

# AWARENESS

Accounting and Auditing Developments . ISSUE 7 - November 2008

## AUDIT OFFICE UPDATE

### **Auditor-General's Report to Parliament: Financial Audits Volume Five**

This volume summarises the results of a number of our financial audits. Significant items include:

#### ***Review of Housing NSW's \$7.0 million grant to Canterbury City Council***

We have reported in excess of ten key findings on this 2006 transaction. There are eight recommendations to Government and three to Housing NSW to address our observations.

#### ***Attorney General's Department***

Delays continue with the implementation of JusticeLink, an integrated multi-jurisdictional court administration system. Various components of the system have been implemented, with final completion now expected in December 2009.

#### ***Department of Ageing, Disability and Home Care***

Salary over-payments have significantly increased over the past six months and are still occurring. Reasons for these overpayments include incorrect coding of overtime and late advice received of actual hours worked as opposed to rostered hours.

The Department has significant vacancies in shift worker positions. 21.3 per cent of FTE positions available for nurses and 17.5 per cent for residential support workers. In 2007-08 the Department spent \$18.7 million on contractors.

#### ***Australian Museum Trust***

The Trust is still unable to nominate a date when the program of recording its collections on an electronic database will be completed.

#### ***Zoological Parks Board of New South Wales***

The construction of the 'Great Southern Oceans Precinct' was completed in March 2008 at a cost of \$51.4 million. The 1.2 hectare exhibit showcases marine animals including seals, penguins and marine life support systems for the animals.

#### ***NSW Businesslink Pty Ltd/Department of Ageing, Disability and Home Care***

The Company and the Department commissioned their internal auditors to conduct a review of Home Care's newly implemented Workforce Management System. The review confirmed shortfalls in useability of the system, and identified significant shortcomings with user acceptance testing attributable to poor project governance.

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THE AUDIT OFFICE  
OF NEW SOUTH WALES

### ***Department of Community Services***

The Department's policies require children in permanent placements to be reviewed every 12 months and those in temporary placements every three months. We again noted instances where placement reviews were not performed within these limits.

New South Wales' rate of notifications per 1,000 children aged 0-16 years continues to be significantly higher than the national average for both indigenous and non-indigenous children.

### ***Workers' Compensation (Dust Diseases) Board***

Last year we recommended the Board resolve issues relating to the calculation and administration of the Dust Diseases levy with the WorkCover Authority. The Board is still in discussions with the Authority and an agreement is yet to be finalised.

The Board had investment losses of \$54.5 million for the year to 30 June 2008, compared to investment earnings of \$77.8 million in the previous year. These losses were due to reductions in the market value of its investments from the global financial crisis.

### ***Department of Health***

The Department needs to review, and significantly enhance its year end reporting processes and procedures. The Department only provided us with its consolidated financial report on 4 September 2008, significantly later than the statutory deadline of 30 July 2008.

### ***Housing NSW***

New South Wales Land and Housing Corporation did not prepare a financial report as required by the Public Finance and Audit Act 1983 because changes to legislation to address the matter have not been made.

### ***Building and Construction Industry Long Service Payments Corporation***

The Corporation had investment losses of \$58.9 million for the year to 30 June 2008, compared to investment earnings of \$67.3 million in the previous year. These losses were due to reductions in the market value of its investments from the global financial crises.

### ***Department of Corrective Services***

The rate of individuals returning to prison in New South Wales continues to be higher than the national average.

### ***Department of Local Government***

The recent Michael Cole report found some Councils hold in excess of 45 per cent of their total investments in high risk Collateralised Debt Obligations and/or Capital protected Notes.

The Department compiles comparative information on the performance of all local councils in the State. The most recent information relates to 2005-06. We have not included this information as it is out of date.

### ***NSW Police Force***

The Force's self insurance liability for Police Officer partial and permanent incapacity continues to rise.

Overall investigation clearance rates in New South Wales remain below the national average.

### ***Transport Services Overview***

The recovery of transport agency costs from farebox revenues was 51 per cent for State Transit Authority, 36 per cent for Sydney Ferries, and 22 per cent for RailCorp.

On average passengers are subsidised \$7.26 for each train trip, \$6.12 for each ferry trip, and \$1.25 for each bus trip.

Patronage increased 5.2 per cent on CityRail trains and 2.3 per cent on Sydney Buses. Sydney Ferries patronage fell by 1.2 per cent.

### ***Ministry of Transport***

Obligations imposed on the purchaser of FreightCorp have been replaced by new arrangements.

The Ministry identified issues involving the administration of Nexus taxi licences.

### ***Public Transport Ticketing Corporation***

The Corporation terminated the Tcard contract and wrote down the carrying value of its assets by \$61.2 million.

The Corporation has instituted legal proceedings against the contractor who has responded with a cross claim.

### ***State Transit Authority of New South Wales***

The Authority advises it will lose Commonwealth Government training grants of approximately \$1.5 million in 2008-09 because its staff are employed by an Employment Division rather than the Authority.

### ***Sydney Ferries Corporation***

The Government continues to provide financial support to Sydney Ferries while it develops and implements plans to address inefficiencies.

The Government intends changing Sydney Ferries' management structure and introducing new ferry service contract provisions.

### ***Sydney Water Corporation***

Sydney Water ought to include that portion of future developer contributions relating to past capital investments when determining the value of its system assets.

Water conservation measures (including the effect of water restrictions) adopted by Sydney Water resulted in water consumption being lower than the 2011 targeted consumption.

### ***New South Wales Electoral Commission***

318,095 voters did not vote in the 2007 State General Election, of which Electoral Commissioner only fined 22.4 per cent. The Commissioner does not issue fines to non-voters, including aged or infirm persons, religious objectors and those who were out of the State.

### ***Crown Entity***

318,095 voters did not vote in the 2007 State General Election, of which Electoral Commissioner only fined 22.4 per cent. The Commissioner does not issue fines to non-voters, including aged or infirm persons, religious objectors and those who were out of the State.

### ***NSW Self Insurance Corporation***

The Corporation had investment losses of \$355 million for the year to 30 June 2008, compared to investment earnings of \$555 million in the previous year. These losses were due to reductions in the market value of its investments as a result of the global financial crisis.

### ***Parliamentary Contributory Superannuation Fund***

Unfunded liabilities increased from \$40.3 million at 30 June 2007 to \$88.6 million at 30 June 2008.

The Treasury's target is to fund the Parliamentary Contributory Superannuation Scheme to a level of 80 per cent of unfunded liabilities. The current funding level at 74.2 per cent has fallen below the target level for the first time in five years.

### ***SAS Trustee Corporation - Pooled Fund***

Unfunded superannuation liabilities increased from \$9.8 billion at 30 June 2007 to \$14.9 billion at 30 June 2008 due to unfavourable investment returns as a result of the global financial crisis.

A high proportion of members in the Police Superannuation Scheme retire 'hurt on duty'. In 2007-08, 514 members (94 per cent of total exits) retired 'hurt on duty' compared to 278 member or 78 per cent in 2006-07.

### ***The Treasury***

The Fines Enforcement System project had an original target completion date of June 2006. It is now anticipated that Phase 1 of the project will only be implemented in August 2009.

The State Debt Recovery Office (SDRO) wrote-off 243,885 fines valued at \$56.5 million deemed not recoverable. SDRO continues to work with referring agencies to improve the quality and availability of information about individuals or entities incurring fines to improve recoverability.

### ***Further information***

The full report is available from our Internet site: [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au)

## **ACCOUNTING UPDATE**

### **Financial Reporting Council**

#### ***Report to joint IASB/FASB Roundtable on Global Credit Crisis***

The report is based on a survey of eight Australian Authorised Deposit-taking Institutions (ADIs). It identifies accounting issues emerging from the global crisis, as well as providing potential solutions to the issues, and whether each issue requires urgent action or can be considered over a more normal time frame.

The key findings of the report are:

- the most pressing need for change relates to the differences between the prudential and accounting models for provisioning of loans held at amortised cost. The accounting model is based on incurred loss, while the prudential model focuses on expected loss
- the accounting rules for hedging are an area of high priority
- respondents felt that changes are needed in the measurement and reversal of impairments of available for sale securities.

Click [here](#) to download the report.

Source: FRC Bulletin 2008/05 (3 December 2008)

## Australian Accounting Standards

### *AASB 2008-11 Amendments to Australian Accounting Standard - Business Combinations Among Not-for-Profit Entities [AASB 3]*

This amendment confirms that the revised AASB 3 'Business Combinations', which is applicable from 1 July 2009, applies to not-for-profit entities that are not commonly controlled. However, it requires restructures of local governments to be accounted for in a manner consistent with the superseded AAS 27 'Financial Reporting by Local Governments'. The requirements relating to restructures of local governments will be reviewed at a later date.

Source: AASB Action Alert (14 November 2008)

### *AASB releases ten compiled Accounting Standards*

The AASB has produced ten compiled Accounting Standards to complete the set of standards applicable to the 2008-09 financial year. The new compilations are:

- AASB 3 'Business Combinations'
- AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'
- AASB 7 'Financial Instruments: Disclosures'
- AASB 101 'Presentation of Financial Statements'
- AASB 114 'Segment Reporting'
- AASB 116 'Property, Plant and Equipment'
- AASB 124 'Related Party Disclosures'
- AASB 127 'Consolidated and Separate Financial Statements'
- AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'
- AASB 139 'Financial Instruments: Recognition and Measurement'.

AASB 3, AASB 5, AASB 101, AASB 114, AASB 116, AASB 127 and AASB 137 are applicable for reporting periods beginning on or after 1 July 2008.

AASB 124 is applicable for reporting periods beginning on or after 30 June 2007 that end on or after 30 June 2008.

AASB 7 and AASB 139 are applicable for reporting periods ending on or after 1 July 2008.

Source: AASB News (21 November 2008)

## AASB Meeting

### *AASB Meeting Highlights - 14 November 2008*

At its meeting the AASB discussed the following items.

- **Board Membership** - Bruce Porter has been appointed as Acting Chairman on a part-time basis pending the appointment of a full-time Chairman.
- **FRC Public Sector Workshop** - the Board received a report from Robert William and AASB staff who attended the Financial Reporting Council's Public Sector Workshop on 5 November.
- **Asset Backing Insurance Liabilities** - The Board agreed to develop an ED proposing to amend Australian specific application paragraphs of AASB 139 'Financial Instruments: Recognition and Measurement' to not permit the amendments relating to reclassification of financial assets in AASB 2008-10 'Amendments to Australian Accounting Standards - Reclassification of Financial Assets', being used by entities applying AASB 1023 'General Insurance Contracts' and AASB 1038 'Life Insurance Contracts' in respect of assets backing insurance liabilities and investment contract liabilities. The Board will consider a draft ED at its next meeting.

- **Interpretations, Superannuation Contributions Tax** - the Board discussed draft Proposed Interpretation 10XX 'Australian Superannuation Contributions Tax'. The Board considered issues relating to defined benefit superannuation plans and expects to consider a revised draft Proposed Interpretation at its next meeting.
- **Superannuation Plans and Approved Deposit Funds** - the Board considered a revised version of the draft ED. A number of amendments were proposed. The Board will consider a revised version of the draft ED at its next meeting.
  - **Income from Non-Exchange Transactions** - the Board is carrying out a short-term project with the NZ FRFB to develop a common Standard based on IPSAS 23 'Revenue from Non-Exchange Transactions (Taxes and Transfers)'. The Board discussed drafting issues concerning an ED. The Board will consider these issues further at its next meeting
  - **Differential Reporting** - the Board redeliberated the proposal in 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'. The Board agreed that the existence of dependent users is the key to determining the general purpose nature of financial statements and not the mere preparation in accordance with Accounting Standards.
  - **Related Party Disclosures by Not-for-Profit Public Sector Entities** - the Board decided to develop an issues paper containing preliminary suggestions for related party disclosure requirements for Australian Not-for-Profit Public Sector. The Board expects to consider the issues paper at its February 2009 meeting.
  - **Borrowing Costs (IPSASB)** - The Board were briefed on the IPSASB's ED 35 'IPSAS 5 Borrowing Costs'. The Board agreed that it would prefer the IPSASB to either better justify its proposed departures from IAS 23 'Borrowing Costs'. The Board will consider a draft submission to the IPSASB at its next meeting.
  - **ED 165 'Improvements to Australian Accounting Standards'** - the Board considered submissions on the ED which incorporates the IASB 'ED Improvements to IFRSs', and agreed to finalise its submission to the IASB.
  - **Presentation of Financial Statements** - The Board decided to request constituents' on the IASB/FASB Discussion Paper 'Preliminary Views on Financial Statement Presentation' by 24 March 2009, and agreed to hold roundtables in Canberra, Sydney and Melbourne in early March.
  - **Conceptual Framework (IPSASB)** - the Board discussed an IPSASB Conceptual Framework Consultation Paper on the objectives and scope of financial reporting, the qualitative characteristics of financial information and the concept of a reporting entity, and gave directions to the staff for preparing a draft submission to the IPSASB. THE IASB is currently working with FASB to develop a Conceptual Framework, but will not be considering the application to not-for-profit entities at this time. The AASB's current intention is that, if the IASB makes substantial changes to the Framework, Australian not-for-profit entities would continue to apply the existing Framework as an interim measure. The AASB will continue to monitor, and contribute to, the development of the revised Frameworks of the IASB and IPSASB.
  - **Withdrawal of Policy Statements** - the Board has agreed to immediately withdraw:
    - PS 1 'The Development of Statements of Accounting Concepts and Accounting Standards'
    - PS 2 'The AASB Consultative Group'
    - PS 3 'AASB Project Advisory Panels'
    - PS 4 'International Convergence and Harmonisation Policy'.

The Board has agreed to develop a separate document setting out its key policies and strategies.

Source: AASB Action Alert No 120 (14 November 2008)

## AUDITING UPDATE

### Auditing and Assurance Standards Board (AUASB)

#### *AUASB releases eight Exposure Drafts of ASAs in Clarity Format*

The exposure drafts are:

- ASA 200 'Overall Objective of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards'
- ASA 250 'Consideration of Laws and Regulations in an Audit of a Financial Report'
- ASA 320 'Materiality in Planning and Performing an Audit'
- ASA 450 'Evaluation of Misstatements Identified During the Audit'
- ASA 510 'Initial Audit Engagements - Opening Balances'
- ASA 550 'Related Parties'
- ASA 580 'Written Representations'
- ASA 720 'The Auditor's Responsibility in Relation to Other Information in Documents Containing an Audited Financial Report'.

These exposure drafts were released on 10 November and are due for comment by 15 December 2008.

Source: AUASB ASA redrafting news (10 November 2008)

## ETHICS UPDATE

### Accounting Professional and Ethical Standards Board (APESB)

#### *APES 345 Reporting on Prospective Financial Information prepared in connection with a Disclosure Document*

APES 345 outlines the principles and mandatory requirements for members in public practice to abide by when they undertake engagements for clients to prepare a report on or in connection with prospective financial information included in a disclosure document.

The new standard is effective for engagements commencing on or after 1 July 2009, with early adoption permitted.

Source: APESB What's New and APESB Media Release (18 November 2008)

#### *APES 215 Forensic Accounting Services*

APES 215 will replace APS 11 'Statement of Forensic Accounting Standards' and GN 2 'Forensic Accounting'.

This revised professional standard applied to forensic accountants giving or preparing evidence in legal proceedings. Requirements for the role of expert witness will be mandatory and, for the first time, the standard will apply to accountants working in the corporate sector and in government, as well as those in accountancy firms, who are members of the three professional accounting bodies. The new standard is effective from 1 July 2009, with early adoption permitted.

Source: APESB What's New and APESB Media Release (2 December 2008)

## APESB Meeting

### *Meeting Highlights 10-11 November 2008*

- Annual reviews of APES '110 Code of Ethics for Professional Standards, APES 210 'Conformity with Auditing and Assurance Standards' and APES 320 'Quality Control for Firms' are available.
- APS 9 'Statement of Compilation of Financial Reports' was withdrawn.
- Submissions to the International Ethics Standards Board for Accountants (IESBA) - *proposed section 290 of the Code of Ethics for Professional Accountants* and the proposed amendments designed to improve the clarity of the *Code of Ethics for Professional Accountants*.
- The existing structure of APES 320 'Quality Control for Firms' will be retained and a revised exposure draft will be presented to the February 2009 meeting.

## INTERNATIONAL UPDATE

### International Accounting Standards Board (IASB)

#### *IFRIC 17 Distributions of Non-cash Assets to Owners*

The interpretation clarifies that:

- a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity
- an entity should measure the dividend payable at the fair value of the net assets to be distributed
- an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

The interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation.

IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions.

The interpretation is effective for annual periods beginning on or after 1 July 2009, with early adoption allowed.

Source: IASB News (27 November 2008)

#### *IFRS 1 First-time Adoption of International Financial Reporting Standards*

IFRS 1 has been revised with an improved structure to allow it to accommodate more easily any future changes. The revision does not contain any technical changes.

The standard is effective for entities applying IFRSs for the first time for annual periods beginning on or after 1 January 2009, with early adoption allowed.

Source: IASB News (27 November 2008)

## IASB Announcements

### *IASB Chairman welcomes moves towards IFRSs in North America*

During November the authorities in the United States, Canada and Mexico took actions regarding their adoption of IFRSs.

Source: IASB News (17 November 2008)

## IASB, IFRIC Meetings

The table below notes the topics discussed at the Board meeting of the IASB. For further information follow the links provided.

<b><i>IASB Meeting Summary</i></b>
<b>17-21 November 2008 Meeting</b>
Topics discussed: <ul style="list-style-type: none"><li>▫ Global financial crisis</li><li>▫ Conceptual framework</li><li>▫ Fair value measurement</li><li>▫ Financial instruments with characteristics of equity</li><li>▫ IFRIC Issues</li><li>▫ IFRS for private entities</li><li>▫ Leases</li><li>▫ Post-employment benefits</li><li>▫ Related party disclosures</li><li>▫ SAC update</li></ul> For further information see the <a href="#">IASB Update</a> for November 2008.
<b><i>IFRIC Meeting Summary</i></b>
<b>6 November 2008 Meeting</b>
Topics discussed: <ul style="list-style-type: none"><li>▫ IFRIC D24 'Customer Contributions'</li><li>▫ Compliance costs for REACH</li><li>▫ Customer-related intangible assets</li><li>▫ IFRIC 14 IAS 19 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' - Voluntary prepaid contributions under a minimum funding requirement.</li><li>▫ Agenda for decision</li><li>▫ Tentative agenda decisions</li><li>▫ Work in progress</li></ul> For further information see the <a href="#">IFRIC Update</a> for November 2008.

## International Public Sector Accounting Standards Board (IPSASB)- Meeting

The table below notes the topics discussed at the IPSASB meeting. For further information click [here](#).

<b><i>IPSASB Meeting Summary</i></b>
<b>28-31 October 2008 Meeting</b>
Topics discussed: <ul style="list-style-type: none"><li>▫ Conceptual Framework Group 2 - Definition and Recognition Elements</li><li>▫ Performance Reporting</li><li>▫ Process for reviewing and modifying IASB Documents</li><li>▫ Financial Instruments</li><li>▫ Responses to ED 34 'Social Benefits: Disclosure of Cash Transfers to Individuals or Households'</li><li>▫ Responses to Consultation Paper Social Benefits: Issues in Recognition and Measurement</li><li>▫ Results of the public consultation on Long Term Fiscal Sustainability</li><li>▫ Agriculture - IPSASB considered a preliminary draft of an ED 'Agriculture' drawn from IAS 41</li><li>▫ Intangible Assets - IPSASB considered a preliminary draft of an ED 'Intangible Assets'</li><li>▫ Responses to the Consultation Paper <i>Accounting and Financial Reporting for Service Concession Arrangements</i></li><li>▫ Global Economic Issues and the effect on the Public Sector</li><li>▫ Definition of Government Business Enterprises</li></ul>

Source: IPSASB Meeting Highlights Zurich (28-31 October 2008)

## International Federation of Accountants - Reports

### ***IFAC Examines Developments in Public Sector Performance Measurements Structures***

IFAC's Professional Accountants in Business Committee has conducted a survey to obtain information about the development of financial and non-financial performance measurement and reporting structures in various public sector entities around the world.

The results demonstrate that respondents were much more satisfied with performance measurement structures in the public sector if the structures possess the following elements:

- a balanced combination of relevant financial and non-financial objectives, supported by specific measurement indicators (financial and non-financial KPIs)
- accrual accounting for the budgeting, the (legislative) appropriation and the financial reporting processes
- capability for capturing, processing and reporting useful information on both financial and non-financial developments
- independent external review of the figures to report on financial and non-financial performance
- a formal structure for measuring and assessing risk, and developing strategies to control it
- a regular review to ensure that the performance measurement structure remains effective and efficient.

Source: IFAC News Releases (6 November 2008)

## LEGISLATIVE UPDATE

### ***Amendments to the National Green House and Energy Reporting (NGER) Act 2007***

Amendments to the NGER Act 2007 were enacted on 15 September 2008. The amendments enable the Greenhouse and Energy Data Office (GEDO) to publish additional information reported by corporations, and make a number of minor administrative enhancements.

The amendments include:

- the provision of an option for corporations to publish information by business unit or subsidiary according to their preference
- increased flexibility for registration
- clarification on whether the provisions apply to the registered controlling corporation or the corporate group (these provisions relate to audit, information disclosure and direct reporting by contractors).

Source: Accounting & Assurance News Today (ANT) Issue 44 (14 November 2008)

## MISCELLANEOUS PUBLICATIONS

### **Public Accounts Committee Reports**

The Public Accounts Committee tabled their report, 'State Plan Reporting' on 27 November 2008. The report stresses the importance of increased public participation and involvement in shaping the State Plan and for improved parliamentary accountability for State Plan objectives.

For the full report click [here](#).

### **G20 Outcomes as they relate to standard setting**

The [outcomes of a meeting](#) of the G20 Heads of State and leaders of the World Bank, the International Monetary Fund, the United Nations, and the Financial Stability Forum were published by the Whitehouse. The Declaration sets out both immediate actions (by 31 March 2009) and medium-term actions that should be taken to strengthen the global economy and reform the world's financial markets.

The IASB and IFRS are required to take immediate and medium term actions to strengthen transparency and accountability and reinforce international co-operation.

Source: Accounting & Assurance News Today (ANT) Issue 45 (21 November 2008)

### **Measuring Performance in the Public Sector**

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 Forum recently produced the following papers that may be useful when assessing agency operations:

- Finance performance indicators 2007-08
- Human resources performance indicators 2007-08
- ICT performance indicators 2007-08
- Procurement performance indicators 2007-08.

Further information on the Forum and copies of these publications can be found at <http://www.public-audit-forum.gov.uk/index.htm>

## Australia's Low Pollution Future: The Economics of Climate Change Mitigation

The Treasurer and the Minister for Climate Change and Water released *Australia's Low Pollution Future: The Economics of Climate Change Mitigation* on the 30 October 2008.

This report presents the results of the Treasury's economic modelling of the potential economic impacts of reducing emissions over the medium and long term. It spans global, national and sectoral scales, and looks at distributional impacts, such as the implications of emission pricing for the goods and services that households consume.

The report has the following key conclusions:

- the Australian economy will continue to grow strongly as carbon emissions are reduced
- the earlier Australia acts, the cheaper the cost of action
- many of Australia's key industries will become more competitive
- growth in low and negative emissions sectors will accelerate.

Source: Accounting & Assurance News Today (ANT) Issue 43 (7 November 2008) and [www.treasury.gov.au/lowpollutionfuture/](http://www.treasury.gov.au/lowpollutionfuture/)

## APRA proposes revised audit requirements for ADIs

The Australian Prudential Regulation Authority (APRA) released a consultation package outlining proposed revisions to its requirements for the external auditor of an authorised deposit-taking institution (ADI). APRA is proposing to amend APS 310 'Audit and Related Arrangements for Prudential Reporting' in order to account for changes in ADI group structures, developments in audit-related prudential standards applied to other APRA-regulated institutions, as well as changes in ADI prudential reporting requirements flowing from the introduction of the Basel II Capital Framework in Australia.

The package is accessible on the [APRA website](#). The final standard is set to be released in December 2008 and will become effective on 1 January 2009. Interested parties are invited to comment on the proposed package by 30 November 2008.

Source: Accounting & Assurance News Today (ANT) Issue 46 (28 November 2008)

## Australian National Audit Office Reports

- Report No 8 - National Marine Unit
- Report No 9 - Defence Materiel Organisation - Major Projects Report
- Report No 10 - Administration of the Textile, Clothing and Footwear Post-2005 (SIP) Scheme
- Report No 11 - Disability Employment Services

These publications are available at [www.anao.gov.au](http://www.anao.gov.au).

## Office of the Auditor-General, Western Australia Reports

- Second Public Sector Performance Report, which includes:
  - Complaints Management in Shared Service Centres
  - Funding and Purchasing Health Services from Non-Government and Not-For-Profit Organisations
  - Management of Traffic Infringements for Government Vehicles and Staff
- Responding to changes in attraction, retention and achievement in Vocational Education and Training
- Audit Results - Assurance Audits completed at 3 November 2008 - Opinions and Ministerial Notifications

These publications are available at [www.audit.wa.gov.au](http://www.audit.wa.gov.au).

## Queensland Audit Office Reports

- Report No. 8 for 2008: Follow up of Selected Audits tabled in 2006
- Report No. 9 for 2008: Results of Audits at 31 October 2008

These reports are available at [www.qao.qld.gov.au](http://www.qao.qld.gov.au).

## Tasmanian Audit Office Reports

- Special Report No. 77 - Food Safety: Eggs
- Special Report No. 76 - Complaint handling in local government
- Government Departments and Public Bodies 2007-2008, Volumes 1 & 2

These publications are available at [www.audit.tas.gov.au](http://www.audit.tas.gov.au).

## Victorian Auditor-General's Office Reports

- Results of Audits for Entities with 30 June 2008 Balance Dates (2008-09:14)
- Management of the Multi-Purpose Taxi Program (2008-09:13)
- Local Government: Results of the 2007-08 audits (2008-09:12)
- Auditor-General's Report on the Annual Financial Report of the State of Victoria, 2007-08 (2008-09:11)
- Enforcement of Planning Permits (2008-09:10)
- Biosecurity incidents: Planning and Risk Management for Livestock Diseases (2008-09:9)
- Managing Acute Patient Flows (2008-09:8)
- School Buildings: Planning, Maintenance and Renewal (2008-09:7)

These publications are available at [www.audit.vic.gov.au](http://www.audit.vic.gov.au).

## South Australian Auditor-General's Office Reports

- Agency Audit Report November 2008-12-05

This report is available at [www.audit.sa.gov.au](http://www.audit.sa.gov.au)

## Independent Commission Against Corruption (ICAC) Publications

- Investigation into bribery and fraud at RailCorp - Seventh Report

This report is available at [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au)

# PREMIER'S DEPARTMENT UPDATE

## Premier's Department Circulars

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

### ***C2008-43 Mini Budget***

The Mini Budget details the Government's response to the global financial crisis and plans to preserve the State's Triple A Credit Rating.

The Treasurer has announced:

- savings totalling \$3.3 billion over the next four years; and
- revenue measures to raise \$3.6 billion.

The \$268 million surplus previously forecast has been revised to an expected deficit of \$917 million this financial year.

With these measures it is expected the budget will return to a surplus of \$138 million next year, rising to a surplus of \$573 million in 2010-11 and \$900 million in 2011-12.

The Government has reaffirmed \$57 billion in infrastructure investment and a commitment to protect front line services. It has also indicated its intent to reduce waste and duplication at all levels.

There is a clear obligation for CEOs to demonstrate restraint and prudence. To this end the Mini Budget confirms the following changes:

- a reduction of 20 per cent of the Senior Executive Service by the January 2009;
- a freeze on filling or advertising non front line public sector jobs;
- changes to travel for staff who need to attend meetings interstate; and
- efficiency savings for agencies and consideration of the merging of some functions following reviews by Budget Committee.

### ***C2008-46 Changes to Crown Employees (Public Service Conditions of Employment) Reviewed Award 2006 and Clerical Officer Pay Scales***

The Crown Employees (Public Service Conditions of Employment) Reviewed Award 2006 was varied on 13 November 2008. The changes arise from agreement in the Memorandum of Understanding between the Government and the Public Service Association (PSA) to settle the Crown Employees Salaries Award.

Please see [C2008-46](#) for further details.

## Other Premier's Circulars

- [C2008-42](#) CEO Attendance at Community and Cabinet Visits
- [C2008-44](#) White Ribbon Day, 25<sup>th</sup> November
- [C2008-45](#) Nominations for the Public Service Medal

## Premier's Memoranda

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

### **M2008-21 Filling and Advertising of Public Sector Vacancies**

The New South Wales Government's current budget position means that agencies need to find a balance between ensuring that savings measures are identified, without impacting on the delivery of front line services.

Public sector agencies must exercise restraint in the advertising and filling of vacancies to ensure that we can deliver the required budget savings. Agencies should be reviewing all vacancies as they arise to identify and fill only critical positions.

To ensure that this occurs, effective from the date of this memorandum:

- external recruitment to all positions, other than front line service delivery positions, apprenticeships, traineeships and graduate positions is suspended. Agency Chief Executive Officers (CEOs) may approve exemptions to this requirement, provided that there is a sound business case for the recruitment action
- agency CEOs should be approving recruitment to all positions (including front line positions) at or above \$95,000 (Clerk Grade 11 or equivalent). It is expected that agencies will amend their delegations and approval processes to ensure that this occurs
- contractors and temporary employees (direct employment through s27 of the *Public Sector Employment and Management Act 2002*) are not to be used as a substitute for recruitment action. CEOs may approve exemptions to this requirement, provided that there is a sound business case for engaging contract or temporary staff (for example, external funding requirements)
- all agencies are encouraged to use excess staff to fill short term vacancies. The Public Sector Workforce Office can assist with this process.

Agencies also specifically need to review all communications and media positions. This includes positions in media, communications, community relations, corporate relations, corporate communications, corporate affairs, public relations and public affairs.

This applies to all agencies and employees in the Government Service (Public Service Departments, Non-Public Service Divisions and Special Employment Divisions), the Teaching Service, NSW Police and the NSW Health Service. State Owned Corporations are encouraged to adopt provisions consistent with this memorandum.

### **M2008-22 Managing Excess Employees**

The purpose of this Memorandum is to update the policy on Managing Excess Employees following the settlement of the Crown Employees (Public Sector Salaries - 2008) Award.

See [M2008-22](#) for further information

## AUDIT OFFICE BETTER PRACTICE GUIDES

The Audit Office produces guides to better practice to assist agencies. The following is a list of those guides and the dates that they were published. All these guides are available on the Audit Office website at [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au).

Title of Guide	Date issued
Monitoring and Reporting on Audit Recommendations	March 2008
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	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
Ambulance Service of New South Wales: debtors administration	September 1996
Ethnic Affairs Commission: administration of grants	December 1995
Joint operations in the Education Sector: a review of establishment, management and effectiveness issues	September 1995
Fraud Control: developing an effective strategy Volume 1: conceptual framework 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
ASRE	Australian Standard on Review Engagements
AUASB	Auditing and Assurance Standards Board
ED	Exposure Draft
FASB	Financial Accounting Standards Board (USA)
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
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISQC	International Standards on Quality Control
PCAOB	Public Company Accounting Oversight Board
UIG	Urgent Issues Group

## 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 NSW Government Information Service (telephone 9743 7200).

Publications of the Australian Auditing and Assurance Standards Board (AUASB) including auditing and assurance standards, guidance statements, 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 Treasury's 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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