audits Tabled November 2007 to March 2008

Under section 57 of the *Public Finance and Audit Act 1983*, the functions of the Committee include the examination of any report of the Auditor-General laid before the Legislative Assembly and any circumstances connected with those reports.

The Committee's examinations of the Auditor-General's reports include:

- obtaining the named agency's responses and actions to date on all recommendations or significant comments made by the Auditor-General (within 12 months after the tabling of the report)
- seeking further comments from the Auditor-General
- possibly hold a public hearing with relevant agency officers to clarify issues or obtain further information.

On 24 June 2009, the Public Accounts Committee (the Committee) published its report on its examination of the following Auditor-General's Performance Audit Reports that were tabled from November 2007 to March 2008:

- Improving Efficiency of Irrigation Water Use on Farms
- Police Rostering
- Managing Departmental Amalgamations.

The Committee's report is available on the [Parliament of New South Wales website](#). The Auditor-General's Performance Audit Reports are available on the [Audit of New South Wales website](#).

ACCOUNTING UPDATE

Australian Accounting Standards Board (AASB) Pronouncements

AASB 1 'First-time Adoption of Australian Accounting Standards'

The AASB issued a restructured version of [AASB 1](#) based on the revised IFRS 1 issued by the International Accounting Standards Board (IASB). The changes made to the standard do not alter the technical requirements but merely improve the understanding for readers.

The revised standard applies to annual reporting periods beginning on or after 1 July 2009.

Source: Accounting and Assurance News Today, Issue 24 (19 June 2009).

AASB Discussion Papers and Exposure Drafts

ED 180 'Income from Non-exchange Transactions (Taxes and Transfers)'

This exposure draft is based on IPSAS 23 'Revenue from Non Exchange Transaction (Taxes and Transfers)' and acknowledges the importance of accounting for government grants, donations and similar non-exchange transactions for not-for-profit entities. It proposes that entities analyse a non-exchange transaction to determine the assets and liabilities to be recognised. Income would then be recognised as the difference between the amounts of those assets and liabilities. This exposure draft is intended to replace AASB 1004 'Contributions'. There is also support for the view that grant monies received under a binding agreement, but in advance of the period for which the grant is intended to be used, should be recognised by the transferee upon receipt as income, unless the transferee has to satisfy performance obligations during that designated period.

ED 180 is available on the [AASB website](#) and submissions to the AASB are due by 30 November 2009.

Source: Accounting & Assurance News Today, Issue 26 (3 July 2009).

ED 181 'Fair Value Measurement'

This exposure draft incorporates the IASB ED 2009/5 'Fair Value Measurement' and proposes replacing the fair value measurement guidance contained in many standards with a single, unified definition of fair value. ED 181 also proposes further authoritative guidance on the application of fair value measurement in inactive markets. It does not extend the use of fair value but deals with how it should be measured when it is already required by existing standards.

The IASB's live web presentation and the related question and answer session are available on the [project webpage](#).

ED 181 is available on the [AASB website](#) and submissions to the AASB are due by 28 August 2009. Submissions to the IASB on ED 2009/5 are due by 29 September 2009.

Source: Accounting & Assurance News Today, Issue 22 (5 June 2009).

ED 182 'Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]'

This exposure draft incorporates ED 2009/4 on the proposed amendments to IFRIC 14 'IAS 19 the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. The proposed amendments are to correct an unintended consequence of IFRIC 14 that denied some entities the ability to recognise an asset for prepayments of minimum funding contributions.

ED 182 is available on the [AASB website](#) and submissions are due to the AASB by 13 July 2009. Submissions to the IASB on ED 2009/4 are due by 27 July 2009.

Source: GAAP Alert No. 9/2009.

ITC 21 Request for Comment on IASB Discussion Paper DP/2009/2 'Credit Risk in Liability Measurement'

The AASB is seeking comments on the role of credit risk in liability measurement. Credit risk in liability measurement is often referred to as 'own credit risk' (that is, the likelihood that the entity would default on payment of the liability). Existing IFRSs require profit or loss resulting from changes in 'own credit' to be booked when debt is fair valued. The discussion paper responds to concerns about gains that result from changes in the value of an entity's liabilities.

ITC 21 is available on the [AASB website](#) and submissions to the AASB are due by 7 August 2009. Submissions to the [IASB](#) are due by 1 September 2009.

Source: GAAP Alert No. 10/2009.

Discussion Paper - AASB 139 DP on IASB Request for Information - 'Impairment of Financial Assets: Expected Cash Flow Approach (Expected Loss Model)'

This discussion paper is based on the IASB's request for information titled 'Impairment of Financial Assets: Expected Cash Flow Approach'.

The IASB is reviewing the current impairment requirements of IAS 39 and is seeking input on the implications of adopting an expected loss model for the impairment of financial assets. Such a model would require an entity to make an ongoing assessment of expected credit losses, which may require earlier recognition of credit losses and therefore better reflect the way that financial assets are priced and the way some companies manage their business. It contrasts with the incurred loss model contained in the current IAS 39, which requires an entity to account for credit losses in financial assets only if an event (or a combination of events) has occurred that has a negative effect on future cash flows and that effect can be reliably estimated.

The IASB's live web presentation and the related question and answer session are available on the [project webpage](#).

This discussion paper is available on the [AASB website](#) and submissions to the AASB are due by 17 August 2009. Submissions to the [IASB](#) are due by 1 September 2009.

Source: Accounting & Assurance News Today, Issue 26 (3 July 2009) and IASB [media release](#) (29 June 2009).

AASB Meeting Highlights - 24-25 June 2009

At its meeting, the AASB discussed the following:

- **Differential Reporting** - The Board considered the IASB's proposed definition of a publicly accountable entity used in the differential reporting framework. They decided that the proposed definition of 'holding assets in a fiduciary capacity for a broad group of outsiders' should be applied in Australia; and the IASB's examples of publicly accountable entities should be supplemented by further examples of the types of entities that would be deemed as publicly accountable.
- **Leases** - The Board discussed a draft submission and written submissions on the IASB's Leasing discussion paper. They decided to support in general the IASB's proposals, but outline concerns over a number of topics, including identification of leases versus service contracts and purchases of assets with delayed settlement, the applicability of IAS 38 'Intangible Assets' to the right-of-use asset in terms of measurement and presentation, and the implications for lessor accounting.
- **Income Tax** - Regarding the draft submission to the IASB on ED 2009/2 'Income Tax', the AASB intends to recommend a fundamental review of income tax accounting be undertaken, rather than proceed with the proposals in ED 2009/2.
- **Corrections to Standards** - AASB 2009-6 'Amendments to Australian Accounting Standards' and AASB 2009-7 'Amendments to Australian Accounting Standards' were released. The Standards make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. AASB 2009-6 is applicable to annual reporting periods beginning on or after 1 January 2009 that end on or after 30 June 2009. AASB 2009-7 is applicable to annual reporting periods beginning on or after 1 July 2009.
- **Share-based Payment** - The IASB made amendments to IFRS 2 'Share-based Payment'. The AASB decided to vote out-of-session on making an Amending Standard to incorporate changes in AASB 2 'Share-based Payment' and to withdraw Interpretations 8 and 11.
- **Policies and Processes** - The Board considered the revised draft 'AASB Statement of Policies and Processes'. The AASB Statement will be published on the website for comments from constituents.
- **Management Commentary** - The IASB ED 2009/6 'Management Commentary' is to be placed on the AASB website comments. The ED will not result in an IFRS and is intended to provide a non-binding framework as a basis for developing a good management commentary.
- **GAAP/GFS Harmonisation (Entities within the GGS)** - The Board considered the outcome of the roundtable consultations and written responses to ED 174 'Amendments to Australian Accounting Standards to facilitate GAAP/GFS Harmonisation for Entities within the GGS [AASB 101, 107 and 1052]'. The AASB concluded from the feedback that it would be inappropriate to impose GAAP/GFS harmonisation requirements in the manner proposed in ED 174 on the general purpose financial statements of entities within the GGS. AASB staff is to prepare a paper to help facilitate future discussions with the FRC before progressing the project further.
- **IPSASB's IFRS Convergence Project** - The Board considered a number of IPSASB EDs and decided to make submissions.

For more information, go to the [AASB website](#).

Source: AASB Action Alert, Number 126 (24-25 June 2009).

AUDITING UPDATE

Auditing and Assurance Standards Board (AUASB) Pronouncements

GS 012 'Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions'

This guidance statement is for auditors of Authorised Deposit-taking Institutions and provides guidance when reporting in accordance with APRA Prudential Standard APS 310 'Audit and Related Matters' (issued in December 2008), which is effective from 1 January 2009.

GS 012 replaces AGS 1008 'Audit Implications of Prudential Reporting Requirements for Authorised Deposit-taking Institutions'.

For more information, see the [media release](#) on the [AUASB website](#).

Source: Accounting and Assurance News Today, Issue 26 (3 July 2009).

AUASB Exposure Drafts

The AUASB releases three more exposure drafts as part of the clarity project:

- ED 18/09 'Proposed Auditing Standard ASA 101 Preamble to Australian Auditing Standards'
- ED 19/09 'Proposed Auditing Standard ASA 520 Analytical Procedures'
- ED 20/09 'Proposed Auditing Standard ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity'.

The exposure drafts are available on the [AUASB website](#) and submissions are due to the AUASB is due by 20 July 2009.

Source: AUASB website.

AUASB Meeting Highlights - 1-2 June 2009

At its meeting, the AUASB discussed the following:

- **Going Concern Issues** - The Board in conjunction with the Australian Institute of Company Directors developed a joint publication focussing on the responsibilities of directors in relation to going concern issues.
- **ASA Redrafting (Clarity Format)** - The clarity project is on-track for completion in October 2009, and the revised and redrafted Auditing Standards (in Clarity format) will be operative for financial reporting periods commencing on or after 1 January 2010 and ASQC 1 from 1 January 2010.
- **Approval of Guidance Statement** - The Board approved revised Guidance Statement 'Prudential Reporting Requirements for Auditors of Authorised Deposit-taking institutions'.
- **National Greenhouse and Energy Reporting Scheme (NGERS) and Carbon Pollution Reduction Scheme (CPRS)** - The Department of Climate Change is currently progressing the draft NGERS regulations on auditor registration, as well as the legislative instrument for the conduct of audits.
- **Specified Assurance Procedures** - The Board received an update on the project to revise AUS 904 'Engagements to Perform Agreed-upon Procedures' and will further consider whether the pronouncement should be developed as a Guidance Statement or as a Standard on Assurance Engagements.

- **Comfort Letters and Privity Letters and Fundraising** - The Board received updates on the projects for the:
 - development and issue of a Guidance Statement on Comfort Letters based on US SAS 72 'Letters to Underwriters and Certain Other Requesting Parties'
 - revision and reissue of AGS 1014 'Privity Letter Requests'
 - revision of AUS 804 'The Audit of Prospective Financial Information' and AGS 1062 'Reporting in Connection with proposed Fundraising' and reissue as one Standard on Assurance Engagements (ASAE).
- **Withdrawal of AGS 1006** - The Board approved the withdrawal of AGS 1006 'Expression of an Opinion on Internal Control'.

For more information, go the [AUASB website](#).

Source: GAAP Alert No. 9/2009 and AUASB Meeting Highlights (1-2 June 2009).

FINANCIAL REPORTING COUNCIL (FRC) UPDATE

FRC Meeting Highlights - 10 June 2009

At its meeting, the FRC considered the following topics:

- the FRC Report to the Minister
- stakeholder reports
- possible Australian responses to the forthcoming IFRS for SMEs
- a report on XBRL developments from Mr Paul Madden of The Treasury
- public sector accounting issues raised in a presentation by Mr Tim Youngberry of the Department of Finance and Deregulation.

For more information, go to the [FRC website](#).

Source: Bulletin of the FRC 2009/4 (10 June 2009).

ETHICS UPDATE

Accounting Professional and Ethical Standards Board (APESB)

ED 02/09 on proposed new standard APES 350 'Participation by Members in Public Practice in due Diligence Committees'

The proposed new standard:

- addresses circumstances where members in public practice provide professional services to Due Diligence Committees established for issuance of Public Documents under Australian Corporations Law
- clarifies the accountants' responsibilities when participating in a Due Diligence Committee either as a member, observer or reporting person.

ED 02/09 is available on the [APESB website](#) and submissions are due to the APESB by 24 July 2009.

Source: Accounting and Assurance News Today, Issue 22 (5 June 2009).

APRA UPDATE

Audit report under the Superannuation Industry Supervision Act 1993 (SIS Act)

APRA has reissued the audit report under the SIS Act for audits of financial years commencing on or after 1 July 2008. Amendments reflect the new format of audit reports in accordance with current auditing standards. There have been some changes to the scope of the financial statements and compliance reports in that:

- sections audited have been amended to reflect SIS Act changes
- the requirements to sign off on derivatives is now encompassed in risk management reporting
- the audit scope has been amended to include section 155(2) relating to unit pricing.

The audit report is available on the [APRA website](#).

Source: GAAP Alert No. 10/2009.

March 2009 Quarterly Superannuation Performance publication

APRA released the March 2009 Quarterly Superannuation Performance publication, which shows total estimated assets fell over the quarter by \$14.9 billion, or 1.4 per cent, to \$1.03 trillion.

For more information, see the APRA media release No. 09.17 on the [APRA website](#).

Source: APRA media release No.09.17 (25 June 2009).

ASIC UPDATE

ASIC review of 30 June 2009 financial reports

ASIC has highlighted a number of areas on which company Boards and those responsible for the preparation of financial reports should focus on in the upcoming reporting period.

Focus areas include:

- going-concern assessments, particularly in regards to reduced liquidity, the ability to refinance debt or raise new funds, and compliance with lending covenants
- asset impairment, not overlooking recently acquired assets
- assets held at fair values, including financial assets and investment properties
- off balance sheet arrangements, particularly the substance of arrangements involving special purpose vehicles, derecognised financial assets and liabilities, and lease arrangements
- the adequacy of financial instrument disclosures, including meaningful disclosures that provide a proper understanding of the business and risks faced
- disclosure of specific information for significant accounting policies having most effect on the financial report, including measurement, and sources of estimation uncertainty
- current/non-current classification of assets and liabilities, particularly those regarding agreements and lending covenants
- classifying instruments as debt or equity, having regard to their substance
- revenue recognition, particularly where services are still to be rendered, including contracts with multiple deliverables
- expense deferral, particularly whether definition and recognition criteria for assets are met, including requirements under the intangible assets standard
- related party transaction disclosures
- treatment and disclosure of events after balance date, including asset value changes.

For more information, see media release [MR09-115](#).

Source: ASIC website, MR09-115 (26 June 2009) and GAAP Alert No. 10/2009.

Speeches/Presentations and Reports

The following recent speeches and presentations are available at www.asic.gov.au:

- Regulatory issues arising from the financial crisis for ASIC and for market participants
- Projecting the future regulation of securitisation
- Financial services - the changing landscape: ASIC Update
- Regulators at the forefront of change
- Observations on Retirement.

LEGISLATIVE UPDATE

2009-10 Budget Legislation

The following legislation to support the 2009-10 Budget, commenced on 1 July 2009:

- *Appropriation Act 2009 No 43*
- *Appropriation (Parliament) Act 2009 No 44*
- *Appropriation (Special Offices) Act 2009 No 45.*

Copies of the Acts are available on the [legislation website](#).

Source: NSW Parliamentary website.

Statute Law (Miscellaneous Provisions) Act 2009 No 56

This Act, which commenced 17 July 2009, repeals certain Acts and amends certain other Acts and instruments in various aspects.

Amendments include transferring the following provision from the *Privacy and Personal Information Protection Act 1998 No 133* (the Act) to the 'Annual Reports (Departments) Regulation 2005' and the 'Annual Reports (Statutory Bodies) Regulation 2005'; Government Departments and Statutory Bodies are to include a statement of compliance with the Act and statistical details of internal reviews they conduct under the Act.

For other amendments and more information, see the *Statute Law (Miscellaneous Provisions) Act 2009 No 56* on the [legislation website](#).

Source: NSW Parliamentary website.

Workers Compensation Amendment (Retro-Paid Loss Premium Method) Regulation 2009 (2009-237)

The object of this Regulation is to make amendments to the Workers Compensation Regulation 2003 as a consequence of the establishment of an optional alternative method for calculating the premiums payable for certain policies of worker compensation insurance under section 168A of the *Workers Compensation Act 1987* (known as the Retro-Paid Loss Premium Method).

For more information, see the Regulation on the [Legislation website](#).

Source: NSW Parliamentary website.

Proposed amendments to the National Greenhouse and Energy Reporting Act 2007

The Minister for Climate Change announced amendments to the *National Greenhouse and Energy Reporting Act 2007* (the Act) that will increase flexibility and lower costs for businesses that are required to report their greenhouse gas emissions and energy information.

In particular, the Bill will:

- clarify the definitions of a number of terms relating to greenhouse and energy audits to be conducted under the Act
- require the results of greenhouse and energy audits to be included on the register established under section 16 of the Act
- extend the secrecy requirements to also cover audit information
- allow for decisions made by the Greenhouse and Energy Data Officer (GEDO) not to register an auditor under the Act to be reviewed by the Administrative Appeals Tribunal
- give the GEDO authority to audit entities who report under section 20 of the Act
- expand the scope of the legislative instrument to be determined under section 75 of the Act to include requirements for the preparation, conduct and reporting of audits and allow for these requirements to be determined by the Minister rather than the GEDO
- require potential auditors under the Act to apply to the GEDO for registration and allow for detailed requirements on auditor registration to be provided in regulations and a legislative instrument determined by the GEDO
- make a number of administrative amendments consequential to the substantive amendments outlined above
- repeal the requirement for the GEDO to publish corporate level energy production information.

A copy of the amendments to the Act can be found on the [Federal Parliament website](#).

Source: Accounting and Assurance News Today, Issue 25 (26 June 2009).

PREMIER'S DEPARTMENT UPDATE

Premier's Circulars

The following recent Premier's Department Circulars are available at www.dpc.nsw.gov.au.

C2009-17 'Encouraging NSW Public Sector Employees to Take Annual Leave'

The Commonwealth Government announced the 'No Leave, No Life' campaign on 4 December 2008. The 'No Leave, No Life' campaign seeks to convert accrued leave into more holidays within Australia. The Commonwealth Government and New South Wales Government are working together to implement 'No Leave, No Life' in New South Wales. CEOs are asked to encourage NSW Public Sector employees to take leave, whilst maintaining essential services.

This circular applies to all public sector agencies other than State Owned Corporations. For more information, see [C2009-17](#).

C2009-20 'Reportable Superannuation Contributions'

Under changes to tax law effective from 1 July 2009, employers must include reportable employer superannuation contributions (RESCs) on payment summaries. Individuals must include RESCs on tax returns. RESCs will be included in income tests for some welfare payments, tax benefits, and tax obligations.

Post tax employee contributions to defined benefit schemes are not RESCs. However, where an employee chooses to salary sacrifice their contributions to a defined benefit scheme the contributions are RESCs.

For more information, see [C2009-20](#).

C2009-22 'Crown Employees (Public Service Conditions of Employment) Award 2009 and Purchased Leave Policy'

The 'Crown Employees (Public Service Conditions of Employment) Award 2009' was made on 28 May 2009 and will remain in force until 30 June 2011. This new award replaces the 'Crown Employees (Public Service Conditions of Employment) Reviewed Award 2006'.

The new Award incorporates clarification of some MOU variations, purchased leave provisions, and award modernisation as required under s19 of the *Industrial Relations Act 1996*.

Agencies covered by the Crown Employees Salaries Award Memorandum of Understanding that have enterprise specific awards will need to vary their conditions as soon as practicable in line with these changes.

This circular applies to all Departments listed in Part 1 of Schedule 1 to the *Public Sector Employment and Management Act 2002* and those agencies identified in Attachment 1 of the Memorandum of Understanding in settlement of the 'Crown Employees (Public Sector Salaries - 2008) Award'.

For more information, see [C2009-22](#).

Other Premier's Circulars

- [C2009-18](#) - NSW Public Sector Capability Framework and Job Evaluation Provisions.
- [C2009-19](#) - Nominations for the Public Service Medal.
- [C2009-21](#) - Transitional Arrangements Following Dissolution of HealthQuest.

Premier's Memoranda

The following recent Premier's Department Memoranda are available at www.dpc.nsw.gov.au.

M2009-13 'Red Tape Reduction - New CEO Responsibility'

The New South Wales Government is committed to reducing red tape by \$500 million by June 2011.

This Memorandum advises Ministers of the new Chief Executive Officers' (CEOs) responsibilities to meet the June 2011 target. They will be required to report in writing twice yearly to the Better Regulation Office (BRO) on achievements in cutting red tape.

Progress in achieving the \$500 million target will be reported publicly and regularly on the BRO website and published in the BRO's annual update 'Removing Red Tape in NSW'.

The first report will be required by 24 July 2009 and will need to identify achievements in regulatory reform and cutting red tape over the period 1 July 2008 to 30 June 2009 as well as expected reforms for the next six months.

Please see [M2009-13](#) for further details.

M2009-15 'Staffing Freeze'

Effective from 26 June 2009, a freeze applies to:

- filling of all non front line jobs
- contingent labour including contractors and consultants (used as a substitute for recruitment action)
- labour hire to fill temporary jobs
- Executive search hire to manage recruitment activity.

Jobs that are directly associated with capital works (except IT projects), Commonwealth stimulus funded programs and entry level jobs are exempt from the freeze. Under limited circumstances an exemption may be given where a sound business case has been provided.

This memorandum applies to all public sector agencies. Please see [M2009-15](#) for further details.

Other Premier's Memoranda

- [M2009-12](#) - Responding to Coronial Recommendations
- [M2009-14](#) - Legislative Program Spring Sittings 2009.

TREASURY UPDATE

Treasury Circulars

TC 09/06 '2008-09 Financial Accounting Arrangements for the Crown Entity'

This Circular describes the requirements and the year-end timetable that departments and statutory bodies must follow for the Consolidated Crown Entity to meet its statutory reporting obligations.

This Circular withdraws and supersedes TC 08/05. For more information, see [TC 09/06](#).

Source: [New South Wales Treasury website](#).

TC 09/07 'Guidelines on Reporting of Investment and Liability Management Performance'

This Circular updates the criteria for determining the particular NSW Treasury Corporation (TCorp) Hour-Glass Investment Facility that should be used as the benchmark for measuring the investment performance of agencies. The Bond Market Facility was closed in June 2008 and replaced by a new Strategic Cash Facility.

This Circular replaces TC 03/09 and is applicable for financial years commencing on or after 1 July 2008. For more information, see [TC 09/07](#).

Source: [New South Wales Treasury website](#).

INTERNATIONAL UPDATE

International Accounting Standards Board (IASB)

Amendments to IFRS 2 'Share-based Payment'

Amendments to IFRS 2 'Share-based Payment' clarify the accounting for group cash-settled share-based payment transactions. In particular:

- the scope of IFRS 2: an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash
- the interaction of IFRS 2 and other standards: in IFRS 2 a 'group' has the same meaning as in IAS 27 'Consolidated and Separate Financial Statements', that is, it includes only a parent and its subsidiaries.

The amendments to IFRS 2 also incorporate guidance previously included in IFRIC 8 'Scope of IFRS 2' and IFRIC 11 'IFRS 2 - Group and Treasury Share Transactions'. Consequently, IFRIC 8 and IFRIC 11 have been withdrawn.

For more information, see the IASB [media release](#) (18 June 2009).

Source: GAAP Alert No. 10/2009.

IASB Meeting Highlights - 15-19 June 2009 Meeting

At its meeting, the IASB discussed the following:

- Financial instruments
- Conceptual framework
- Financial instruments with characteristics of equity
- Insurance contracts
- Joint ventures
- Leases
- Liabilities - amendments to IAS 37
- Rate-regulated activities
- Revenue recognition
- Annual improvements.

For more information, see the [IASB Website](#).

Source: IASB Update (June 2009).

International Public Sector Accounting Standards Board (IPSASB)

IPSASB Exposure Draft 42 'Improvements to IPSASs'

This exposure draft is the first of a proposed series of annual improvements to the IPSASs and is modelled on the annual improvements program developed by the IASB. The proposed amendments are related primarily to the recognition, measurement, or disclosure requirements but do not represent substantive revisions to the content of existing standards. They reflect changes made by the IASB to related IFRSs.

ED 42 is available on the [IFAC website](#) and comments are due to the IPSASB by 30 September 2009.

Source: IFAC [media release](#) (30 June 2009).

IPSASB Meeting Highlights - 18-21 May 2009

At its meeting, the IPSASB discussed the following topics:

- Global Financial Crisis
- Conceptual Framework
- Long-Term Fiscal Sustainability
- Cash Basis Review
- Service Concession Arrangements
- Improvements to IPSASs
- Borrowing Costs.

For more information, refer to the [IPSASB website](#).

Source: IPSASB Meeting Highlights (May 2009).

MISCELLANEOUS PUBLICATIONS

Standard Business Reporting (SBR) Update

The following SBR fact sheets are now available on the [SBR website](#):

- SBR Program InBrief
- SBR Background InBrief
- SBR Major Streams of Work InBrief.

These fact sheets provide an overview of the status and progress of the SBR project, which aims to simplify business-to-government reporting by making forms easier to understand, using accounting and record keeping software to automatically pre-fill government forms and introducing a single secure way to interact on-line with participating agencies. This project, to be launched in July 2010, is expected to reduce the costs of reporting financial information to government as well as help the business community to improve the quality of both internal and external reporting.

Source: Accounting & Assurance News Today (ANT) Issue 23 (12 June 2009).

XBRL Update (June 2009)

The latest International XBRL Update newsletter, produced by the International Accounting Standards Committee (IASC) Foundation XBRL Team, is available on the [IASB website](#).

Source: Accounting & Assurance News Today (ANT) Issue 26 (3 July 2009).

New support materials for the IFRS Taxonomy 2009

The IASC Foundation released new support materials specifically developed to aid understanding and use of IFRS Taxonomy 2009.

For more information, see the media release dated 19 June 2009 on the [IASB website](#).

Retirement Income System - Report on Strategic Issues (Harmer Report)

The Commonwealth Government released its first report on the retirement income system. The report makes a number of recommendations including:

- to maintain superannuation guarantee at 9 per cent of income for employees and for self employed to make their own provision for retirement
- increasing the age pension eligibility to 67 (adopted in the 2009/10 Federal Budget) and the preservation age to be in line with this
- introduction of a single income test with increased deeming provisions
- placing limits on salary sacrifice arrangements (adopted in the 2009/10 Federal Budget through the reduction of the concessional contribution maximum).

For more information, see the [Harmer Report](#).

Source: GAAP Alert 7/2009.

Australian National Audit Office

Audit Reports

- Planning and Allocating Aged Care Places and Capital Grants.
- The Super Seasprite.
- Interim Phase of the Audit of Financial Statements of General Government Sector Agencies for the Year ending 30 June 2009.
- Construction of the Christmas Island Immigration Detention Centre.
- Security Risk Management.
- Funding for Non-government Schools.
- Business Continuity Management and Emergency Management in Centrelink.
- Management of Domestic Fishing Compliance.
- Planning and Approval of Defence Major Capital Equipment Projects.

Better Practice Guides

- Business Continuity Management - Building resilience in Public Sector Entities.
- Preparation of Financial Statements by Public Sector Entities.
- SAP ECC 6.0 Security and Control.

These publications/guides are available on the [ANAO website](#).

ACT Auditor-General's Office Reports

- Performance Audit Report - Delivery of Ambulance Services to the ACT Community.
- Performance Audit Report - Management of Respite Care Services.
- Performance Audit Report - Follow-up Audit: Implementation of Audit Recommendations on Road Safety.

These reports are available on the [ACT website](#).

Queensland Audit Office Publication

- Auditor-General of Queensland Report to Parliament No.2 for 2009 Health Services Planning for the Future.
- Auditor-General of Queensland Report to Parliament No.3 for 2009 Transport Network Management and Urban Congestion in South East Queensland.
- Auditor-General of Queensland Report to Parliament No.4 for 2009 Results of Audits at 31 May 2009.

This publication is available on the [QAO website](#).

Victorian Audit Office Publications

- Governance and Fraud Control within Selected Adult Education Agencies.
- Withdrawal of Infringement Notices.
- Claims Management by the Victorian WorkCover Authority.
- Connecting Courts - the Integrated Courts Management System.
- Implementing Victoria Police's Code of Practice for the Investigation of Family Violence.
- Effectiveness of Drought Assistance Measures.
- Buy-back of the Regional Intrastate Rail Network.
- Melbourne's New Bus Contracts.
- International Students: risks and responsibilities of universities.
- Funding of the Home and Community Care Program.

These publications are available on the [VAGO website](#).

Tasmanian Audit Office Publications

- Special Report No. 81 - Contract management.

This publication is available on the [TAO website](#).

Office of the Auditor-General for Western Australia Publications

- Rich and Rare: Conservation of Threatened Species.
- Maintaining the State Road Network.
- Second Public Sector Performance Report 2009.

These publications are available on the [WA Audit Office website](#).

Independent Commission against Corruption (ICAC) Publications

- Investigation into attempts to improperly influence Warringah Council officers.

This publication is available on the [ICAC Website](#).

Independent Pricing and Regulatory Tribunal (IPART) Determinations and Reports

- Final Decision - Adjusting for expected inflation in deriving the cost of capital.
- Market-based electricity purchase cost allowance - 2009 review - Regulated electricity retail tariffs and charges for small customers 2007 to 2010 - Final Report and Determination.
- Review of Gosford City Council and Wyong Shire Council.
- Review of WorkCover's proposed fee schedule for regulating major hazard facilities.
- Review of prices for the Sydney Catchment Authority - From 1 July 2009 to 30 June 2012.
- Determination on compliance of RailCorp with the NSW Rail Access Undertaking for 2007/08.
- Final Report & Recommendations - 2009 Review of Taxi Fares in New South Wales.
- Recommendations to Minister - Mid-year review of fuel costs for private ferries in New South Wales to March 2009.
- Final Report - Review of NSW Climate Change Mitigation Measures - Volume 1.
- Final Report - Review of NSW Climate Change Mitigation Measures - Volume 2.
- Review of regulated retail tariffs and charges for electricity 2010 - 2013.
- Consultant Report - Deloitte - Accounting & Tax Advice - IPART's Regulatory Decision - Initial Treatment & Subsequent Recovery of Tillegra Dam Construction costs for Hunter Water Corporation.

These publications are available on the [IPART website](#).

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 [Audit Office website](#).

Title of Guide	Date issued
Monitoring and Reporting on Audit Recommendations	May 2009
Implementing Successful Amalgamations	5 March 2008
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	3 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 internal control	January 1997
Debtors Administration	September 1996
Administration of Grants	December 1995
Joint operations in the Education Sector	September 1995
Fraud Control: developing an effective strategy Volume 1: conceptual framework Volume 2: strategy Volume 3: diagnostics Volume 4: Fraud control self audit kit	March 1994 March 1994 March 1994 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
ASEA	Australian Standard on Assurance Engagements
ASIC	Australian Securities and Investments Commission
ASAE	Australian Standard on Review Engagements
AUASB	Auditing and Assurance Standards Board
BRCWG	Business Regulation and Competition Working Group
ED	Exposure Draft
FASB	Financial Accounting Standards Board (USA)
FCAG	Financial Crisis Advisory Group
GAAP	Generally Accepted Accounting Principles
GFS	Government Finance Statistics
GG	Government Gazette
GG SS	Government Gazette Special Supplement
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
IASCF	International Accounting Standards Committee Foundation
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
IVSC	International Valuation Standards Council
PCAOB	Public Company Accounting Oversight Board

COPIES OF REPORTS AND PUBLICATIONS

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

Publications of the Australian Auditing and Assurance Standards Board (AUASB) including auditing and assurance standards, guidance statements, and other guidance and exposure drafts are available direct from the AUASB as follows:

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.gov.au.

Publications of the Australian Accounting Standards Board (AASB), including Accounting Standards and Exposure Drafts are available direct from the AASB as follows:

Phone: (03) 9617 7600
Fax: (03) 9617 7608
Postal Address: PO BOX 204 Collins Street West, Victoria 8007
Website: www.aasb.com.au

Copies of International Federation of Accountants (IFAC) publications may be obtained direct from IFAC, 535 Fifth Avenue, 14th 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 Board (IASB) publications may be obtained direct from the IASB, 30 Cannon Street, London EC4M 6XH, United Kingdom (tel +44 (020) 7332-2730 or fax +44 (020) 7332-2749 or email publications@iasb.org or Internet www.iasb.org).

Copies of New South Wales Government legislation including changes to legislation can be purchased from the New South Wales Government Information Service. The legislation is also on the Internet at www.legislation.nsw.gov.au.

Treasury publications may be viewed by visiting the New South Wales 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 www.dpc.nsw.gov.au.

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