

AWARENESS

Accounting and Auditing Developments - ISSUE 7 - AUGUST 2010

AUDIT OFFICE UPDATE

Public Sector Representative on the Young Professionals Panel

The Institute of Chartered Accountants Australia (ICAA) has set up a Young Professionals Panel (YPP) representing Chartered Accountants (under 35 years) from industry and public sector. The panel is an advisory group to assist the Institute in developing relevant and exciting programs for young professionals.

Vijyata Kirpalani, Acting Audit Leader with the Audit Office of New South Wales, is the Public Sector Representative on the YPP. As a member of the panel, Vijyata will endeavour to ensure the Institute considers the views and concerns of young professionals within the public sector.

All young Chartered Accountants or currently undertaking CA qualifications in the public sector can share their views, ideas, issues or concerns with Vijyata Kirpalani. She can be contacted on 9275 7374 or via email vijyata.kirpalani@audit.nsw.gov.au.

More information about YPP activities is also available on the [ICAA website](#).

ACCOUNTING UPDATE

Australian Accounting Standards Board (AASB) Exposure Drafts

[AASB ED 201 'Insurance Contracts'](#)

This exposure draft reflects [IASB ED/2010/8](#) of the same name. It proposes to replace the three current accounting standards on insurance contracts with one standard to account for all insurance contracts under the same model. Under the new model, insurance companies will need to show more expenses up front, rather than spreading them over time.

Currently, Australian insurers account for insurance contracts under three difference standards containing different measurement and reporting requirements:

- AASB 4 'Insurance Contracts'
- AASB 1023 'General Insurance Contracts'
- AASB 1038 'Life Insurance Contracts'.

The proposals in ED 201 could also have implications for entities that provide insurance-type benefits, such as superannuation plans.

Submissions to the AASB and IASB are due by 8 November 2010 and 30 November 2010 respectively.

Source: AASB website, [media release](#) (9 August 2010).

CONTENTS

AUDIT OFFICE UPDATE	1
ACCOUNTING UPDATE	1
AUDITING UPDATE	4
LEGISLATIVE UPDATE	6
CLIMATE CHANGE UPDATE	7
AUSTRALIAN PRUDENTIAL REGULATORY AUTHORITY (APRA) UPDATE	8
AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION (ASIC) UPDATE	9
DEPARTMENT OF PREMIER AND CABINET UPDATE	10
THE TREASURY UPDATE (NEW SOUTH WALES GOVERNMENT)	11
INTERNATIONAL UPDATE	11
MISCELLANEOUS PUBLICATIONS	15
AUDIT OFFICE BETTER PRACTICE GUIDES	17
ACRONYMS AND ABBREVIATIONS	18
COPIES OF REPORTS AND PUBLICATIONS	19



THE AUDIT OFFICE
OF NEW SOUTH WALES

[AASB ED 200B /FRSB ED 122 'Proposed Separate Disclosure Standards'](#)

This exposure draft contains the paragraphs proposed in AASB ED 200A/FRSB ED 121 '[Proposals to Harmonise Australian and New Zealand Standards in relation to Entities applying IFRSs as adopted in Australia and New Zealand](#)' (July 2010) to be relocated to a separate Australian disclosure standard and a separate New Zealand disclosure standard.

The proposals in this exposure draft support the objective of harmonising financial reporting standards in Australia and New Zealand. Although the proposed changes aim to eliminate the differences between the Standards in each jurisdiction relating to for-profit entities applying IFRSs as adopted in Australia and New Zealand, most of those affected disclosures also apply to not-for-profit/public benefit entities.

Submissions to the AASB or FRSB are due by 8 October 2010.

Source: AASB website.

Joint AASB/FRSB Meeting Highlights - 29 July 2010

At its meeting, the AASB/FRSB discussed the following.

Financial Instruments

The Boards discussed the progress of various IASB financial instruments projects.

IASB ED/2010/6 'Revenue from Contracts with Customers'

The Boards are concerned about:

- the conceptual underpinning of the proposals
- consistency between the proposed principles and some of the application guidance
- the volume of mandatory guidance
- consistency with certain other Standards
- the degree of complexity that the proposals may introduce
- the proposal adding to the number of measurement bases for similar liabilities
- the proposal appearing to base revenue recognition on the physical transfer of goods or services to customers rather than on the transfer of rights and obligations.

Joint AASB/FRSB Project 'Income from Non-exchange Transactions'

The Boards received a progress report on this joint project.

IPSASB Report

The Boards received an update on the June/July 2010 [IPSASB meeting](#).

Emerging Issue - Income Tax

The Boards noted the decision at the July 2010 IASB meeting to propose inserting an exception into IAS 12 'Income Taxes' regarding the measurement of deferred tax arising on assets that are carried at fair value and the implications for jurisdictions such as New Zealand with no capital gains tax.

Emerging Issue - IVSC ED 'Proposed New International Valuation Standards'

Due to the impact of these proposals on financial reporting, the Boards agreed that AASB staff will review the proposals and prepare a paper highlighting aspects on which the Boards may wish to comment.

Emerging Issue - Key Management Personnel (KMP)

The Boards have written to the IASB requesting they address the issue of whether, in the context of investment entities, KMP as defined in IAS 24 'Related Party Disclosures' can include an entity and not only individuals.

Emerging Issue - Mineral Resource Rent Tax (MRRT)

The Boards noted that the AASB may need to consider whether to update Interpretation 1003 'Australian Petroleum Resource Rent Tax' in light of a possible MRRT in Australia.

Source: [AASB website](#), AASB [Action Alert](#), Number 137 (2 August 2010).

AASB Meeting Highlights - 30 July 2010

At its meeting, the AASB discussed the following.

Superannuation Plans and Approved Deposit Funds

The Board tentatively decided that under a replacement Standard for AAS 25 'Financial Reporting by Superannuation Plans':

- obligations arising from insurance arrangements provided to members of a plan or approved deposit fund (ADF) should be recognised (and derecognised) in accordance with the approach under AASB 119 'Employee Benefits' for defined benefit obligations
- a plan with obligations for defined benefit members' accrued benefits should not be required to present the insurance and retirement components of such obligations separately
- assets arising from the insurance arrangements that a plan or ADF provides to its members should be recognised and measured in accordance with the relevant requirements in AASB 1038 'Life Insurance Contracts'
- a plan or ADF should disclose, when appropriate, information that:
 - identifies and explains the amounts in the entity's financial statements arising from the insurance arrangements, including the key actuarial assumptions and uncertainties surrounding the assumptions
 - enables users of its financial statements to evaluate the nature and extent of risks arising from the insurance arrangements
- a plan should provide, when appropriate, liquidity risk disclosures in relation to obligations for defined contribution and defined benefit members' benefits in accordance with the relevant principles and requirements in AASB 7 'Financial Instruments: Disclosures'
- a plan with defined benefit members should provide qualitative disclosures for non-performance risk and/or economic dependency risk in relation to the dependence on future employer contributions, consistent with the types of information disclosed in accordance with the qualitative disclosure requirements in AASB 7
- a plan or ADF should provide liquidity risk disclosures in respect of material non-financial items consistent with the types of information required under AASB 7.

GAAP/GFS Harmonisation - Post-Implementation Review of AASB 1049 'Whole of Government and General Government Sector Financial Reporting' (October 2007)

The Board considered a list of implementation issues relating to AASB 1049 and noted that the post-implementation review work to date has not identified any major flaws in the Standard. However, the Board decided to issue an exposure draft, including amending AASB 1049 to:

- require GGS and whole of government financial reports to be prepared, referenced to each other and made available at the same time
- ensure the orderly adoption of any future amendments to the ABS GFS Manual is facilitated.

GAAP/GFS Harmonisation for Not-for-profit Entities within the GGS

The Board clarified a number of aspects for a pending exposure draft, including:

- recognition and measurement proposals
- presentation and classification proposals, particularly concerning disclosure of the GFS distinction between 'transactions' and 'other economic flows'
- a proposed note disclosure of GAAP/GFS harmonisation information about controlled and administered items
- budgetary reporting proposals.

Relief from AASB 127 'Consolidated and Separate Financial Statements'

The Board decided to propose extending the situations in which 'relief' from preparing consolidated financial statements is provided to intermediate parent entities under paragraph 10 of AASB 127. This will address issues concerning ultimate parents that comply with the Reduced Disclosure Requirements and/or 'Aus' paragraphs applicable to not-for-profit entities.

Presentation of Financial Statements

The Board received an update on the IASB/FASB joint project plan on the Presentation of Financial Statements and the IASB ED 'Presentation of Items of Other Comprehensive Income'.

IASB Discussion Paper DP/2010/1 'Extractive Activities'

The Board highlighted that a number of issues dealt with in the discussion paper, such as risks and uncertainty, were not exclusive to the minerals and oil and gas industries.

Public Sector Liaison

The Board decided that its work program and its public sector projects should be discussed in meetings with small groups of public sector constituents (such as HoTARAC and ACAG) to share views on priorities and the Board's public sector work.

Other

- The Board received an update on the July 2010 IFRS Interpretations Committee meeting.
- The Board agreed to update its Work Program and post it on the AASB website shortly.
- The Board received an update from the IFRS Advisory Council on recent developments.

Source: [AASB website](#), AASB [Action Alert](#), Number 137 (2 August 2010).

AUDITING UPDATE

Auditing and Assurance Standards Board (AUASB) Explanatory Guides

[Explanatory Guide](#) - 'Explanation of the Applicability of AUASB Pronouncements where a User Entity uses a Service Organisation'

Where a service organisation is used, a number of AUASB pronouncements are relevant to the user auditor and the service auditor. These pronouncements have differing application periods and may provide requirements or guidance for the user auditor or service auditor. This explanatory guide is to assist auditors in determining which pronouncements are applicable to their circumstances.

Source: [AUASB website](#).

[Explanatory Guide](#) - 'Explanation of the Impact of Clarity Auditing Standards on SMSF Auditor's Reports'

Following the new suite of ASAs in clarity format applicable to financial reporting periods commencing on or after 1 January 2010, the ATO has issued a new Self Managed Superannuation Fund (SMSF) auditor's report.

The key change is that audit reports for SMSFs will now include an Emphasis of Matter paragraph to meet the requirements of ASA 800 'Special Considerations - Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks'.

Source: [AUASB website](#).

AUASB Meeting Highlights - 26 July 2010

At its meeting, the AUASB discussed the following.

Presentation from the AASB Chairman

The AASB Chairman presented to the AUASB on 'The Introduction of Reduced Disclosure Reporting (RDR) for Tier 2 Entities'. The new reporting requirements are defined in AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' and AASB 1053 'Application of Tiers of Australian Accounting Standards'.

Recent Changes to AASB Accounting Standards and Corporations Act 2001

The Board considered a paper on recent changes to AASB 2010-2, AASB 1053 and the *Corporations Act 2001* regarding Group Financial Reports. The AUASB will issue an information article (on the AUASB website) outlining the impact of these changes on the Auditing Standards.

Going Concern

The Board considered feedback from practitioners indicating there may be differing interpretations of the decision tree diagram included as Appendix 1 in ASA 570 'Going Concern'. The AUASB will provide additional guidance on the AUASB website.

Approval of Projects to Revise Guidance Statements

The Board approved projects to revise and reissue AGS 1040 'Franchising Code of Conduct' and GS 002 'Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities'.

Future of Audit Report

The Board considered a draft paper with initial responses to issues relevant to the AUASB in the publication '[Future of Audit](#)'.

International Matters

The Board:

- discussed an outline of a draft plan to monitor and report on the implementation of the 'Clarity' auditing standards in Australia
- received a report on recent IAASB activities and an update on other international auditing and assurance related matters
- considered a draft response to IAASB exposure draft ISAE 3420 'Assurance Reports on the Process to Compile Pro Forma Financial Information in a Prospectus'.

National Greenhouse and Energy Reporting Scheme (NGERS)

The Board received an update on the Department of Climate Change (DCC) programs involving auditing and assurance matters. The Board was informed that proposed NGERS Audit Determination Guidance is to be finalised and issued by the DCC in early August 2010.

Other Matters

- Updates on projects: Assurance Standards on Fundraisings and Comfort Letters; Agreed-upon Procedures.
- Academic research paper 'Development of a Scale to Measure Professional Scepticism' and application in audit practice.

Source: [AUASB website](#), AUASB [meeting highlights](#) (26 July 2010).

LEGISLATIVE UPDATE

Amendment to the Public Finance and Audit Act 1983 No 152

This amendment authorises Ministers to whom an appropriation is made to delegate authority to incur expenditure from that appropriation to other Ministers (Section 12A). This amendment, which commenced on 1 July 2010, is a consequence of the revised format of the Appropriation Bill 2010 arising from the amalgamation of government departments and other agencies.

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

Public Finance and Audit Regulation 2010

The [Public Finance and Audit \(PF&A\) Regulation 2010](#) became effective on 30 July 2010 and applies to 30 June 2010 financial audits and financial statements should reference to the new regulation. It is Treasury's view that exemptions from any PF&A Regulation 2005 requirements continue to have effect.

Main changes

The structure has been changed. For example, statutory bodies are now prescribed by clause 10 and listed in Schedule 1 of the PF&A Regulation 2010, rather than prescribed by and listed in clause 17.

The list of prescribed statutory bodies (Schedule 1 of the PF&A Regulation 2010) has been updated to remove many entities that are no longer audited by the Audit Office of New South Wales.

Clause 14 of the PF&A Regulation 2010 prescribes who is an 'officer of an authority' (s4 (1) of the *Public Finance & Audit Act 1983*) in relation to the NSW Self Insurance Corporation. The PF&A Regulation 2005 had no equivalent clause.

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

Secretary to the Department of Transport (Victoria) v Commissioner of Taxation of the Commonwealth of Australia

This case highlights a significant federal court decision regarding GST and rebates.

The majority of the Full Federal Court upheld the primary judges' decision that there is in fact, a supply made to the Department of Transport (DoT) for which the DoT is entitled to claim an input tax credit. The majority of the Full Federal Court rejected the Commissioner's arguments on the basis that:

The supply of transport services is made both to the Multi Purpose Taxi Program (MPTP) member and to the DoT, and the DoT is liable to make payment under the MPTP program.

The payment is not connected with an earlier acquisition made by the DoT when granting taxi cab licences. Instead, the payment is consideration for the supply of transport services which are acquired by the DoT in fulfilling its obligations under the Transport Act.

In forming the decision, the majority of the Court made the point that Section 9-5 of the GST legislation, which deals with taxable supplies, should be interpreted from the supplier's perspective.

This is a significant decision, which has potential ramifications, particularly in the government sector. Agencies should:

- identify any multi-party arrangements where it pays an amount to another party and is not claiming any input tax credits, while the other party is remitting GST
- consider protecting its entitlement to an input tax credit by lodging a 'stop the clock' letter with the ATO.

Agencies that have stopped claiming input tax credits, or have repaid input tax credits previously claimed, based on decisions made by the ATO in respect of its circumstances, should consider its position in respect of the recovery of input tax credits as well as any entitlement to interest from the ATO.

Source: [PWC Tax Alert August 2010: Issue 13](#)

CLIMATE CHANGE UPDATE

Register of Greenhouse and Energy Auditors

The Department of Climate Change and Energy Efficiency has made available a [list of greenhouse and energy auditors](#). For the first two years of reporting, these auditors will aim to assist corporations in understanding their obligations and developing efficient reporting processes as required by the *National Greenhouse and Energy Reporting Act* (NGER Act). Entities that are also participating in the [National Carbon Offset Standard](#) can also source auditors from the register.

The latest edition of [NGER eNews](#) also deals with a number of other topics including:

- an introduction to a discussion paper on the treatment of renewable energy
- clarification to the phrase 'CEO or equivalent' in the NGER legislation
- potential future NGER workshops.

Source: Accounting and Assurance News Today, Issue 28 (23 July 2010).

AUSTRALIAN PRUDENTIAL REGULATORY AUTHORITY (APRA) UPDATE

New Auditor's Report - First Home Savers Account

APRA has published an [Approved Form of Auditor's Report for RSE Licensees who provide First Home Saver Accounts](#) to facilitate compliance with S. 35C of the *Superannuation Industry (Supervision) Act (SIS) 1993*, under the application of s.114 of the *First Home Savers Act (FHSA) 2008*.

Source: [APRA website](#).

Revised Auditor's Report - Retirement Savings Account (RSA)

The Annual Return for an RSA Provider has been condensed from three parts to one part comprising an [Approved Form of Auditor's Report for RSA Providers](#). This form subsumes the Annual Return requirements of s.44 of the *Retirement Savings Accounts Act 1997*.

Source: [APRA website](#).

2009 Data from National Claims and Policies Database (NCPD)

APRA has released the latest set of annual reports on policies and claims for public and product liability (PL) and professional indemnity (PI) insurance from the National Claims and Policies Database (NCPD).

These reports contain data as at 31 December 2009 and comprise: an overview of PL and PI insurance; policy and claims reports containing aggregate (level 1) data for APRA-regulated general insurers and Lloyd's Australia; and a claims report for state and territory general insurers. Detailed (level 2) policy and claims web-based [reports](#) for APRA-regulated general insurers have also been updated with 2009 data.

Source: APRA website, APRA Media Release [No. 10.17](#) (30 June 2010).

APRA Research Papers on Superannuation Outsourcing

APRA has released the results of research into outsourcing by large APRA-regulated superannuation funds. The research examined the outsourcing of eight functions - auditing, administrative services, legal services, asset allocation, sales and marketing, custody, actuarial services and investment management. It compared the fee arrangements of independent service providers to those providers related to a fund trustee, and compared fees across different service sectors to determine the extent to which providers in more concentrated markets charged more than providers in more competitive markets.

The results of the research have been published on the APRA website in two Research Working Papers: [Australian superannuation - the outsourcing landscape](#), which examines outsourcing patterns of fund types; and [Australian superannuation outsourcing - fees, related parties and concentrated markets](#), which examines fee arrangements.

Source: APRA website, APRA Media Release [No. 10.18](#) (12 July 2010).

Superannuation Prudential Practice Guides (SPGs)

APRA has released the following response paper and SPGs to assist registrable superannuation entity (RSE) licensees to satisfy licence conditions and operating standards under the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the relevant SIS Regulations.

- [Response paper](#) - Guidance for superannuation licensees: Capital, risk management, adequacy of resources, fitness and propriety
- [SPG 110](#) - Capital
- [SPG 200](#) - Risk Management
- [SPG 230](#) - Adequacy of Resources
- [SPG 520](#) - Fitness and Propriety.

Source: APRA website, APRA Media Release [No. 10.21](#) (10 August 2010).

AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION (ASIC) UPDATE

Class Order [CO 10/654](#) 'Inclusion of Parent Entity Financial Statements in Financial Reports'

This Class Order allows companies, registered schemes and disclosing entities that present consolidated financial statements to choose continue to present parent entity financial statements.

The *Corporations Amendment (Corporate Reporting Reform) Act 2010* amended the *Corporations Act 2001* so that the only statutory accounts for entities reporting under Chapter 2M are now consolidated financial statements. However, some of these entities still needed or wanted to present parent entity financial statements, either:

- to avoid the cost of changing their reporting formats, particularly for 30 June 2010 year ends
- because they are AFS licensees that are still required to present parent entity financial statements under Chapter 7 of the Act
- because they believe that the parent entity financial statements provide useful information to the users of their financial reports.

The class order applies to financial statements for the year ended 30 June 2010.

Source: Accounting and Assurance News Today, Issue 29 (30 July 2010).

Regulatory Guide [RG 217](#) 'Duty to Prevent Insolvent Trading: Guide for Directors'

This regulatory guide sets out key principles to help directors understand and comply with their duty under s588G of the *Corporations Act 2001* to prevent insolvent trading.

Source: [ASIC website](#).

DEPARTMENT OF PREMIER AND CABINET UPDATE

The following recent Circulars and Ministerial Memoranda are available at www.dpc.nsw.gov.au.

Department of Premier and Cabinet Circulars

[C2010-23](#) *'Payment of copyright fees to the Copyright Agency Limited'*

Agencies will receive invoices from the Copyright Agency Limited (CAL) for payment of outstanding fees for their use of copyright material. Agencies are obligated to pay the fee as compensation to copyright holders for Government employees copying published material such as books, newspapers, magazines and journals.

This circular applies to all NSW public sector agencies and State Owned Corporations representing the Crown under sections 183 and 183A of the *Copyright Act 1968*.

[C2010-24](#) *'Senior Executive Service - Notional Salary'*

This circular details the calculation of notional salary for the Senior Executive Service (SES). The notional salary determines payments for accrued leave to SES officers on separation, non-SES acting in SES positions and the cashing out of leave for SES officers.

This circular applies to all NSW public sector agencies with CES and SES officers.

[C2010-28](#) *'Review of Meal, Travelling and Other Allowances'*

This circular advises agencies of the increase in:

- 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'
- work related allowances by four per cent.

The increases are applicable from 1 July 2010 or commencing from the first full pay period on or after 1 July 2010.

This circular applies to all public sector 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.

Other Department of Premier and Cabinet Circulars

- [C2010-21](#) 'Transfer of public sector appeals processes to the NSW Industrial Relations Commission'.
- [C2010-22](#) 'Contesting elections'.
- [C2010-26](#) 'Support for the 2011 Census of Population and Housing'.
- [C2010-27](#) 'Strategic Management Cycle'.

Other Ministerial Memoranda

- [M2010-11](#) 'Improving Client and Customer Satisfaction with Public Services'.

THE TREASURY UPDATE (NEW SOUTH WALES GOVERNMENT)

The following recent Treasury Policy Paper is available at www.treasury.nsw.gov.au.

Treasury Policy Paper

[TPP 10-03](#) *Information and Communications Technology (ICT) Reinvestment Pool*

This policy provides guidance for eligible agencies on the ICT Reinvestment Pool application process and its operating principles.

In the 2009-10 Budget the New South Wales Government announced the Better Services and Value Plan, which includes value for money reviews of whole-of-government expenditure. The strategic review of ICT expenditure (ICT Review) across New South Wales Government Agencies and Public Trading Enterprises is the first value for money review.

The objective of the ICT Review is to make sustainable improvements in the efficiency of the Government's ICT expenditure, leading to ongoing cost savings from 2010-11 onwards. The ICT Review requires New South Wales Government Agencies and Public Trading Enterprises to find savings equivalent to five per cent of their baseline ICT expenditure (Phase 1) and an additional 10 per cent (Phase 2) over four years.

Fifty per cent of the cost savings delivered from the ICT Review will be centrally held in the ICT Reinvestment Pool. This Pool will fund investment in ICT capital projects that will improve efficiency.

INTERNATIONAL UPDATE

International Accounting Standards Board (IASB)

Recently made available Project Podcasts

The following podcasts are available in the projects section of the [IFRS website](#):

- leases (overview of proposed approach; lessee accounting; lessor accounting)
- hedge accounting (eligibility of net positions as hedged items; eligibility of derivatives as hedged items; overview of hedge accounting phase of the IAS 39 replacement project)
- fair value measurement (IASB and the FASB joint podcast to introduce the measurement uncertainty disclosure)
- financial statement presentation (IASB and the FASB joint podcast to introduce the staff draft on Financial Statement Presentation).

IASB/FASB Meeting Highlights -23 June 2010

At its meeting, the IASB/FASB discussed insurance contracts, specifically:

- cash flows, including acquisition costs and participating contracts
- follow-up on unbundling
- presentation of the statement of comprehensive income
- interest accretion for residual and composite margins.

Source: IASB website, [IASB Update](#) (23 June 2010).

IASB Meeting Highlights -19-23 July 2010

At its meeting, the IASB discussed the following:

- amortised cost and impairment
- annual improvements
- consolidation
- conceptual framework - measurement
- derecognition
- financial instruments - liabilities
- financial instruments with characteristics of equity
- hedge accounting
- IAS 29 'Financial Reporting in Hyperinflationary Economics' - reporting in accordance with IFRSs after a period of severe hyperinflation
- IFRS Advisory Council: update from last meeting
- IFRS Interpretations Committee update
- income taxes
- insurance contracts
- leases
- rate-regulated activities.

Source: IASB website, [IASB Update](#) (July 2010).

IASB Meeting Highlights -3 August 2010

At its meeting, the IASB discussed the following:

- amortised cost and impairment
- hedge accounting: hedge effectiveness testing
- hedge accounting: eligible hedged items.

Source: IASB website, [IASB Update](#) (3 August 2010).

International Financial Reporting Standards (IFRS) Foundation

On 1 July 2010, the IASC Foundation formally changes its name to the IFRS Foundation. The change represents the next step in a process to simplify the names in use across the organisation announced following the conclusion of the Constitutional Review in 2010. Beyond the change in name, there are no other changes affecting the legal status of the Foundation, its structure or its operating terms and conditions.

The Foundation is in the process of reflecting the change of name on its website; all email addresses and other public communications. The IASB's new website address will be www.ifrs.org and all email addresses will end in @ifrs.org. However, from 1 July all web pages and email addresses ending in iasb.org will be rerouted to ifrs.org.

Source: IFRS website, [media release](#) (30 June 2010).

International Financial Reporting Standards (IFRS) Interpretations Committee

IFRS Interpretations Committee Meeting Highlights - 8-9 July 2010

At its meeting, the IFRS Interpretations Committee discussed the following:

- current agenda:
 - accounting for production stripping costs
 - vesting and non-vesting conditions
 - put options written over non-controlling interests
- IFRS Interpretations Committee agenda decisions:
 - going concern disclosure
 - impairment of financial assets reclassified from available-for-sale to loans and receivables
- IFRS Interpretations Committee tentative agenda decisions
- issues considered for Annual Improvements
- IFRS Interpretations Committee work in progress.

Source: IFRS website, [IFRIC Update](#) (July 2010).

International Auditing and Assurance Standards Board (IAASB)

Exposure draft: Proposed International Standards on Auditing - ISA 315 and ISA 610 (revised)

This exposure draft proposes to revise ISA 610 'Using the Work of Internal Auditors'. The revisions aim to enhance the external auditors' performance by providing a stronger framework for evaluating and using the work and assistance of an entity's internal auditors.

Planned revision of ISA 610 will require changes to ISA 315 'Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment'.

Submissions to the IAASB are due by 15 November 2010.

Source: [IFAC website](#).

IAASB Meeting Highlights - 14-18 June 2010

At its meeting, the IAASB discussed the following:

- using the work of internal auditors
- International Auditing Practice Statements (IAPS)
- IAPS on auditing complex financial instruments
- assurance (other than audit) and related services engagements on financial statements
- assurance engagements other than audits or reviews of historical financial information
- assurance on a greenhouse gas statement
- clarity ISA implementation monitoring
- XBRL
- liaison with the IASB
- audit quality.

Source: IAASB website, IAASB [meeting highlights](#) (June 2010).

International Public Sector Accounting Standards Board (IPSASB)

IPSASB Meeting Highlights - 28 June - 1 July 2010

At its meeting, the IPSASB discussed the following:

- conceptual framework - phase 1: consultation paper on the scope of general purpose financial reporting, the objectives, users and information needs, qualitative characteristics and the reporting entity
- conceptual framework - phase 2: consultation paper on the definition and recognition of elements
- conceptual framework - phase 3: revised draft consultation paper on measurement
- conceptual framework - phase 4: consultation paper on presentation and disclosure issues
- reporting on the long-term sustainability of public finances
- service performance reporting
- entity combinations
- cash basis review
- IPSAS governance and oversight.

Source: [IFAC website](#), IPSAS [meeting highlights](#) (July 2010).

International Integrated Reporting Committee

This new committee will be creating a globally accepted framework towards accounting for sustainability: a framework which brings together financial, environmental, social and governance information in a clear, concise, consistent and comparable format.

The committee's intention is to help with the development of more comprehensive and comprehensible information about an organisation's total performance, prospective as well as retrospective, to meet the needs of the emerging, more sustainable, global economic model.

More information on the new body is available from the [IIRC's website](#).

Source: Accounting and Assurance News Today, Issue 30 (6 August 2010).

MISCELLANEOUS PUBLICATIONS

[ICAA publication](#) 'Mandatory Requirements of the Clarity Standards In Respect of Audits of Historical Financial Information'

This publication lists the mandatory paragraphs of all of the 'audit clarity' standards that are applicable for financial reporting periods beginning on or after 1 January 2010. It sets out the minimum requirements for conducting an audit using the clarity standards and practitioners may find it useful when updating their audit procedures to meet the new minimum requirements.

Source: Accounting and Assurance News Today, Issue 29 (30 July 2010).

Australian National Audit Office (ANAO) Publications

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

- National Security Hotline.
- The Establishment, Implementation and Administration of the Strategic Projects Component of the Regional and Local Community Infrastructure Program.
- Conduct by Infrastructure Australia of the First National Infrastructure Audit and Development of the Infrastructure Priority List.
- ANAO Corporate Plan 2010-13.
- ANAO Business Plan 2010-11.
- Audit Work Program 2010-11.
- Implementation of the Family Relationship Centres Initiative.

New Zealand Office of the Auditor-General Publications

The publications below are available on the [OAG website](#).

- Inquiry into New Zealand Defence Force payments to officers seconded to the United Nations.
- Inland Revenue Department: Managing child support debt.
- Inquiry into the Plumbers, Gasfitters, and Drainlayers Board.

Victorian Auditor-General's Office Presentation

The presentation below is available on the [VAGO website](#).

- Introduction to VAGO 'Auditing in the Public Interest'.

Independent Commission against Corruption (ICAC) Publications

The publications below are available on the [ICAC website](#).

- Fact sheet - Protected disclosures (July 2010).
- Fact sheet - Thinking about blowing the whistle? How to make a protected disclosure.
- Investigation into the smuggling of contraband into the John Morony Correctional Centre.

Independent Pricing and Regulatory Tribunal (IPART) Publications

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

- Country Energy - Voluntary Transitional Pricing Arrangements for supply of natural gas to small gas customers.
- Actew AGL - Voluntary Transitional Pricing Arrangements for supply of natural gas to small gas customers.
- AGL Retail Energy Ltd - Voluntary Transitional Pricing Arrangements for supply of natural gas to small gas customers.
- Origin Energy Retail Ltd - Voluntary Transitional Pricing Arrangements for supply of natural gas to small gas customers.
- Addendum to Final Report - Adjustment to Corporate Overheads - PricewaterhouseCoopers.
- Issues Paper - Review of Operating Licence for Sydney Catchment Authority.
- PricewaterhouseCoopers response to stakeholder comments - Explanation Letter.
- PricewaterhouseCoopers response to stakeholder comments - Attachment 1.
- Determination - Notice of compliance of ARTC with the NSW Rail Access Undertaking 2008-09.
- Determination - Notice of Compliance of RailCorp with the NSW Rail Access Undertaking for 2008-09 - July 2010.

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 of New South Wales 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
AOSSG	Asian-Oceanian Standard Setters Group
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
FRSB	Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants
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
IFRS	International Financial Reporting Standards
IFRS Committee	International Financial Reporting Standards Interpretations Committee
IFRS Foundation	International Financial Reporting Standards Foundation
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISACA	Information Systems Audit and Control Association
ISQC	International Standards on Quality Control
IVSC	International Valuation Standards Council
PCAOB	Public Company Accounting Oversight Board

COPIES OF REPORTS AND PUBLICATIONS

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

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

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

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

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

Copies of International Federation of Accountants (IFAC) publications may be obtained direct from IFAC, 535 Fifth Avenue, 14th Floor, New York, NY 10017, USA (tel 212/286.9344 or fax 212/286.9570 or by visiting the IFAC web site at www.ifac.org).

Copies of International Accounting Standards, Exposure Drafts and International Accounting Standards Board (IASB) publications may be obtained direct from the IASB, 30 Cannon Street, London EC4M 6XH, United Kingdom (tel +44 (020) 7332-2730 or fax +44 (020) 7332-2749 or email publications@iasb.org or Internet www.iasb.org).

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

Treasury publications may be viewed by visiting the New South Wales Treasury web site at www.treasury.nsw.gov.au

Copies of Premier's Department Circulars and Premier's Memoranda may be viewed by visiting the Premier's Department website at www.dpc.nsw.gov.au.

The AWARENESS Newsletter is of a general nature only and is not intended to be a substitute for or relied upon as specific professional advice. No responsibility for loss occasioned to any person acting on or refraining from action as a result of any material in the publication can be accepted.