

# AWARENESS

Accounting and Auditing Developments - ISSUE 6 - AUGUST 2009

## AUDIT OFFICE UPDATE

### Auditor-General's Report to Parliament: Helping Aboriginal Defendants through MERIT

#### *About the Audit*

Many Aboriginal communities face high levels of social disadvantage including unemployment and financial stress. Substance abuse compounds these issues and often leads to crime and an over-representation of Aboriginal people in our justice system. Any program that helps break this cycle benefits the individual, the family and the community.

The Magistrates Early Referral into Treatment (MERIT) is a mainstream program that diverts adult defendants with drug problems into treatment. Defendants who participate do a three month treatment program which is completed before they are sentenced.

This audit assessed the participation of Aboriginal defendants in MERIT. Specifically we wanted to find out whether:

- all eligible Aboriginal defendants are able to access MERIT
- MERIT is meeting the needs of Aboriginal defendants.

#### *Audit Opinion*

Recent studies of MERIT outcomes indicate that MERIT is a highly appropriate intervention program for Aboriginal defendants, improving both health and justice outcomes for many who complete the program.

Yet MERIT only reached 273 Aboriginal defendants in 2007-08 out of around 19,000 Aboriginal defendants who appeared before the court. And once into the program, Aboriginal defendants are less likely to finish MERIT than non-Aboriginal defendants.

Having more Aboriginal defendants complete MERIT will broaden its impact. To do this MERIT needs to adapt better to the diverse needs of defendants by overcoming some barriers, including:

- the risk that not all Aboriginal defendants that would benefit from MERIT are identified
- the eligibility criteria exclude defendants charged with serious violence offences or whose primary presenting problem is with alcohol rather than illicit drugs. This impacts more on Aboriginal defendants than non-Aboriginal defendants
- engaging with Aboriginal defendants has presented a problem and Aboriginal defendants are less likely to accept a referral to MERIT than non-Aboriginal defendants
- the program not being available in all courts.

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THE AUDIT OFFICE  
OF NEW SOUTH WALES

### ***Further information***

The full report is available on the [Audit Office of NSW Website](#).

### **Triennial Review of the Audit Office of NSW**

The NSW Public Accounts Committee (PAC) has released the report of the latest triennial review of the Auditor-General and the Audit Office of NSW carried out under section 48A of the *Public Finance and Audit Act 1983* (PF&A Act).

The overall conclusion of the reviewer was:

...our fieldwork demonstrated that the Auditor General and the Audit Office has in place robust and professional frameworks to effectively and efficiently deal with its core business and to interact with its clients.

### ***Key Findings***

Financial Audit and Performance Audit both have a robust audit methodology in place supported by effective enabling tools and a quality review framework, which assist in ensuring compliance with professional standards and legal requirements.

Evidence indicated a high level of client satisfaction with the Financial Audit process. Some small agencies are dissatisfied with the legislative impost of the Act, fees and timelines.

### ***Further information***

The full report is available on the [Parliament of NSW website](#).

## **ACCOUNTING UPDATE**

### **Australian Accounting Standards Board (AASB) Pronouncements**

#### ***New Compiled Standards***

The following standards compiled for the amendments made by AASB 2008-12 were released:

- AASB 7 'Financial Instruments: Disclosure'
- AASB 139 'Financial Instruments: Recognition and Measurement'
- AASB 2008-10 'Amendments to Australian Accounting Standards - Reclassification of Financial Assets'.

Source: [AASB website](#).

## AASB Exposure Drafts and Projects

### ***ED 183 'Management Commentary'***

This exposure draft incorporates IASB ED 2009/6 'Management Commentary' (a proposed non-mandatory framework). The ED proposes to help entities prepare and present a narrative report, often referred to as a 'management commentary'.

ED 183 is available on the [AASB website](#) and submissions to the AASB are due by the 31 December 2009. Submissions to the IASB on ED 2009/6 are due by 1 March 2010.

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

### ***ED 184 'Financial Instruments: Classification and Measurement'***

This exposure draft reflects IASB ED 2009/7 'Financial Instruments: Classification and Measurement'.

ED 2009/7 proposes to improve financial instruments accounting by reducing the complexity of classification and measurement of financial instruments. This will make it easier for investors to understand financial statements.

The proposed changes include:

- the removal of the four existing classifications
- the introduction of criteria for two classifications - fair value and amortised cost
- a classification in which fair value changes and dividend income for equity instruments not traded by the entity will be recognised in other comprehensive income instead of in profit and loss
- the removal of the cost exemption for equity instruments where there is no quoted market price in an active market and the fair value cannot be reliably measured
- the removal of the splitting rules for embedded derivatives.

The IASB held two live web presentations, which are available on the IASB website. A copy of the exposure draft, basis for conclusions, changes required to other standards and more details on the financial instruments project as a whole are available on the IASB website.

ED 184 is available on the [AASB website](#) and submissions to the AASB are due by 17 August 2009. Submissions to the IASB on ED 2009/7 are due by 14 September 2009.

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009) and GAAP Alert No.11/2009.

### ***ED 185 'Rate-regulated Activities'***

This exposure draft reflects IASB ED 2009/8 'Rate-regulated Activities'. ED 2009/8 proposes to establish how assets and liabilities resulting from rate-regulated activities should be recognised and measured under IFRS.

ED 185 is available on the [AASB website](#) and submissions to the AASB are due by 9th October 2009. Submissions to the IASB on ED 2009/8 are due by 20 November 2009.

Source: Accounting & Assurance News Today (ANT) Issue 30 (30 July 2009).

## ***AASB to start work on not-for-profit standard***

The AASB is starting work on a project titled 'Presentation and Disclosures by Private Sector Not-for-Profit Entities'.

This project has received special funding from the government and arises out of the findings of the Senate Economics Committee's inquiry into disclosure regimes for charities and not-for-profit organisations.

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

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

## **AASB Meeting Highlights - 29-30 July 2009**

At its meeting, the AASB discussed the following:

- **Financial Instruments - Derecognition** - The Board reviewed submissions on ED 177 'Derecognition' ('Proposed Amendments to AASB 139 and AASB 7'), which incorporated IASB ED/2009/3. ED 177 sought comment on two approaches to replace the existing derecognition requirements. The Board agreed its submission to the IASB would express support for the alternative approach, based on its consistency with the Framework.
- **Financial Instruments - Own Credit Risk in Liability Measurement** - The Board considered its submission on IASB DP/2009/2 'Credit Risk in Liability Measurement'. The AASB's tentatively decided its submission should include a comment that consideration of credit risk in measuring liabilities cannot be resolved without addressing the meaning of a chosen measurement basis.
- **Financial Instruments - IAS 39/AASB 139** - The Board considered preliminary comments on ED 184 'Financial Instruments: Classification and Measurement'. They also decided to seek responses from constituents to be collated for the IASB 'Request for Information Impairment of Financial Assets: Expected Cash Flow Approach' (Expected Loss Model).
- **Fair Value Measurement** - The Board considered preliminary comments on ED 181 'Fair Value Measurement', for the purpose of drafting its submission to the IASB on ED/2009/5 'Fair Value Measurement'. The Board tentatively decided that its submission should express agreement with the ED's proposal to define 'fair value' as an exit price.
- **Differential Reporting** - The Board considered ITC 12 'Request for Comment on a Proposed Revised Differential Reporting Regime for Australia and IASB Exposure Draft of A Proposed IFRS for Small and Medium-sized Entities (SMEs) and tentatively decided that an alternative reporting regime might be necessary if the IFRS for SMEs is considered inappropriate in the Australian context.
- **Income Tax** - The Board reconsidered its draft submission to the IASB on IASB ED/2009/2 'Income Tax'. The AASB decided to express support for the objectives of IASB ED/2009/2 but still has some concerns about the proposals.
- **IPSASB/IFRS Convergence** - The Board considered and approved submissions to the following:
  - IPSASB ED 40 'Intangible Assets'
  - IPSASB ED 41 'Entity Combinations from Exchange Transactions'
  - IPSASB EDs 37, 38 and 39 on Financial Instruments presentation, recognition and measurement and disclosures.
- **Project Proposal - Disclosures by Private Sector Not-for-Profit Entities** - The Board decided to initiate the project 'Disclosures by Private Sector Not-for-Profit Entities'. The project will focus on disclosures that Australian Accounting Standards do not currently require of private sector not-for-profit entities that should be required.

- **GAAP/GFS Harmonisation - Entities within the GGS** - The Board considered a draft Progress Report to the FRC that will ask the FRC to reconsider its broad strategic direction in relation to Phase 2 of the AASB's GAAP/GFS Harmonisation project. The AASB has been unable to find evidence that Phase 2 of the project is supported by user needs.
- **Policy for Modifying IFRSs for Not-for-Profit Entities** - The Board considered the responses received on the draft 'Process for Modifying, or Introducing Additional Requirements to, IFRSs for PBE/NFP', issued for comment jointly with the New Zealand FRSB. The Board agreed the draft be revised for comments received and fundamental issues raised by some constituents be considered.
- **Late-emerging IASB issues** - The IASB is considering an amendment to IAS 19 'Employee Benefits' in respect of the discount rate applied to long-term employee benefit liabilities. The proposal is to remove reference to the government bond rate and require the use of a rate determined from the yield on corporate bonds.
- **Emissions Trading** - The Board received an education session from Mike Loudon and Peter Gibson from the Australian Government's Department of Finance and Deregulation on accounting for an Emissions Trading Scheme from the issuer's perspective.
- **Annual Improvements** - The IASB will soon issue an ED in respect of its proposed 2009-10 'Improvements to IFRSs' and the Board agreed to issue an ED as soon as feasible after the IASB has issued its ED.
- **Interpretations** - The Board reviewed the Interpretation issues in progress and noted the new topics being considered by IFRIC. The Board also discussed the authoritative status of IFRIC and IASB staff papers and Updates.
- **Standard Business Reporting** - The Board received a briefing from Paul Madden - Program Director, Standard Business Reporting Initiative - on the purpose and objectives of the Initiative.

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

Source: AASB Action Alert, Number 127 (31 July 2009).

## AUDITING UPDATE

### Auditing and Assurance Standards Board (AUASB)

#### AUASB Meeting Highlights - 20-21 July 2009

At its meeting, the AUASB discussed the following:

- **ASA Redrafting (Clarity Format)** - The Board received a further progress report on the 'Clarity' project and noted that the project is on-track for completion, as planned, for October this year.
- **Clearance of Redrafted Auditing Standards** - The Board considered final versions in 'Clarity' format of the following proposed Auditing Standards:
  - ASA 210 'Agreeing the Terms of Audit Engagements'
  - ASA 265 'Communicating Deficiencies in Internal Control to Those Charged with Governance and Management'
  - ASA 402 'Audit Considerations Relating to an Entity Using a Service Organisation'
  - ASA 505 'External Confirmations'
  - ASA 501 'Audit Evidence - Specific Considerations for Inventory and Segment Information'
  - ASA 508 'Audit Evidence - Specific Considerations for Litigation and Claims'
  - ASA 620 'Using the Work of an Auditor's Expert'
  - ASA 710 'Comparative Information - Corresponding Figures and Comparative Financial Reports'.

- **Revision and Withdrawal of Guidance Statements** - The Board considered the drafts of proposed Guidance Statements to replace the following:
  - AGS 1052 ‘Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes’
  - AGS 1058 ‘Auditing Mortgage Investment Schemes’
  - AGS 1032 ‘Audit Implications of Accounting for Investments in Associates’
  - AGS 1040 ‘Franchising Code of Conduct - Auditor’s Reports’.
- **Projects in Progress** - The Board received updates on the following projects:
  - Specified Assurance Procedures
  - Fundraisings, Comfort Letters and Privity Letters Requests
  - Bank Confirmation Requests.
- **Standard Business Reporting** - Mr Paul Madden - Program Director, Standard Business Reporting (SBR) Initiative - presented to the AUASB on the progress of the SBR program.
- **National Greenhouse and Energy Reporting Scheme (NGERS) and Carbon Pollution Reduction Scheme (CPRS)** - The Board received an update on the proposed draft NGERS ‘Audit Determination’.
- **International Matters** - The Board noted the latest International Update on the activities of the IAASB and other national auditing standards setters for the month of June 2009.
- **Water Accounting Standards Board (WASB)** - The Board noted the presentation of the WASB regarding Water Accounting Standards developments and expressed interest in discussing further Assurance of Water Accounting Reports.
- **Draft Audit Guidelines for Electricity, Gas and Water Licenses** - The Board noted the AUASB’s written response on the draft ‘Audit Guidelines for Electricity, Gas and Water Licenses’ issued by the Economic Regulation Authority.

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

Source: Meeting Highlights 20-21 July, AUASB Website.

## ASIC UPDATE

### ASIC consultation on margin lending reforms

ASIC has now released Consultation Paper 112 ‘Dispute resolution requirements for consumer credit and margin lending’, which outlines proposals designed to ensure that consumers have timely access to dispute resolution if they have a problem with consumer credit or margin lending.

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

Source: Accounting & Assurance News Today (ANT) Issue 30 (31 July 2009).

### Reports

The following reports are available at [www.asic.gov.au](http://www.asic.gov.au):

- Report 161: Market assessment report: EBS Service Company Limited
- Report 163: Market assessment report: Yieldbroker Pty Limited
- Report 164: Market assessment report: Bloomberg Tradebook Australia Pty Ltd.

## LEGISLATIVE UPDATE

### **Allocation of the Administration of Acts 2009 (No. 2 - General Allocation)**

The above Act has been approved. It sets out the Ministers responsible for the administration of the Acts listed in the Schedule to the Act. The allocation replaces previous allocations relating to Acts generally.

For more information, see the Act on the [NSW Parliamentary website](#).

Source: Allocation of the Administration of Acts 2009 (No 2 - General Allocation).

### **Public Sector Employment and Management (Departmental Amalgamations) Order 2009**

On 11 June 2009, the Premier of New South Wales announced extensive reforms to the NSW Public Sector, including the creation of 13 new super Departments. This Administrative Order provides for the legal establishment of the new super departments and transfer of staff and functions to these entities.

The new titles of the super Departments and the respective Directors General are as follows:

- Department of Premier & Cabinet - John Lee
- The Treasury - Michael Schur
- Department of Health - Professor Deborah Picone
- Department of Education & Training - Michael Coutts-Trotter
- Department of Services, Technology & Administration - Graeme Head
- Police & Emergency Services NSW - Commissioner Andrew Scipione
- Department of Planning - Sam Haddad
- Department of Justice and Attorney General- Laurie Glanfield
- Department of Human Services - Jenny Mason
- Department of Transport & Infrastructure - Les Wielinga
- Department of Environment, Climate Change & Water - Lisa Corbyn
- Department of Industry & Investment - Dr Richard Sheldrake
- Communities NSW - Carol Mills.

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

Our 'Better Practice Guide on Managing Departmental Amalgamations' may be useful when discussing the creation of the super agencies with your clients.

### **Department of Climate Change (DCC) Exposure Draft**

The DCC has released the draft '[National Greenhouse and Energy Reporting Amendment Regulations](#)' 2009 and the draft '[National Greenhouse and Energy Reporting \(Audit\) Determination](#)' 2009 for public comment. This draft legislation will establish (along with the *National Greenhouse and Energy Reporting Amendment Bill* 2009 before Parliament) the greenhouse and energy audit framework for the verification and assurance of reports provided by reporters under the *National Greenhouse and Energy Reporting Act* 2007 and the proposed Carbon Pollution Reduction Scheme.

The draft Amendment Regulations include the requirements to be a registered greenhouse and energy auditor, while the draft Audit Determination covers the requirements to be met by auditors in conducting and reporting on greenhouse and energy audits.

The EDs is available on the [Department of Climate Change website](#) and comments are due to the DCC by 28 August 2009.

Source: Accounting & Assurance News Today (ANT) Issue 30 (31 July 2009).

## Corporations Amendment (Improving Accountability on Termination Payments) Bill 2009

This Bill improves and strengthens the existing regulatory framework relating to the payment of termination benefits to company directors and executives.

Key features of the bill include:

- expanding of the scope of the requirements relating to termination benefits to include senior executives or key management personnel of a disclosing entity
- broadening the definition of 'benefit', including a requirement for a broad interpretation of the term 'benefit' and a requirement that the substance should prevail over its legal form
- new regulation-making powers to specify what types of payments are, or are not, a termination benefit, and to define 'base salary'
- the immediate repayment of unauthorised termination benefits with an increase in the penalty provisions
- retention of the existing requirement for the giving of the benefit to be approved by a resolution passed at a general meeting.

For more information see the Bill on the [Commonwealth Parliamentary website](#).

Source: GAAP Alert 11/2009.

### Termination Payments Bill enquiry

The Senate Economics Legislation Committee is conducting an Inquiry into the requirements of the Corporations Amendment (Improving Accountability on Termination Payments) Bill 2009. The Bill requires termination payments to company directors and senior executives exceeding one year's salary to be subject to shareholder approval.

The Bill is available on the [Commonwealth Parliamentary website](#). Submissions to the Senate Economics Legislation Committee were due by 17 July 2009.

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

### Government Information Bills

The following NSW Bills relating to Government Information were issued:

- (Public Access) (Consequential Amendments and Repeal) Bill 2009
- Government Information (Public Access) Bill 2009
- Government Information (Information Commissioner) Bill 2009.

The main proposed changes include:

- transferring provisions concerning the amendment of personal records from the *Freedom of Information Act 1989* to the *Privacy and Personal Information Protection Act 1998*
- repealing the *Freedom of Information Act 1989*
- providing access to government information on the basis that there is a presumption in favour of disclosure of government information, unless there is an overriding public interest against disclosure of that information
- creating the office of Information Commissioner, who is to have the functions conferred or imposed by or under the *Government Information (Public Access) Act 2009* (the GIPA Act) and any other Act declared by the regulations to be an Information Act.

For more information, see the Act on the [NSW Parliamentary Website](#).

Source: Explanatory notes, NSW Parliamentary Website.

# PREMIER'S DEPARTMENT UPDATE

## Premier's Circulars

The following recent Premier's Department Circulars are available at [www.dpc.nsw.gov.au](http://www.dpc.nsw.gov.au).

### ***C2009-26 'Designation of Youth as a disadvantage group under Clause 10 of the Public Sector Employment and Management (General) Regulation, 1996 (PSEM Regulation)'***

Under Clause 10, PSEM Regulation, youth, being defined as persons under the age of 25, has been designated as a disadvantage group. This is one of a number of strategies designed to increase youth representation in the NSW Public Sector.

This Circular applies to all Public Service Departments. State Owned Corporations and other Government Service (Non-Public Service Divisions and Special Employment Divisions), the Teaching Service, NSW Police and the NSW Health Service are encouraged to adopt similar arrangements.

For more information, go to the [Department of Premier and Cabinet website](#).

Source: DPC Website.

### ***C2009-27 'Crown Employees (Transferred Employees Compensation) Award 2009'***

The new Crown Employees (Transferred Employees Compensation) Award 2009 (TECA) was made on 16 July 2009. The Award clarifies entitlements to compensation to employees directed to transfer. It does not apply where the employee transfers through merit selection or can reasonably commute to the new location.

The Award reflects Clause 5.3 of the Memorandum of Understanding, made in settlement of the Crown Employees (Public Sector - Salaries 2008) Award, that the parties replace the Crown Employees (Transferred Employees Compensation) Award with a simplified and modernised award.

Time limits to complete transactions have been brought into line with Australian Tax Office limits with discretion for agencies to pay expenses, which are out of time where there is a good reason.

For more information, go to the [Department of Premier and Cabinet website](#).

Source: DPC Website.

### ***C2009-28 'Review of Meal, Travelling and Other Allowances'***

The purpose of this Circular is to advise agencies that the Meal, Travelling and Related Allowances contained in Table 1 Allowances of Part B - Monetary Rates of the Crown Employees (Public Service Conditions of Employment) Award 2009 have been increased, and should be applied from 1 July 2009.

For more information, go to the [Department of Premier and Cabinet website](#).

Source: DPC Website.

## ***Other Premier's Circulars***

- [C2009-23](#) Sydney 2009 World Masters Games.
- [C2009-24](#) Senior Executive Service - Notional Salary.
- [C2009-25](#) Law Enforcement Standard for Digital Evidence.
- [C2009-29](#) Premier's Public Sector Awards 2009.

## **Premier's Memoranda**

The following recent Premier's Department Memoranda are available at [www.dpc.nsw.gov.au](http://www.dpc.nsw.gov.au).

- [M2009-16](#) Agency Recognition of the NSW Companion Card.
- [M2009-17](#) Briefing Senior Counsel.

# INTERNATIONAL UPDATE

## International Accounting Standards Board (IASB)

### *ED 2009/7 'Financial Instruments: Classification and Measurement'*

ED 2009/7 proposes to improve financial instruments accounting by reducing the complexity of classification and measurement of financial instruments, making it easier for investors to understand financial instruments. Refer to the discussion of ED 2009/7 in the Accounting Update section [above](#).

The questions and answers session about the exposure draft 'Financial Instruments: Classification and Measurement' is available on the [project website](#).

ED 2009/7 is available on the [IASB website](#) and submissions to the IASB are due by 14 September 2009.

Source: Accounting & Assurance News Today (ANT) Issue 28 (17 July 2009) and IASB Website.

### *ED 2009/8 'Rate Regulated Activities'*

This exposure draft proposes to establish how assets and liabilities resulting from rate-regulated activities should be recognised and measured under IFRS. Refer to the discussion of ED2009/8 in the Accounting Update section [above](#).

ED 2009/8 is available on the [IASB website](#) and submissions to the IASB are due by 20 November 2009.

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

### *IASB Meeting Highlights - 21-22 July 2009 Meeting*

At its meeting, the IASB discussed the following:

- classification of rights issues
- consolidation
- discontinued operations
- IFRIC update
- insurance contracts
- liabilities - amendments to IAS 37
- post-employment benefits
- related party disclosures
- revenue recognition
- technical plan
- annual improvements.

The IASB also held a joint meeting with the US Financial Accounting Standards Board (FASB) on 23 and 24 July, where the boards discussed:

- financial instruments
- financial instruments with characteristics of equity
- financial statement presentation
- insurance contracts
- leases
- revenue recognition
- technical plan.

Source: [IASB Update](#).

## ***IASB Financial Instruments: a Guide through the Official Text of IAS 32, IAS 39 and IFRS 7***

The IASB has published its complete and up-to-date guide to financial instruments, with extensive cross-references to the Standards on financial instruments. It includes the report on illiquid markets by the Expert Advisory Panel.

The guide is available for purchase on the [IASB website](#).

Source: IASB Website.

### ***IFRIC Meeting Highlights - 9 July 2009 Meeting***

At its meeting, the IFRIC discussed the following:

- debt to equity swap in a restructuring
- classification of vesting conditions
- rights issues denominated in a foreign currency
- IFRIC agenda decisions:
  - IFRS 3 ‘Business Combination’ – acquisition-related costs in a business combination
  - IFRS 3 ‘Business Combinations’ – earlier application of IFRS 3
  - IAS 7 ‘Statement of Cash Flows’ – determination of cash equivalents
  - IAS 27 ‘Consolidated and Separate Financial Statements’ – transaction costs for non-controlling interest
  - IAS 28 ‘Investments in Associates’ – potential effect of IFRS 3 ‘Business Combinations’ (as revised in 2008) and IAS 27 ‘Consolidated and Separate Financial Statements’ (as amended in 2008) on equity method accounting
  - IAS 28 ‘Investments in Associates’ – venture capital consolidations and partial use of fair value through profit or loss
  - IAS 28 ‘Investments in Associates’ – impairment of investments in associates
  - IAS 34 ‘Interim Financial Reporting’ – interim disclosures about fair value
  - IAS 38 ‘Intangible Assets’ – compliance costs for REACH
  - IAS 39 ‘Financial Instruments: Recognition and Measurement’ – hedging using more than one derivative as the hedging instrument
  - IAS 39 ‘Financial Instruments: Recognition and Measurement’ – meaning of ‘significant or prolonged’
  - IFRIC 12 ‘Service Concession Arrangements’ – scope of IFRIC 12
  - IFRIC 18 ‘Transfers of Assets from Customers’ – applicability to the customer
- Tentative agenda decisions:
  - IFRS 3 ‘Business Combinations’ – measurement of NCI
  - IFRS 3 ‘Business Combinations’ – unreplaced and voluntarily replaced share-based payment awards
  - IFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’ – write-down of a disposal group
  - IAS 23 ‘Borrowing Costs’ – meaning of ‘general borrowings’.

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

Source: IASB Website.

## International Auditing and Assurance Board (IAASB)

### *IAASB meeting update - 15-19 June 2009*

At its meeting, the IAASB discussed the following:

- auditing guidance for complex financial instruments
- development of standards for alternative services to the audit
- greenhouse Gas Statement Project progresses
- pro Forma Financial Information
- XBRL, ISAE 3000, ISA 610.

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

Source: Accounting and Assurance News Today (ANT) Issue 27 (10 July 2009).

### *Applying ISAs Proportionately with the Size and Complexity of an Entity*

To assist auditors worldwide in implementing the clarified ISAs, the staff of the IAASB has developed a new question-and-answer publication entitled 'Applying ISAs Proportionately with the Size and Complexity of an Entity'. The publication is relevant in the context of any audit, but will be of particular help to those who audit, or oversee the audits of, small and medium-sized entities.

The questions and answers explain how the design of the ISAs enables them to be applied in a manner that is proportionate to the specific characteristics of the entity subject to audit. Furthermore, answers are given to questions relating to audit procedures, work effort, documentation, and professional judgment.

The publication is available [IFAC website](#).

Source: [IAASB website](#).

## International Ethical Standards Board for Accountants (IESBA)

The IESBA has issued a new '[Code of Ethics for Professional Accountants](#)' which clarifies requirements for all professional accountants and significantly strengthening the independence requirements of auditors. The revised Code has been released following consideration and approval by the Public Interest Oversight Board (PIOB) of due process and extensive public interest consultation.

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

Source: Accounting & Assurance News Today (ANT) Issue 28 (17 July 2009).

## Financial Crisis Advisory Group (FCAG)

The Financial Crisis Advisory Group (FCAG), a group set up by the US Financial Accounting Standards Board (FASB) and the IASB, has published its recommendations related to accounting standard setting activities, and other changes to the international regulatory environment following the global financial crisis.

It has identified four principles that financial reporting must meet to fulfil its role, along with some recommendations:

- **effective financial reporting** - the FCAG stressed the importance of effective financial reporting and made some specific recommendations for the improvement of financial reporting
- **limitations of financial reporting** - users of financial reports should be aware of the limitations of the information presented and should not suspend their own judgement and due diligence
- **convergence of accounting standards** - the FACG urges interested parties to actively support the development of a single set of high-quality accounting standards
- **standard setters' independence and accountability** - the development of high-quality standards requires the standard settings to be independent of commercial and political pressures and be highly accountable.

The full report is available on the FCAG's [website](#).

Source: Accounting & Assurance News Today (ANT) Issue 30 (31 July 2009).

### **International Accounting Standards Committee (IASC)**

The IASC Foundation has published two Requests for Information relating to the IFRS Taxonomy:

- concept naming and change management in the IFRS Taxonomy
- extending the use of dimensions in the IFRS Taxonomy.

The IFRS Taxonomy is a translation of IFRSs as at 1 January 2009 into XBRL (eXtensible Business Reporting Language). The new taxonomy will allow companies, regulators, investors, analysts and other users of the IFRS Taxonomy 2009 and XBRL technology worldwide to benefit from easier filing and improved access to, and comparison of financial data.

Further information is available on the [IASB website](#) and comments to the IASB were due by 14 August 2009.

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

### **International Valuations Standards Council (IVSC)**

The IVSC launched an expert group to advise the IVSC Board on the valuation of financial assets and liabilities, and assist in developing relevant standards and guidance. The group, made up of 14 leading experts drawn from around the world, has been established to examine the types of guidance needed to avoid some of the difficulties that have been highlighted by the financial crisis. A member of the staff of the IASB will act as an observer.

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

Source: GAAP Alert No. 11/2009.

### **International Federation of Accountants (IFAC)**

The IFAC's G20 Accountancy Summit was held on July 23 and 24 in London. The summit was organised to achieve consensus by the profession on a series of recommendations to be made to the G20 leaders prior to their meeting in September on issues related to the financial crisis.

At the summit, participants:

- agreed public interest would best be served by a single set of high-quality, principles-based financial reporting and auditing standards
- stressed the importance of ensuring that there is no undue influence from any one stakeholder group in the standard setting process
- emphasised the need for the IASB to have a robust governance structure that will ensure its effectiveness and independence.

Other key recommendations from the group included:

- the needs of small and medium enterprises (SMEs) must be considered in the development of standards
- the G20 should continue to make strengthening corporate governance a priority
- a need for a more robust financial reporting model that includes, among other things, reporting on sustainability and environmental issues.

For more information, go to the [IFAC Website](#).

Source: Media release, IFAC Website.

## MISCELLANEOUS PUBLICATIONS

### **CPA Warns Members on Breaches of Auditing Standards**

CPA Australia published a reminder that auditors must be aware of the auditing standards applicable to their audit engagement and understand their application. The auditing standards apply to all audits, regardless of the type or size of the organisation. CPA Australia has drawn attention to reported breaches of two standards in particular: ASA 315 'Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement', and ASA 580 'Management Representations'.

CPA Australia has also advised auditors to be aware of their obligations under APES 320 'Quality Control for Firms', and ASA 240 'The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report'.

For further information, go to the [CPA website](#).

Source: GAAP Alert 11/2009.

### **Australian Stock Exchange (ASX) Report on Corporate Governance Reporting**

The ASX recently conducted an 'Analysis of Corporate Governance Disclosure in Annual Reports' and revealed corporate governance reporting levels have risen in each of the past five years to an overall reporting level of 96.3 per cent. The results indicate investors are now more informed about the corporate governance practices of listed entities and that entities themselves appear to grasp the importance of being transparent about their governance arrangements.

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

Source: Accounting & Assurance News Today (ANT) Issue 28 (17 July 2009).

### **Government Response to NFP Enquiry**

The Senate Standing Committee on Economics released its final report on its 'Inquiry into the Disclosure Regimes for Charities and Not-For-Profit Organisations', detailing fifteen key recommendations. A copy of the Government's response to the key recommendations can be found on the [Parliament of Australia website](#).

Source: Accounting & Assurance News Today (ANT) Issue 28 (17 July 2009).

## NSW Trust Account Audit Documentation

The NSW Department of Fair Trading has advised that auditors of trust accounts of licensees under the *Property Stock and Business Agents Act 2002* will no longer receive the forms required for audit purposes by mail and should download the forms from the [trust account audit requirements web page](#) of the Fair Trading website.

For more information, visit the [Department of Fair Trading website](#).

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

## Climate Disclosure Standards Board (CDSB) Exposure Draft

The CDSB has released an ED to help assist directors with the inclusion of climate change related information in annual reports. The ED explains which climate change data should be reported and provides a set of guidelines designed to streamline disclosure procedures. Applying the ED should result in an annual report that clearly identifies the major trends and significant events related to climate change that affect a company's current or future financial condition.

The ED is available on the [CDSB website](#) and comments to the CDSB are due by the 25 September 2009.

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

## National Greenhouse Reporting Protocol

The Commonwealth, states and territories have agreed to a 'National Greenhouse and Energy Reporting Streamlining Protocol', which will provide a nationally consistent system for companies to report greenhouse and energy information. The scheme will ease the administrative burden on some companies, which currently provide identical or similar data to up to eight different agencies in different jurisdictions.

For more information, go to the [Department of Climate Change website](#).

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

## Developments in National Water Accounting Standards

The Water Accounting Standards Board (WASB), responsible for the oversight and coordination of all Australian Water Accounting Standards (AWASs), has just completed two major products:

- the Water Accounting Conceptual Framework (WACF), which aims to assist in the preparation and presentation of General Purpose Water Accounting Reports by providing guidelines for the development of AWAS
- the Preliminary Australian Water Accounting Standards (PAWAS), which is prepared for the Methods Pilot of the National Water Account and proposes to standardise the practice of water accounting in Australia.

These proposals do not impact financial reporting requirements. They predominantly deal with standardising reporting in relation to 'quantities' of water assets and liabilities, which is one of the objects under the National Water Initiative.

The WASB is seeking comments on the WACF and PAWAS from interested parties. Copies of the WACF and PAWAS are available on the [WASB website](#).

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

## UK Financial Reporting Council Research Paper

The UK FRC has issued a research paper 'Louder than Words: Principles and actions for making corporate reports less complex and more relevant' which examines the complexity of financial reporting. It is intended to remind all of those involved in corporate reporting that it is their actions that affect the quality and readability of corporate reports.

They recommend five areas where urgent change is needed:

- cash flow and net debt reporting
- wholly-owned subsidiaries reporting requirements
- reduce clutter
- disclosures
- IFRS.

This research paper is available on the [UK FRC website](#) and comments are due to the UK FRC by the 30 October 2009.

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

## UK National Audit Office

The UK National Audit Office, the Northern Ireland Audit Office, the Audit Commission for Local Authorities and the National Health Service in England, the Wales Audit Office and Audit Scotland have established the Public Audit Forum to provide a focus for developmental thinking in relation to public sector audit. The main role of the Forum is consultative and advisory.

The following Publications were released in July 2009:

- estates management performance indicators 2008/09
- finance performance indicators 2008/09
- human resources performance indicators 2008/09
- ICT performance indicators 2008/09
- procurement performance indicators 2008/09.

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

Source: [Public Audit Forum Website](#)

## Australian National Audit Office

### *Audit Reports*

- Representations to the Department of the Treasury in Relation to Motor Dealer Financing Arrangements.

### *Speeches*

- Changes in SAI's roles caused by Parliaments' requests or Parliaments' changed focus and roles.

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

## Tasmanian Audit Office Publications

- Special Report No. 82 - Staffing Arrangements of Members of Parliament and Ministerial Offices.

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

## Queensland Audit Office Publications

- Report No. 5 - 2009 Management of Patient Flow through Queensland Hospitals.

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

## Office of the Auditor-General New Zealand

- Statements of Intent: Examples of Reporting Practice.

This publication is available on the [Office of the Auditor-General New Zealand website](#).

## Independent Pricing and Regulatory Tribunal (IPART) Determinations and Reports

- Issues Paper - Review of prices for Country Energy's water and sewerage services from 1 July 2010.
- Final Determinations and Final Report - Review of prices for water, sewerage, stormwater and other services for Hunter Water Corporation - July 2009.
- Issues Paper - Review of Prices for State Water Corporation - July 2009.
- Draft Report - Review of the Revenue Framework for Local Government - July 2009.
- Issues Paper - Review of Prices for Water Administration Ministerial Corporation - From July 2010 - July 2009.

For further information, go to 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
IASC	International Accounting Standards Committee
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](http://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](http://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](http://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](http://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](mailto:publications@iasb.org) or Internet [www.iasb.org](http://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](http://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](http://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](http://www.dpc.nsw.gov.au).

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# AWARENESS

Accounting and Auditing Developments - ISSUE 6 - AUGUST 2009

## AUDIT OFFICE UPDATE

### Auditor-General's Report to Parliament: Helping Aboriginal Defendants through MERIT

#### *About the Audit*

Many Aboriginal communities face high levels of social disadvantage including unemployment and financial stress. Substance abuse compounds these issues and often leads to crime and an over-representation of Aboriginal people in our justice system. Any program that helps break this cycle benefits the individual, the family and the community.

The Magistrates Early Referral into Treatment (MERIT) is a mainstream program that diverts adult defendants with drug problems into treatment. Defendants who participate do a three month treatment program which is completed before they are sentenced.

This audit assessed the participation of Aboriginal defendants in MERIT. Specifically we wanted to find out whether:

- all eligible Aboriginal defendants are able to access MERIT
- MERIT is meeting the needs of Aboriginal defendants.

#### *Audit Opinion*

Recent studies of MERIT outcomes indicate that MERIT is a highly appropriate intervention program for Aboriginal defendants, improving both health and justice outcomes for many who complete the program.

Yet MERIT only reached 273 Aboriginal defendants in 2007-08 out of around 19,000 Aboriginal defendants who appeared before the court. And once into the program, Aboriginal defendants are less likely to finish MERIT than non-Aboriginal defendants.

Having more Aboriginal defendants complete MERIT will broaden its impact. To do this MERIT needs to adapt better to the diverse needs of defendants by overcoming some barriers, including:

- the risk that not all Aboriginal defendants that would benefit from MERIT are identified
- the eligibility criteria exclude defendants charged with serious violence offences or whose primary presenting problem is with alcohol rather than illicit drugs. This impacts more on Aboriginal defendants than non-Aboriginal defendants
- engaging with Aboriginal defendants has presented a problem and Aboriginal defendants are less likely to accept a referral to MERIT than non-Aboriginal defendants
- the program not being available in all courts.

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THE AUDIT OFFICE  
OF NEW SOUTH WALES

### ***Further information***

The full report is available on the [Audit Office of NSW Website](#).

### **Triennial Review of the Audit Office of NSW**

The NSW Public Accounts Committee (PAC) has released the report of the latest triennial review of the Auditor-General and the Audit Office of NSW carried out under section 48A of the *Public Finance and Audit Act 1983* (PF&A Act).

The overall conclusion of the reviewer was:

...our fieldwork demonstrated that the Auditor General and the Audit Office has in place robust and professional frameworks to effectively and efficiently deal with its core business and to interact with its clients.

### ***Key Findings***

Financial Audit and Performance Audit both have a robust audit methodology in place supported by effective enabling tools and a quality review framework, which assist in ensuring compliance with professional standards and legal requirements.

Evidence indicated a high level of client satisfaction with the Financial Audit process. Some small agencies are dissatisfied with the legislative impost of the Act, fees and timelines.

### ***Further information***

The full report is available on the [Parliament of NSW website](#).

## **ACCOUNTING UPDATE**

### **Australian Accounting Standards Board (AASB) Pronouncements**

#### ***New Compiled Standards***

The following standards compiled for the amendments made by AASB 2008-12 were released:

- AASB 7 'Financial Instruments: Disclosure'
- AASB 139 'Financial Instruments: Recognition and Measurement'
- AASB 2008-10 'Amendments to Australian Accounting Standards - Reclassification of Financial Assets'.

Source: [AASB website](#).

## AASB Exposure Drafts and Projects

### ***ED 183 'Management Commentary'***

This exposure draft incorporates IASB ED 2009/6 'Management Commentary' (a proposed non-mandatory framework). The ED proposes to help entities prepare and present a narrative report, often referred to as a 'management commentary'.

ED 183 is available on the [AASB website](#) and submissions to the AASB are due by the 31 December 2009. Submissions to the IASB on ED 2009/6 are due by 1 March 2010.

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

### ***ED 184 'Financial Instruments: Classification and Measurement'***

This exposure draft reflects IASB ED 2009/7 'Financial Instruments: Classification and Measurement'.

ED 2009/7 proposes to improve financial instruments accounting by reducing the complexity of classification and measurement of financial instruments. This will make it easier for investors to understand financial statements.

The proposed changes include:

- the removal of the four existing classifications
- the introduction of criteria for two classifications - fair value and amortised cost
- a classification in which fair value changes and dividend income for equity instruments not traded by the entity will be recognised in other comprehensive income instead of in profit and loss
- the removal of the cost exemption for equity instruments where there is no quoted market price in an active market and the fair value cannot be reliably measured
- the removal of the splitting rules for embedded derivatives.

The IASB held two live web presentations, which are available on the IASB website. A copy of the exposure draft, basis for conclusions, changes required to other standards and more details on the financial instruments project as a whole are available on the IASB website.

ED 184 is available on the [AASB website](#) and submissions to the AASB are due by 17 August 2009. Submissions to the IASB on ED 2009/7 are due by 14 September 2009.

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009) and GAAP Alert No.11/2009.

### ***ED 185 'Rate-regulated Activities'***

This exposure draft reflects IASB ED 2009/8 'Rate-regulated Activities'. ED 2009/8 proposes to establish how assets and liabilities resulting from rate-regulated activities should be recognised and measured under IFRS.

ED 185 is available on the [AASB website](#) and submissions to the AASB are due by 9th October 2009. Submissions to the IASB on ED 2009/8 are due by 20 November 2009.

Source: Accounting & Assurance News Today (ANT) Issue 30 (30 July 2009).

## ***AASB to start work on not-for-profit standard***

The AASB is starting work on a project titled 'Presentation and Disclosures by Private Sector Not-for-Profit Entities'.

This project has received special funding from the government and arises out of the findings of the Senate Economics Committee's inquiry into disclosure regimes for charities and not-for-profit organisations.

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

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

## **AASB Meeting Highlights - 29-30 July 2009**

At its meeting, the AASB discussed the following:

- **Financial Instruments - Derecognition** - The Board reviewed submissions on ED 177 'Derecognition' ('Proposed Amendments to AASB 139 and AASB 7'), which incorporated IASB ED/2009/3. ED 177 sought comment on two approaches to replace the existing derecognition requirements. The Board agreed its submission to the IASB would express support for the alternative approach, based on its consistency with the Framework.
- **Financial Instruments - Own Credit Risk in Liability Measurement** - The Board considered its submission on IASB DP/2009/2 'Credit Risk in Liability Measurement'. The AASB's tentatively decided its submission should include a comment that consideration of credit risk in measuring liabilities cannot be resolved without addressing the meaning of a chosen measurement basis.
- **Financial Instruments - IAS 39/AASB 139** - The Board considered preliminary comments on ED 184 'Financial Instruments: Classification and Measurement'. They also decided to seek responses from constituents to be collated for the IASB 'Request for Information Impairment of Financial Assets: Expected Cash Flow Approach' (Expected Loss Model).
- **Fair Value Measurement** - The Board considered preliminary comments on ED 181 'Fair Value Measurement', for the purpose of drafting its submission to the IASB on ED/2009/5 'Fair Value Measurement'. The Board tentatively decided that its submission should express agreement with the ED's proposal to define 'fair value' as an exit price.
- **Differential Reporting** - The Board considered ITC 12 'Request for Comment on a Proposed Revised Differential Reporting Regime for Australia and IASB Exposure Draft of A Proposed IFRS for Small and Medium-sized Entities (SMEs) and tentatively decided that an alternative reporting regime might be necessary if the IFRS for SMEs is considered inappropriate in the Australian context.
- **Income Tax** - The Board reconsidered its draft submission to the IASB on IASB ED/2009/2 'Income Tax'. The AASB decided to express support for the objectives of IASB ED/2009/2 but still has some concerns about the proposals.
- **IPSASB/IFRS Convergence** - The Board considered and approved submissions to the following:
  - IPSASB ED 40 'Intangible Assets'
  - IPSASB ED 41 'Entity Combinations from Exchange Transactions'
  - IPSASB EDs 37, 38 and 39 on Financial Instruments presentation, recognition and measurement and disclosures.
- **Project Proposal - Disclosures by Private Sector Not-for-Profit Entities** - The Board decided to initiate the project 'Disclosures by Private Sector Not-for-Profit Entities'. The project will focus on disclosures that Australian Accounting Standards do not currently require of private sector not-for-profit entities that should be required.

- **GAAP/GFS Harmonisation - Entities within the GGS** - The Board considered a draft Progress Report to the FRC that will ask the FRC to reconsider its broad strategic direction in relation to Phase 2 of the AASB's GAAP/GFS Harmonisation project. The AASB has been unable to find evidence that Phase 2 of the project is supported by user needs.
- **Policy for Modifying IFRSs for Not-for-Profit Entities** - The Board considered the responses received on the draft 'Process for Modifying, or Introducing Additional Requirements to, IFRSs for PBE/NFP', issued for comment jointly with the New Zealand FRSB. The Board agreed the draft be revised for comments received and fundamental issues raised by some constituents be considered.
- **Late-emerging IASB issues** - The IASB is considering an amendment to IAS 19 'Employee Benefits' in respect of the discount rate applied to long-term employee benefit liabilities. The proposal is to remove reference to the government bond rate and require the use of a rate determined from the yield on corporate bonds.
- **Emissions Trading** - The Board received an education session from Mike Loudon and Peter Gibson from the Australian Government's Department of Finance and Deregulation on accounting for an Emissions Trading Scheme from the issuer's perspective.
- **Annual Improvements** - The IASB will soon issue an ED in respect of its proposed 2009-10 'Improvements to IFRSs' and the Board agreed to issue an ED as soon as feasible after the IASB has issued its ED.
- **Interpretations** - The Board reviewed the Interpretation issues in progress and noted the new topics being considered by IFRIC. The Board also discussed the authoritative status of IFRIC and IASB staff papers and Updates.
- **Standard Business Reporting** - The Board received a briefing from Paul Madden - Program Director, Standard Business Reporting Initiative - on the purpose and objectives of the Initiative.

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

Source: AASB Action Alert, Number 127 (31 July 2009).

## AUDITING UPDATE

### Auditing and Assurance Standards Board (AUASB)

#### AUASB Meeting Highlights - 20-21 July 2009

At its meeting, the AUASB discussed the following:

- **ASA Redrafting (Clarity Format)** - The Board received a further progress report on the 'Clarity' project and noted that the project is on-track for completion, as planned, for October this year.
- **Clearance of Redrafted Auditing Standards** - The Board considered final versions in 'Clarity' format of the following proposed Auditing Standards:
  - ASA 210 'Agreeing the Terms of Audit Engagements'
  - ASA 265 'Communicating Deficiencies in Internal Control to Those Charged with Governance and Management'
  - ASA 402 'Audit Considerations Relating to an Entity Using a Service Organisation'
  - ASA 505 'External Confirmations'
  - ASA 501 'Audit Evidence - Specific Considerations for Inventory and Segment Information'
  - ASA 508 'Audit Evidence - Specific Considerations for Litigation and Claims'
  - ASA 620 'Using the Work of an Auditor's Expert'
  - ASA 710 'Comparative Information - Corresponding Figures and Comparative Financial Reports'.

- **Revision and Withdrawal of Guidance Statements** - The Board considered the drafts of proposed Guidance Statements to replace the following:
  - AGS 1052 ‘Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes’
  - AGS 1058 ‘Auditing Mortgage Investment Schemes’
  - AGS 1032 ‘Audit Implications of Accounting for Investments in Associates’
  - AGS 1040 ‘Franchising Code of Conduct - Auditor’s Reports’.
- **Projects in Progress** - The Board received updates on the following projects:
  - Specified Assurance Procedures
  - Fundraisings, Comfort Letters and Privity Letters Requests
  - Bank Confirmation Requests.
- **Standard Business Reporting** - Mr Paul Madden - Program Director, Standard Business Reporting (SBR) Initiative - presented to the AUASB on the progress of the SBR program.
- **National Greenhouse and Energy Reporting Scheme (NGERS) and Carbon Pollution Reduction Scheme (CPRS)** - The Board received an update on the proposed draft NGERS ‘Audit Determination’.
- **International Matters** - The Board noted the latest International Update on the activities of the IAASB and other national auditing standards setters for the month of June 2009.
- **Water Accounting Standards Board (WASB)** - The Board noted the presentation of the WASB regarding Water Accounting Standards developments and expressed interest in discussing further Assurance of Water Accounting Reports.
- **Draft Audit Guidelines for Electricity, Gas and Water Licenses** - The Board noted the AUASB’s written response on the draft ‘Audit Guidelines for Electricity, Gas and Water Licenses’ issued by the Economic Regulation Authority.

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

Source: Meeting Highlights 20-21 July, AUASB Website.

## ASIC UPDATE

### ASIC consultation on margin lending reforms

ASIC has now released Consultation Paper 112 ‘Dispute resolution requirements for consumer credit and margin lending’, which outlines proposals designed to ensure that consumers have timely access to dispute resolution if they have a problem with consumer credit or margin lending.

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

Source: Accounting & Assurance News Today (ANT) Issue 30 (31 July 2009).

### Reports

The following reports are available at [www.asic.gov.au](http://www.asic.gov.au):

- Report 161: Market assessment report: EBS Service Company Limited
- Report 163: Market assessment report: Yieldbroker Pty Limited
- Report 164: Market assessment report: Bloomberg Tradebook Australia Pty Ltd.

## LEGISLATIVE UPDATE

### **Allocation of the Administration of Acts 2009 (No. 2 - General Allocation)**

The above Act has been approved. It sets out the Ministers responsible for the administration of the Acts listed in the Schedule to the Act. The allocation replaces previous allocations relating to Acts generally.

For more information, see the Act on the [NSW Parliamentary website](#).

Source: Allocation of the Administration of Acts 2009 (No 2 - General Allocation).

### **Public Sector Employment and Management (Departmental Amalgamations) Order 2009**

On 11 June 2009, the Premier of New South Wales announced extensive reforms to the NSW Public Sector, including the creation of 13 new super Departments. This Administrative Order provides for the legal establishment of the new super departments and transfer of staff and functions to these entities.

The new titles of the super Departments and the respective Directors General are as follows:

- Department of Premier & Cabinet - John Lee
- The Treasury - Michael Schur
- Department of Health - Professor Deborah Picone
- Department of Education & Training - Michael Coutts-Trotter
- Department of Services, Technology & Administration - Graeme Head
- Police & Emergency Services NSW - Commissioner Andrew Scipione
- Department of Planning - Sam Haddad
- Department of Justice and Attorney General- Laurie Glanfield
- Department of Human Services - Jenny Mason
- Department of Transport & Infrastructure - Les Wielinga
- Department of Environment, Climate Change & Water - Lisa Corbyn
- Department of Industry & Investment - Dr Richard Sheldrake
- Communities NSW - Carol Mills.

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

Our 'Better Practice Guide on Managing Departmental Amalgamations' may be useful when discussing the creation of the super agencies with your clients.

### **Department of Climate Change (DCC) Exposure Draft**

The DCC has released the draft '[National Greenhouse and Energy Reporting Amendment Regulations](#)' 2009 and the draft '[National Greenhouse and Energy Reporting \(Audit\) Determination](#)' 2009 for public comment. This draft legislation will establish (along with the *National Greenhouse and Energy Reporting Amendment Bill* 2009 before Parliament) the greenhouse and energy audit framework for the verification and assurance of reports provided by reporters under the *National Greenhouse and Energy Reporting Act* 2007 and the proposed Carbon Pollution Reduction Scheme.

The draft Amendment Regulations include the requirements to be a registered greenhouse and energy auditor, while the draft Audit Determination covers the requirements to be met by auditors in conducting and reporting on greenhouse and energy audits.

The EDs is available on the [Department of Climate Change website](#) and comments are due to the DCC by 28 August 2009.

Source: Accounting & Assurance News Today (ANT) Issue 30 (31 July 2009).

## Corporations Amendment (Improving Accountability on Termination Payments) Bill 2009

This Bill improves and strengthens the existing regulatory framework relating to the payment of termination benefits to company directors and executives.

Key features of the bill include:

- expanding of the scope of the requirements relating to termination benefits to include senior executives or key management personnel of a disclosing entity
- broadening the definition of 'benefit', including a requirement for a broad interpretation of the term 'benefit' and a requirement that the substance should prevail over its legal form
- new regulation-making powers to specify what types of payments are, or are not, a termination benefit, and to define 'base salary'
- the immediate repayment of unauthorised termination benefits with an increase in the penalty provisions
- retention of the existing requirement for the giving of the benefit to be approved by a resolution passed at a general meeting.

For more information see the Bill on the [Commonwealth Parliamentary website](#).

Source: GAAP Alert 11/2009.

### Termination Payments Bill enquiry

The Senate Economics Legislation Committee is conducting an Inquiry into the requirements of the Corporations Amendment (Improving Accountability on Termination Payments) Bill 2009. The Bill requires termination payments to company directors and senior executives exceeding one year's salary to be subject to shareholder approval.

The Bill is available on the [Commonwealth Parliamentary website](#). Submissions to the Senate Economics Legislation Committee were due by 17 July 2009.

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

### Government Information Bills

The following NSW Bills relating to Government Information were issued:

- (Public Access) (Consequential Amendments and Repeal) Bill 2009
- Government Information (Public Access) Bill 2009
- Government Information (Information Commissioner) Bill 2009.

The main proposed changes include:

- transferring provisions concerning the amendment of personal records from the *Freedom of Information Act 1989* to the *Privacy and Personal Information Protection Act 1998*
- repealing the *Freedom of Information Act 1989*
- providing access to government information on the basis that there is a presumption in favour of disclosure of government information, unless there is an overriding public interest against disclosure of that information
- creating the office of Information Commissioner, who is to have the functions conferred or imposed by or under the *Government Information (Public Access) Act 2009* (the GIPA Act) and any other Act declared by the regulations to be an Information Act.

For more information, see the Act on the [NSW Parliamentary Website](#).

Source: Explanatory notes, NSW Parliamentary Website.

# PREMIER'S DEPARTMENT UPDATE

## Premier's Circulars

The following recent Premier's Department Circulars are available at [www.dpc.nsw.gov.au](http://www.dpc.nsw.gov.au).

### ***C2009-26 'Designation of Youth as a disadvantage group under Clause 10 of the Public Sector Employment and Management (General) Regulation, 1996 (PSEM Regulation)'***

Under Clause 10, PSEM Regulation, youth, being defined as persons under the age of 25, has been designated as a disadvantage group. This is one of a number of strategies designed to increase youth representation in the NSW Public Sector.

This Circular applies to all Public Service Departments. State Owned Corporations and other Government Service (Non-Public Service Divisions and Special Employment Divisions), the Teaching Service, NSW Police and the NSW Health Service are encouraged to adopt similar arrangements.

For more information, go to the [Department of Premier and Cabinet website](#).

Source: DPC Website.

### ***C2009-27 'Crown Employees (Transferred Employees Compensation) Award 2009'***

The new Crown Employees (Transferred Employees Compensation) Award 2009 (TECA) was made on 16 July 2009. The Award clarifies entitlements to compensation to employees directed to transfer. It does not apply where the employee transfers through merit selection or can reasonably commute to the new location.

The Award reflects Clause 5.3 of the Memorandum of Understanding, made in settlement of the Crown Employees (Public Sector - Salaries 2008) Award, that the parties replace the Crown Employees (Transferred Employees Compensation) Award with a simplified and modernised award.

Time limits to complete transactions have been brought into line with Australian Tax Office limits with discretion for agencies to pay expenses, which are out of time where there is a good reason.

For more information, go to the [Department of Premier and Cabinet website](#).

Source: DPC Website.

### ***C2009-28 'Review of Meal, Travelling and Other Allowances'***

The purpose of this Circular is to advise agencies that the Meal, Travelling and Related Allowances contained in Table 1 Allowances of Part B - Monetary Rates of the Crown Employees (Public Service Conditions of Employment) Award 2009 have been increased, and should be applied from 1 July 2009.

For more information, go to the [Department of Premier and Cabinet website](#).

Source: DPC Website.

## Other Premier's Circulars

- [C2009-23](#) Sydney 2009 World Masters Games.
- [C2009-24](#) Senior Executive Service - Notional Salary.
- [C2009-25](#) Law Enforcement Standard for Digital Evidence.
- [C2009-29](#) Premier's Public Sector Awards 2009.

## Premier's Memoranda

The following recent Premier's Department Memoranda are available at [www.dpc.nsw.gov.au](http://www.dpc.nsw.gov.au).

- [M2009-16](#) Agency Recognition of the NSW Companion Card.
- [M2009-17](#) Briefing Senior Counsel.

# INTERNATIONAL UPDATE

## International Accounting Standards Board (IASB)

### *ED 2009/7 'Financial Instruments: Classification and Measurement'*

ED 2009/7 proposes to improve financial instruments accounting by reducing the complexity of classification and measurement of financial instruments, making it easier for investors to understand financial instruments. Refer to the discussion of ED 2009/7 in the Accounting Update section [above](#).

The questions and answers session about the exposure draft 'Financial Instruments: Classification and Measurement' is available on the [project website](#).

ED 2009/7 is available on the [IASB website](#) and submissions to the IASB are due by 14 September 2009.

Source: Accounting & Assurance News Today (ANT) Issue 28 (17 July 2009) and IASB Website.

### *ED 2009/8 'Rate Regulated Activities'*

This exposure draft proposes to establish how assets and liabilities resulting from rate-regulated activities should be recognised and measured under IFRS. Refer to the discussion of ED2009/8 in the Accounting Update section [above](#).

ED 2009/8 is available on the [IASB website](#) and submissions to the IASB are due by 20 November 2009.

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

### *IASB Meeting Highlights - 21-22 July 2009 Meeting*

At its meeting, the IASB discussed the following:

- classification of rights issues
- consolidation
- discontinued operations
- IFRIC update
- insurance contracts
- liabilities - amendments to IAS 37
- post-employment benefits
- related party disclosures
- revenue recognition
- technical plan
- annual improvements.

The IASB also held a joint meeting with the US Financial Accounting Standards Board (FASB) on 23 and 24 July, where the boards discussed:

- financial instruments
- financial instruments with characteristics of equity
- financial statement presentation
- insurance contracts
- leases
- revenue recognition
- technical plan.

Source: [IASB Update](#).

## ***IASB Financial Instruments: a Guide through the Official Text of IAS 32, IAS 39 and IFRS 7***

The IASB has published its complete and up-to-date guide to financial instruments, with extensive cross-references to the Standards on financial instruments. It includes the report on illiquid markets by the Expert Advisory Panel.

The guide is available for purchase on the [IASB website](#).

Source: IASB Website.

### ***IFRIC Meeting Highlights - 9 July 2009 Meeting***

At its meeting, the IFRIC discussed the following:

- debt to equity swap in a restructuring
- classification of vesting conditions
- rights issues denominated in a foreign currency
- IFRIC agenda decisions:
  - IFRS 3 ‘Business Combination’ – acquisition-related costs in a business combination
  - IFRS 3 ‘Business Combinations’ – earlier application of IFRS 3
  - IAS 7 ‘Statement of Cash Flows’ – determination of cash equivalents
  - IAS 27 ‘Consolidated and Separate Financial Statements’ – transaction costs for non-controlling interest
  - IAS 28 ‘Investments in Associates’ – potential effect of IFRS 3 ‘Business Combinations’ (as revised in 2008) and IAS 27 ‘Consolidated and Separate Financial Statements’ (as amended in 2008) on equity method accounting
  - IAS 28 ‘Investments in Associates’ – venture capital consolidations and partial use of fair value through profit or loss
  - IAS 28 ‘Investments in Associates’ – impairment of investments in associates
  - IAS 34 ‘Interim Financial Reporting’ – interim disclosures about fair value
  - IAS 38 ‘Intangible Assets’ – compliance costs for REACH
  - IAS 39 ‘Financial Instruments: Recognition and Measurement’ – hedging using more than one derivative as the hedging instrument
  - IAS 39 ‘Financial Instruments: Recognition and Measurement’ – meaning of ‘significant or prolonged’
  - IFRIC 12 ‘Service Concession Arrangements’ – scope of IFRIC 12
  - IFRIC 18 ‘Transfers of Assets from Customers’ – applicability to the customer
- Tentative agenda decisions:
  - IFRS 3 ‘Business Combinations’ – measurement of NCI
  - IFRS 3 ‘Business Combinations’ – unreplaced and voluntarily replaced share-based payment awards
  - IFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’ – write-down of a disposal group
  - IAS 23 ‘Borrowing Costs’ – meaning of ‘general borrowings’.

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

Source: IASB Website.

## International Auditing and Assurance Board (IAASB)

### *IAASB meeting update - 15-19 June 2009*

At its meeting, the IAASB discussed the following:

- auditing guidance for complex financial instruments
- development of standards for alternative services to the audit
- greenhouse Gas Statement Project progresses
- pro Forma Financial Information
- XBRL, ISAE 3000, ISA 610.

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

Source: Accounting and Assurance News Today (ANT) Issue 27 (10 July 2009).

### *Applying ISAs Proportionately with the Size and Complexity of an Entity*

To assist auditors worldwide in implementing the clarified ISAs, the staff of the IAASB has developed a new question-and-answer publication entitled 'Applying ISAs Proportionately with the Size and Complexity of an Entity'. The publication is relevant in the context of any audit, but will be of particular help to those who audit, or oversee the audits of, small and medium-sized entities.

The questions and answers explain how the design of the ISAs enables them to be applied in a manner that is proportionate to the specific characteristics of the entity subject to audit. Furthermore, answers are given to questions relating to audit procedures, work effort, documentation, and professional judgment.

The publication is available [IFAC website](#).

Source: [IAASB website](#).

## International Ethical Standards Board for Accountants (IESBA)

The IESBA has issued a new '[Code of Ethics for Professional Accountants](#)' which clarifies requirements for all professional accountants and significantly strengthening the independence requirements of auditors. The revised Code has been released following consideration and approval by the Public Interest Oversight Board (PIOB) of due process and extensive public interest consultation.

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

Source: Accounting & Assurance News Today (ANT) Issue 28 (17 July 2009).

## Financial Crisis Advisory Group (FCAG)

The Financial Crisis Advisory Group (FCAG), a group set up by the US Financial Accounting Standards Board (FASB) and the IASB, has published its recommendations related to accounting standard setting activities, and other changes to the international regulatory environment following the global financial crisis.

It has identified four principles that financial reporting must meet to fulfil its role, along with some recommendations:

- **effective financial reporting** - the FCAG stressed the importance of effective financial reporting and made some specific recommendations for the improvement of financial reporting
- **limitations of financial reporting** - users of financial reports should be aware of the limitations of the information presented and should not suspend their own judgement and due diligence
- **convergence of accounting standards** - the FACG urges interested parties to actively support the development of a single set of high-quality accounting standards
- **standard **setters'** independence and accountability** - the development of high-quality standards requires the standard settings to be independent of commercial and political pressures and be highly accountable.

The full report is available on the FCAG's [website](#).

Source: Accounting & Assurance News Today (ANT) Issue 30 (31 July 2009).

### **International Accounting Standards Committee (IASC)**

The IASC Foundation has published two Requests for Information relating to the IFRS Taxonomy:

- concept naming and change management in the IFRS Taxonomy
- extending the use of dimensions in the IFRS Taxonomy.

The IFRS Taxonomy is a translation of IFRSs as at 1 January 2009 into XBRL (eXtensible Business Reporting Language). The new taxonomy will allow companies, regulators, investors, analysts and other users of the IFRS Taxonomy 2009 and XBRL technology worldwide to benefit from easier filing and improved access to, and comparison of financial data.

Further information is available on the [IASB website](#) and comments to the IASB were due by 14 August 2009.

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

### **International Valuations Standards Council (IVSC)**

The IVSC launched an expert group to advise the IVSC Board on the valuation of financial assets and liabilities, and assist in developing relevant standards and guidance. The group, made up of 14 leading experts drawn from around the world, has been established to examine the types of guidance needed to avoid some of the difficulties that have been highlighted by the financial crisis. A member of the staff of the IASB will act as an observer.

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

Source: GAAP Alert No. 11/2009.

### **International Federation of Accountants (IFAC)**

The IFAC's G20 Accountancy Summit was held on July 23 and 24 in London. The summit was organised to achieve consensus by the profession on a series of recommendations to be made to the G20 leaders prior to their meeting in September on issues related to the financial crisis.

At the summit, participants:

- agreed public interest would best be served by a single set of high-quality, principles-based financial reporting and auditing standards
- stressed the importance of ensuring that there is no undue influence from any one stakeholder group in the standard setting process
- emphasised the need for the IASB to have a robust governance structure that will ensure its effectiveness and independence.

Other key recommendations from the group included:

- the needs of small and medium enterprises (SMEs) must be considered in the development of standards
- the G20 should continue to make strengthening corporate governance a priority
- a need for a more robust financial reporting model that includes, among other things, reporting on sustainability and environmental issues.

For more information, go to the [IFAC Website](#).

Source: Media release, IFAC Website.

## MISCELLANEOUS PUBLICATIONS

### **CPA Warns Members on Breaches of Auditing Standards**

CPA Australia published a reminder that auditors must be aware of the auditing standards applicable to their audit engagement and understand their application. The auditing standards apply to all audits, regardless of the type or size of the organisation. CPA Australia has drawn attention to reported breaches of two standards in particular: ASA 315 'Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement', and ASA 580 'Management Representations'.

CPA Australia has also advised auditors to be aware of their obligations under APES 320 'Quality Control for Firms', and ASA 240 'The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report'.

For further information, go to the [CPA website](#).

Source: GAAP Alert 11/2009.

### **Australian Stock Exchange (ASX) Report on Corporate Governance Reporting**

The ASX recently conducted an 'Analysis of Corporate Governance Disclosure in Annual Reports' and revealed corporate governance reporting levels have risen in each of the past five years to an overall reporting level of 96.3 per cent. The results indicate investors are now more informed about the corporate governance practices of listed entities and that entities themselves appear to grasp the importance of being transparent about their governance arrangements.

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

Source: Accounting & Assurance News Today (ANT) Issue 28 (17 July 2009).

### **Government Response to NFP Enquiry**

The Senate Standing Committee on Economics released its final report on its 'Inquiry into the Disclosure Regimes for Charities and Not-For-Profit Organisations', detailing fifteen key recommendations. A copy of the Government's response to the key recommendations can be found on the [Parliament of Australia website](#).

Source: Accounting & Assurance News Today (ANT) Issue 28 (17 July 2009).

## NSW Trust Account Audit Documentation

The NSW Department of Fair Trading has advised that auditors of trust accounts of licensees under the *Property Stock and Business Agents Act 2002* will no longer receive the forms required for audit purposes by mail and should download the forms from the [trust account audit requirements web page](#) of the Fair Trading website.

For more information, visit the [Department of Fair Trading website](#).

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

## Climate Disclosure Standards Board (CDSB) Exposure Draft

The CDSB has released an ED to help assist directors with the inclusion of climate change related information in annual reports. The ED explains which climate change data should be reported and provides a set of guidelines designed to streamline disclosure procedures. Applying the ED should result in an annual report that clearly identifies the major trends and significant events related to climate change that affect a company's current or future financial condition.

The ED is available on the [CDSB website](#) and comments to the CDSB are due by the 25 September 2009.

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

## National Greenhouse Reporting Protocol

The Commonwealth, states and territories have agreed to a 'National Greenhouse and Energy Reporting Streamlining Protocol', which will provide a nationally consistent system for companies to report greenhouse and energy information. The scheme will ease the administrative burden on some companies, which currently provide identical or similar data to up to eight different agencies in different jurisdictions.

For more information, go to the [Department of Climate Change website](#).

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

## Developments in National Water Accounting Standards

The Water Accounting Standards Board (WASB), responsible for the oversight and coordination of all Australian Water Accounting Standards (AWASs), has just completed two major products:

- the Water Accounting Conceptual Framework (WACF), which aims to assist in the preparation and presentation of General Purpose Water Accounting Reports by providing guidelines for the development of AWAS
- the Preliminary Australian Water Accounting Standards (PAWAS), which is prepared for the Methods Pilot of the National Water Account and proposes to standardise the practice of water accounting in Australia.

These proposals do not impact financial reporting requirements. They predominantly deal with standardising reporting in relation to 'quantities' of water assets and liabilities, which is one of the objects under the National Water Initiative.

The WASB is seeking comments on the WACF and PAWAS from interested parties. Copies of the WACF and PAWAS are available on the [WASB website](#).

Source: Accounting & Assurance News Today (ANT) Issue 29 (24 July 2009).

## UK Financial Reporting Council Research Paper

The UK FRC has issued a research paper 'Louder than Words: Principles and actions for making corporate reports less complex and more relevant' which examines the complexity of financial reporting. It is intended to remind all of those involved in corporate reporting that it is their actions that affect the quality and readability of corporate reports.

They recommend five areas where urgent change is needed:

- cash flow and net debt reporting
- wholly-owned subsidiaries reporting requirements
- reduce clutter
- disclosures
- IFRS.

This research paper is available on the [UK FRC website](#) and comments are due to the UK FRC by the 30 October 2009.

Source: Accounting & Assurance News Today (ANT) Issue 27 (10 July 2009).

## UK National Audit Office

The UK National Audit Office, the Northern Ireland Audit Office, the Audit Commission for Local Authorities and the National Health Service in England, the Wales Audit Office and Audit Scotland have established the Public Audit Forum to provide a focus for developmental thinking in relation to public sector audit. The main role of the Forum is consultative and advisory.

The following Publications were released in July 2009:

- estates management performance indicators 2008/09
- finance performance indicators 2008/09
- human resources performance indicators 2008/09
- ICT performance indicators 2008/09
- procurement performance indicators 2008/09.

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

Source: [Public Audit Forum Website](#)

## Australian National Audit Office

### *Audit Reports*

- Representations to the Department of the Treasury in Relation to Motor Dealer Financing Arrangements.

### *Speeches*

- Changes in SAI's roles caused by Parliaments' requests or Parliaments' changed focus and roles.

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

## Tasmanian Audit Office Publications

- Special Report No. 82 - Staffing Arrangements of Members of Parliament and Ministerial Offices.

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

## Queensland Audit Office Publications

- Report No. 5 - 2009 Management of Patient Flow through Queensland Hospitals.

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

## Office of the Auditor-General New Zealand

- Statements of Intent: Examples of Reporting Practice.

This publication is available on the [Office of the Auditor-General New Zealand website](#).

## Independent Pricing and Regulatory Tribunal (IPART) Determinations and Reports

- Issues Paper - Review of prices for Country Energy's water and sewerage services from 1 July 2010.
- Final Determinations and Final Report - Review of prices for water, sewerage, stormwater and other services for Hunter Water Corporation - July 2009.
- Issues Paper - Review of Prices for State Water Corporation - July 2009.
- Draft Report - Review of the Revenue Framework for Local Government - July 2009.
- Issues Paper - Review of Prices for Water Administration Ministerial Corporation - From July 2010 - July 2009.

For further information, go to 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
IASC	International Accounting Standards Committee
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](http://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](http://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](http://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](http://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](mailto:publications@iasb.org) or Internet [www.iasb.org](http://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](http://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](http://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](http://www.dpc.nsw.gov.au).

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