

AWARENESS

Accounting and Auditing Developments - ISSUE 08 - October 2009

AUDIT OFFICE UPDATE

Auditor-General's Report to Parliament: Administering Domestic Waterfront Tenancies

About the Audit

There were 8,287 domestic waterfront tenancies in New South Wales managed by the Land and Property Management Authority (Lands) and Maritime Authority of New South Wales (Maritime) in June 2009. The tenants pay rent for jetties, boatsheds, boat slipways etc. constructed on public land comprising seabeds, riverbeds and, in some instances, reclaimed land.

The current approach to administering domestic waterfront tenancies is based on an Independent Pricing and Regulatory Tribunal (IPART) report of 2004. The IPART report recommended a formula for determining the rent. The components of the formula are:

- values of adjoining land
- rental rate of return
- 50 per cent discount factor
- occupancy area.

The formula applies these market proxies because of the unique nature of the public land tenanted, which is largely submerged and reclaimed land for recreational use.

In the past, rents were significantly lower and had not changed for 15 years. From 2004 the rents increased as they aligned to market values.

Implementation of the IPART recommendations and higher rents is resulting in continuing numbers of disgruntled tenants and complaints to Lands and Maritime.

The revenue from tenancies was \$13.0 million in 2008-09. It increased by 171 per cent or \$8.2 million over the last five years. During the same period, the number of tenancies increased by ten per cent or 763.

During the past two years the Auditor-General received a number of letters from a cross-section of tenants dissatisfied with the agencies' administration of domestic waterfront tenancies.

The audit assessed if Lands and Maritime are:

- administering tenancies in line with the IPART report recommendations
- reviewing rental practices to ensure improvements consistent with the IPART report.

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THE AUDIT OFFICE
OF NEW SOUTH WALES

Audit Conclusions

The audit's overall conclusion is that Lands and Maritime are broadly achieving outcomes consistent with the IPART report on administering domestic waterfront tenancies but a lack of collaboration between the agencies is contributing to poor customer service.

Inconsistencies with the IPART report recommendations and operational differences between the two agencies result in different rents and conditions for tenants of the two agencies. The differences are having a significant impact on customer service.

Incremental, fragmented and delayed reviews of practices has triggered criticism by tenants.

In 2005, the agencies created precincts that were small and this led to some properties having comparatively high rates. This was reviewed in 2007-08 in response to complaints. Following this review, the number of precincts was reduced from 549 to 61. The new precincts largely addressed complaints about rent variations. The changes were implemented by Maritime three years after, and Lands four years after, the introduction of the current approach for determining the rent.

The net rate of return component of the rent formula is a subject of continuing complaints. It was not included in the review of precincts. More recently, tenant's complaints are including refusals to pay the full rent until the net rate of return is reviewed.

These two components of the formula could have been reviewed at the same time because the land value and the rate of return are closely related. The audit concluded that the slow and separate review processes have had a significant impact on service delivery and the effective implementation of the IPART report recommendations.

Further information

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

Auditor-General's Report to Parliament: Government Licensing Project

About the Audit

New South Wales has around 20 licensing agencies responsible for issuing four million licences of over 300 different types to people and businesses in New South Wales. This is in addition to licences issued by the Roads and Traffic Authority. Since 2004 the Auditor-General's Reports to Parliament have provided progress reports on the Government Licensing Project (GLP).

The audit objective was to determine if the GLP had achieved its aim of standardising and simplifying the licensing processes of all these licensing agencies.

Audit Conclusions

The GLP is standardising and simplifying processes of agencies which issue licences. However, it is currently:

- running over the original anticipated completion date
- exceeding the original budget
- expected to produce savings less than originally planned.

To date it has been implemented in six agencies responsible for 1.7 million licences. It has so far replaced 15 legacy systems and consolidated 102 licence types to 55.

Customers now have more flexibility and convenience in applying for, renewing and paying for licences.

However the GLP has a protracted history, and is now projected for completion in 2013-14.

In 2001 the project was expected to cost \$63.0 million over four years and give a net benefit of \$69.0 million. The project is now expected to cost \$86.0 million over 12 years and have net benefits of only \$19.0 million.

The Treasury had originally approved funding for the project to 2007-08, and the former Department of Commerce (now part of Department of Services, Technology and Administration) provided its own funding approaching \$4.0 million for 2008-09. Additional funding from 2009-10 has not yet been approved by the Cabinet Standing Committee on the Budget, but several revisions of the business case have been submitted to The Treasury since mid-2008.

The 2001 business case:

- did not identify which agencies were to be included nor the number of licences
- failed to adequately address risk management, internal change management and training.
- The project fell behind schedule within months of commencement:
- the project's treatment of major risks did not include actions to respond to the slippage against milestones which occurred
- key decisions affecting the project's scope were made outside the steering committee.

Apparently the original intention of Cabinet was that 'in scope' agencies would adopt GLP. However this was not effectively communicated, and there is no evidence of strategies to ensure compliance. Some agencies have shown reluctance to implement GLP: managers responsible for GLP in most agencies we interviewed advised that they believed they had a choice of whether to adopt it or not.

Agencies planning or implementing similar large-scale whole-of-government projects should:

- Ensure that at minimum they comply with all guidelines issued by the Department of Premier and Cabinet, The Treasury and the Department of Services, Technology and Administration for business case development and project management
- Establish project governance structures that are able to respond and keep the project on track by:
 - having clearly defined responsibility for project oversight
 - providing regular reporting against clear milestones to ensure early warning of any slippage
 - having clear authority to respond to problems which threaten the project's success.

Further information

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

ACCOUNTING UPDATE

Australian Accounting Standards Board (AASB) Meeting Highlights - 23-24 September 2009

At its meeting, the AASB discussed the following:

- **Differential Reporting** - The Board agreed with a draft consultative paper prepared by the AASB staff. The paper is intended to form part of a joint AASB, Commonwealth Treasury and FRC paper proposing to introduce significantly reduced disclosure requirements, compared with full IFRS disclosures, for general purpose financial statements of certain entities in both the private and public sectors. The paper is expected to be published for comment by the end of 2009.
- **Rate-regulated Activities** - The Board considered preliminary comments on IASB's ED/2009/8 'Rated-regulated Activities' and noted issues concerning the scope and the reasoning behind the proposals to recognise regulatory assets and liabilities in particular circumstances. A draft submission will be considered at the joint AASB/FRSB meeting in October 2009.
- **Insurance Contracts** - The Board considered the liability measurement approaches in the IASB Insurance Contracts project with the liability measurement approaches under AASB 1023 'General Insurance Contracts' and AASB 1038 'Life Insurance Contracts'. The Board intends to comment on the IASB's exposure draft on insurance contracts, expected to be issued in December 2009.

- **Fair Value Measurement** - The Board approved its submission on the IASB's ED/2009/5 'Fair Value Measurement'. The Board supports defining fair value as a exit price only in the context of the ED's objective i.e. to provide guidance on how to measure fair value, not to identify when to use fair value.
- **Financial Instruments** - The Board noted its submissions to the IASB since the AASB meeting in July 2009, the expected completion dates of the various financial instruments projects and received an update on the financial instrument activities of the IASB since July 2009. The AASB will continue to monitor the IASB's progress on Financial Instruments projects and match their timetable for publishing exposure drafts and final standards.
- **Discount Rate for Employee Benefits** - The Board decided that its submission on the IASB's ED/2009/10 'Discount Rate for Employee Benefits' should express disagreement with the proposal to eliminate the use of market yields on government bonds to determine the discount rate of employee benefit obligations. This is because there is no clear rationale for requiring the discount rate to be determined by reference to market yields on high-quality corporate bond rates.
- **AASB 2009-9 'Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters'** - The Board approved AASB 2009-9 which makes amendments to AASB 1 'First-time Adoption of Australian Accounting Standards' in relation to the initial measurement of oil and gas assets and the determination of whether an arrangement contains a lease. AASB 2009-9 is applicable to annual reporting periods beginning on or after 1 January 2010.
- **Superannuation Roundtables** - The Board received a report on the main issues discussed at its roundtable discussions (held in August 2009) on the proposals in ED 179 'Superannuation Plans and Approved Deposit Funds'.
- **Policy for modifying IFRSs for Not-for-profit Entities** - The Board agreed on the document 'Process for Modifying IFRSs for PBE/NFP', subject to final agreement with the FRSB. This is a joint document with the FRSB which sets out a common process for assessing whether an IFRS needs to be modified for application by not-for-profit entities.
- **Not-for-profit Entity Definition** - The Board decided not to change the current definition of not-for-profit entities, or issue additional guidance on classification of not-for-profit entities, as they had noted no significant divergence in practice in the application of the current definition.
- **Disclosure for Private Sector Not-for-profit Entities Project** - The Board considered a range of threshold issues pertinent to service performance reporting by private sector not-for-profit entities. These will be relevant when identifying working assumptions upon which to develop the project.

The Board will consider further whether:

- service performance information falls within the scope of general purpose financial statements
- constraining principles should be placed on the information the AASB might decide should be included in service performance reports
- the project does or could have implications for the for-profit and public sector entities.
- **GAAP/GFS Harmonisation for entities within the GGS** - The Department of Finance and Deregulation outlined their view of the benefits that users of the general purpose financial statements of entities within the GGS might derive if the Board were to issue GAAP/GFS harmonisation based on the proposals in ED 174 'Amendments to Australian Accounting Standards to facilitate GAAP/GFS Harmonisation for Entities within the GGS [AASBs 101, 107 and 1052]'
- **Interpretations** - The Board reviewed interpretations issues in progress. The Board decided its submission to IFRIC on Interpretation D25 'Extinguishing Financial Liabilities with Equity Instruments' should support the proposals, subject to clarification of the scope.
 - The AASB and FRSB will again seek clarification from IFRIC on whether the definition of key management personnel in IAS 24 'Related Party Disclosures' includes entities as well as individuals.

- **IASB Update** - an IASB Board member gave an update on the activities of the IASB, including:
 - revisions to IAS 39 'Financial Instruments: Recognition and Measurement' are progressing rapidly
 - an ED on financial asset impairment is planned for issue by the end of 2009
 - preliminary discussions conducted on simplifying hedge accounting
 - the Memorandum of Understanding between the IASB and FASB is proceeding as planned
 - liability measurement is likely to be a significant issue, particularly in the context of revenue recognition, insurance, provisions, employee benefits and fair value measurement
 - the IASB expecting to issue an ED on emissions trading in early 2010 with a view to finalising a standard by 2011.
- **Update from National Standard Setters and World Standard Setters** - The Chairman and FRSB Chair outlined the key topics considered at the September 2009 National Standard Setters and World Standard Setters meetings, including recent developments on financial instruments and the extent to which jurisdictions are likely to use the IFRS for SMEs.
- **Emerging Issues** - The Board discussed how to proceed with regard to the working draft of a Discussion Paper on Extractive Activities.
- **Policy on Informal or Confidential Submissions** - The Board agreed on a policy in relation to informal or confidential submissions subject to a final out of session review process. The policy is likely to form part of the Board's Policy Statement on its policy and processes.

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

Source: AASB Action Alert Issue 128 (18-25 September 2009).

AUDITING UPDATE

Auditing and Assurance Standards Board (AUASB) Exposure Drafts

ED 21/09 Proposed Auditing standard ASA 102 'Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements'

This Exposure Draft establishes the responsibilities of the auditor, assurance practitioner and the firm for compliance with relevant ethical requirements when performing audits, reviews and other assurance engagements. It does not introduce any new requirements or explanatory material but draws significant requirements and explanatory material from several IAASB auditing standards and the equivalent Australian Auditing Standards.

Proposed ASA 102 will enable references to relevant ethical requirements in other AUASB standards to remain current as they will be explicitly linked to ASA 102.

ED 21/09 is available on the [AUASB website](#) and comments are due to the AUASB by 7 October 2009.

Source: AUASB ED 21/09.

AUASB Website Enhancements

The 'Standards and Guidance' section on the AUASB website has been restructured in preparation for the publication of the revised suite of standards in Clarity format and to allow users to locate relevant pronouncements more easily.

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

Source: Accounting & Assurance News Today, Issue 38 (25 September 2009).

Information Sessions New Auditing Standards

The AUASB, jointly with the three professional accounting bodies, will host information sessions to help auditors prepare for application of the revised and redrafted Australian Auditing Standards in Clarity format. The new standards will apply to audits of financial reports for periods commencing on or after 1 January 2010. Firms are required to establish relevant quality controls by 1 January 2010.

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

Source: AUASB Media Release (1 October 2009).

AUASB Meeting Highlights - 7-8 September 2009

At its meeting, the AUASB discussed the following:

- **Clearance of Revised and Redrafted Auditing Standards** - The Board considered and cleared, with minor amendments, the penultimate drafts of 40 proposed Auditing Standards in Clarity Format. Final approval of the proposed standards is expected on 26-27 October 2009.
- **ED 21/09 Proposed Auditing Standard ASA 102 'Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements'** - The Board considered and approved this exposure draft to be released for comment.
- **AUASB Glossary** - the Board made minor amendments to the AUASB Glossary and approved it for publication pending final approval of the revised and redrafted Auditing Standards in Clarity Format.
- **International Matters** - The Board received updates on recent activities of the IAASB, including the latest IAASB projects, such as the:
 - Revision of ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information
 - Revision of ISRE 2400 Engagements to Review Financial Statements
 - Proposed ISRE 3402 Assurance Reports on Controls at a Service Organisation
 - Proposed ISAE 3410 Assurance on a Greenhouse Gas Statement
 - Proposed ISAE 34XX Assurance Reports on the Proper Compilation of Pro Forma Financial Information Included in Prospectuses
 - XBRL.
- **National Greenhouse and Energy Reporting Scheme (NGERS) and Carbon Pollution Reduction Scheme (CPRS)** - The Board received an update on the draft proposed NGER 'Audit Determination' and NGER 'Audit Regulations', and matters previously raised by the AUASB to the Department of Climate Change.
- **New Zealand Professional Standards Board (NZ PSB) and New Zealand Institute of Chartered Accountants (NZICA)** - The Board received an update on the recent activities and projects of the NZ PSB. The Board discussed impending developments affecting auditors and the accounting profession in New Zealand with the NZICA
- **APRA Reporting Standards** - The Board noted the recent release of APRA reporting standards for general insurance groups and will liaise with APRA to determine audit implications of the new standards.

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

Source: AUASB meeting highlights (7-8 September 2009).

ETHICS UPDATE

Accounting Professional and Ethical Standards Board (APESB)

APES 330 'Insolvency Services'

APES 330 sets the standards for Members in Public Practice in the provision of quality and ethical Insolvency Services. APES 330 will replace the existing APS 7 'Statement of Insolvency Standards' and is effective for insolvency services commencing on or after 1 April 2010, with early adoption permitted.

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

Source: APES 330.

APESB Clarifies Key Audit Partners

APESB issued a technical update to clarify the rotation requirements of key audit partners referred to in revised APES 320 'Quality Control for Firms', released in May 2009. The Partners who are subject to rotation requirements are the Lead Engagement Partner, Audit Review Partner and Engagement Reviewer as defined in the existing APES 110 'Code of Ethics for Professional Accountants'.

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

Source: APESB Technical Update (17 September 2009).

APESB Meeting Highlights - 7 September 2009

At its meeting, the APESB discussed the following:

- **Draft Proposed Standards** - The Board considered the latest drafts of ED 02/09 'Proposed Standard APES 350 Participation by Members in Public Practice in Due Diligence Committees in Connection with a Public Document', ED 0X/09 'Proposed Standard APES 310 'Client Monies' and ED 05/08 'Insolvency Services'.
- **Six-Month Reviews of Standards** - The Board noted reviews of recently issued APES 225 'Valuation Services' and APES 315 'Compilation of Financial Information'.
- **Other Matters** - The Board:
 - approved the Due Process and Working Procedures Update Project
 - agreed to issue a Technical Update to clarify rotation requirements of key audit partners referred to in revised APES 320 'Quality Control for Firms'
 - noted the submission to the Parliamentary Joint Committee Inquiry into Financial Products and Services in Australia.

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

Source: APESB meeting highlights (7 September 2009).

AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION (ASIC) UPDATE

Illegal Early Access to Super

ASIC is concerned that the current market conditions are contributing to an increase in the number of people attempting to gain illegal early access to their superannuation. ASIC released a brochure to warn people about the dangers of illegal schemes to take money out of super. The brochure addresses the issue of financial stress and provides information about how people can legitimately access their super in limited circumstances. It also includes information about identity theft and fraudulent access to super and provides links and contact details to assist people in finding out more information.

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

Source: ASIC Advisory 09-158AD (28 August 2009).

Disciplinary Action against Audit Partners

ASIC has taken disciplinary action against three audit partners of one of the Big 4 accounting firms. From a review of audits performed by the partners, ASIC formed the view that the audits were inadequate and failed to comply with Australian Auditing Standards, including failing to provide an appropriate audit opinion based on the audit evidence obtained.

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

Source: GAAP No. 14/2009 (31 August 2009).

James Hardie Disqualifications and Fines

ASIC's successful civil penalty proceedings led to the New South Wales Supreme Court imposing penalties against seven former non-executive directors, and three former executives of James Hardie. The former non-executive directors and executives and James Hardie Industries Limited (JHIL - former Australian listed company) were found to have breached the *Corporations Act 2001* when making statements in 2001 about the adequacy of asbestos compensation funding.

ASIC believes the James Hardie decision provides important guidance and direction on:

- the practical application of the scope and content of the duties of executives when taking important matters to the Board and disclosing those matters to the market
- the responsibilities of non-executive directors of public companies when asked by management to consider strategic matters, and when approving statements to be disclosed to the market resulting from the Board's decisions.

In addition, the findings against JHIL illustrate that in making statements to the market, companies must carefully assess and check the veracity of those statements.

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

Source: ASIC Media Release 09-152 (20 August 2009).

LEGISLATIVE UPDATE

Allocation of the Administration of Acts 2009 (No 3—Amendments)

The above act has been approved. It sets out which Ministers are responsible for administering the Acts listed in the Schedule to the Act. The allocations replace previous allocations relating to the Acts generally.

For more information, go to the [Parliament of NSW website](#).

Source: Allocation of the Administration of Acts 2009 (No3-Amendments).

Protection of Public Ownership Bill 2009

The object of this Bill is to prevent, without the approval of Parliament, the privatisation of publicly-owned assets or agencies, or of services provided by those agencies and to place restrictions on the sale and use of land owned by a public education authority.

For further information, go to the [Parliament of NSW website](#).

Source: Parliament of New South Wales website.

Major Events Bill 2009

The object of this Bill is to attract, support and facilitate the conduct and holding of major events in New South Wales by allowing the declaration of major events, designation of authorities responsible for those events, establishment of authorities responsible for managing and coordinating the event and other actions by way of regulation rather than statute.

For further information, go to the [Parliament of NSW Website](#).

Source: Parliament of New South Wales website.

Regulations for Termination Payments Released

The Minister for Financial Services, Superannuation and Corporate Law has released the final Regulations and explanatory material that support the proposed reforms to termination payments contained in the *Corporations Amendment Bill 2009*.

For more information refer to [Issue 6](#) of Awareness, August 2009.

Source: Accounting & Assurance News Today, Issue 36 (11 September 2009).

PREMIER'S DEPARTMENT UPDATE

Premier's Circulars

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

C2009-31 'Increase in the Parking Space Levy'

The Government announced a substantial increase to the parking space levy in the November 2008 mini budget and subsequently introduced the *Parking Space Levy Act 2009* and *Parking Space Levy Regulation 2009*. This Circular advises public sector employees, other than SES and Senior Officers, who may be affected by the increased parking space levy.

The following increased rates are effective from 1 July 2009:

- Category 1 areas (business districts of the City of Sydney and North Sydney) increase to \$2,000 p.a. per space
- Category 2 areas (business districts of Bondi Junction, Chatswood, Parramatta and St Leonards) increase to \$710 p.a. per space.

In future financial years, the rates will be indexed to the Sydney CPI as has occurred in the past.

C2009-32 'Public Sector Employment and Management Regulation 2009'

This circular advised that the Public Sector Employment and Management Regulation 2009 replaces that previous Regulation from 1 September 2009. It was replaced with the Public Sector Employment and Management Regulation 2009.

The Regulation continues arrangements that are not provided for elsewhere such as higher duties, selection procedures, and health assessments.

The minor changes in the Regulation include removing allowances applying only to officers and departmental temporary employees already provided for in the Crown Employees Award 2009. These include meal, remote area, absence on official duties and work related expenses allowances.

C2009-33 'Australian and Overseas Travelling Allowances - Chief Executive Officers, Senior Executive Service Officers, Senior Officers, Statutory Officers, and Part-time Members of Boards, Committees'

Travelling Allowances within Australia have been adjusted following Taxation Determination 2009/15 by the Australian Taxation Office (ATO) and this circular provides details of the amended allowances.

The new rates are effective from 1 July 2009.

Premier's Memorandum

The following recent Premier's Department memorandum is available at www.dpc.nsw.gov.au:

- [M2009-19](#) Christmas Closedown 2009-10.

INTERNATIONAL UPDATE

International Accounting Standards Board (IASB)

Review of IASC Foundation Constitution

The Trustees of the International Accounting Standards Committee (IASC) Foundation published for public comment proposals to amend the IASC Foundation Constitution. The objectives of the proposals are to further enhance the governance of the organisation, improve the involvement of stakeholders with a broad range of perspectives in both developed and emerging markets, and make operational improvements.

The proposals are available on the [IASB website](#) and comments are due to the IASC Foundation by 30 November 2009.

Source: IASB Press Release (9 September 2009).

Fair Value Measurement Round Table Discussions

In November and December 2009 the IASB will hold round table discussions in North America, Asia and Europe on its proposals for fair value measurement. The project seeks to define fair value and to provide guidance on measuring fair value in IFRSs.

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

Source: IASB Announcement (15 September 2009).

Webcast on Financial Instrument Changes

The IASB provided an update on the progress of revisions to IAS 39 'Financial Instruments: Recognition and Measurement' via webcast on 23 September 2009. The Board is currently considering feedback on ED 2009/7 on classification and measurement of financial instruments and is also pressing on with an expected loss model for impairment and ways to simplify hedging.

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

Source: Accounting & Assurance News Today, Issue 38 (25 September 2009).

Webcast on Rate-regulated Activities

On 5 October 2009, the IASB hosted a live web presentations on the recently published ED 2009/8 (AASB ED 185) 'Rate-Regulated Activities'. The presentation was followed by a question and answer session.

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

Source: Accounting & Assurance News Today, Issue 39 (2 October 2009).

IASB Meeting Highlights - 14-18 September 2009

At its meeting, the IASB discussed the following:

- financial crisis
 - derecognition
 - financial instruments: replacement of IAS 39
 - classification of rights issues
- conceptual framework
- financial instruments with characteristics of equity
- financial statement presentation
- insurance contracts
- leases
- liabilities: amendments to IAS 37
- post-employment benefits
- related party disclosures
- revenue recognition.

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

Source: IASB Update (September 2009).

Additional board meeting - 22 and 29 September 2009

At its meetings, the IASB discussed the replacement of IAS 39 'Recognition and Measurement', including:

- classification and measurement
- impairment of financial instruments.

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

Source: IASB Update (September 22 2009).

International Public Sector Accounting Standards Board (IPSASB)

IPSASB Meeting Highlights - 8-11 September 2009

At its meeting, the IPSASB highlights included:

- World Bank presentation on diagnostic tool for benchmarking National Standards to International Standards in the public sector for accounting and auditing practices
- the Board considered responses to exposure drafts 37 to 39 on financial instruments
- intangible assets
- entity combinations
- conceptual framework
- long-term fiscal sustainability
- service concession arrangements
- agriculture.

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

Source: IPSASB Meeting Highlights (September 2009).

International Federation of Accountants (IFAC)

IFAC and International Valuation Standards Council (IVSC) Memorandum of Understanding

The IFAC and IVSC have signed a Memorandum of Understanding designed to enhance their respective impact on issues surrounding valuations, particularly those related to improving the consistency of global valuation standards affecting the preparation and audits of financial reports.

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

Source: IFAC website, media release.

IFAC's President Calls for Global Commitment to High-Quality Financial Standards to Solve Crisis

The President of IFAC spoke at the third CRECER (Spanish acronym of Accounting and Accountability for Regional Economic Growth) conference this month. He made the following observations in relation to the financial crisis:

- the accounting profession can, and should, take a leadership role in helping the world steer its way out of the global financial crisis
- all entities need the financial information that high-quality standards provide as we move toward recovery from the recession
- governments worldwide must follow the same high standards of financial reporting as their private sector counterparts
- the broad-based adoption of International Public Sector Accounting Standards is critical to improving government transparency and accountability, in light of the unprecedented takeovers, lending, guarantees, and bailouts of major market institutions, banks, and companies that have taken place
- the importance of supporting small and midsize businesses and the smaller accountancy firms that serve in recovery from the recession.

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

Source: IFAC website, media release.

International Auditing and Assurance Board (IAASB)

IAASB Releases New Tools To Support Clarity ISA Implementation

To promote awareness and understanding of the newly clarified International Standards on Auditing (ISAs), the IASB has released a series of 'ISA Modules' focusing on some of the new and more significantly revised ISAs. Each module includes short video presentations and accompanying slides that explain the key principles of, and major changes in, individual ISAs, including the implications for audits of small- and medium-sized entities (SMEs).

The ISA Modules are available from the [IAASB Clarity Center](#).

Source: IAASB Media Release (5 October 2009).

MISCELLANEOUS PUBLICATIONS

Move to a Single Economic Market with New Zealand

The Australian and the New Zealand Prime Ministers have agreed to a joint statement of intent, which represents the next phase in a commitment by Australia and New Zealand to move towards a single economic market. This work will be guided by key principles designed to deliver more quickly and effectively, the benefits of a single economic market to consumers and businesses.

A key principle of the agreement is that persons operating in Australia and New Zealand should not have to engage in the same process or provide the same information twice. The two countries should also strengthen their joint capability to influence international policy design, seeking to optimise the net trans-Tasman benefit.

The agreement articulates the goals that the two countries seek to achieve in specific areas. A range of shared outcomes have already been identified in the areas of insolvency law, financial reporting policy, financial services policy, competition policy, business reporting, corporations law, personal property securities law, intellectual property law, and consumer policy.

For more information, go to the [Prime Minister's Website](#).

Source: Prime Minister's Media Release 20 August 2009.

Standard Business Reporting on track

The Standard Business Reporting (SBR) taxonomy and tools are due for implementation in July 2010 and the latest releases within the SBR program will mean software developers can now begin building SBR support into their business and accounting systems.

The recent releases can be downloaded from the [SBR website](#).

Source: Accounting & Assurance News Today, Issue 38 (25 September 2009).

Australian Infrastructure Financial Management Guidelines

The Institute of Public Works Engineering Australia published guidelines to establish a common framework for engineers, accountants and management to address issues around planning, financial reporting, valuation and the administration and implementation of infrastructure projects. The guidelines are expected to be adopted by public sector entities across Australia, in particular, local governments.

For more information, go to the [Institute of Public Works Engineering Australia website](#).

Source: GAAP Alert No.16/2009 (30 September 2009).

Energy Reporting Update

The next reporting obligation under the *National Greenhouse and Energy Reporting (NGER) Act* is to submit a report to the Greenhouse and Energy Data Officer (GEDO) by 31 October 2009. The Department of Climate Change has now made available the reporting function within the Online System for Comprehensive Activity Reporting (OSCAR) to enable entities to meet the deadline.

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

Source: Accounting & Assurance News Today, Issue 38 (25 September 2009).

ICAA 2009 Annual Report on the Quality Review Program

This ICAA report summarises the results of 468 quality reviews of practices of various sizes conducted during the last financial year. The results of the quality reviews conducted during the year indicate the majority of practices appear to have the systems in place to conduct sound audits.

Areas where patterns of non-compliance were identified included:

- insufficient audit documentation
- inadequate documentation of quality control in accordance with APES 320 'Quality Control for Firms'
- not meeting the minimum required hours of training and development, mainly in respect of their statutory registrations.

For more information about the Institute's quality review program, go to the [ICAA website](#).

Source: GAAP No.15/2009 (20 September 2009).

Australian Institute of Company Directors (AICD) Report Card

The AICD 'Boardroom Burden Report Card' measures, on a state by state basis, the 'business-friendliness' of legal regimes, in terms of the content of laws imposing liability on directors, the number of those laws in operation in each state and territory and the procedural fairness with which they are administered.

The report card shows that only two states - ACT and Victoria - received better than a 'pass' mark, while six failed. It also carried the strong message that state and territory governments should reform their director liability laws, in line with the principles already agreed by the Council of Australian Governments (COAG), to ensure Australia remains an attractive place to do business.

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

Source: AICD Media release (29 September 2009).

Managing Financial Impacts and Reporting of Carbon Emissions - A Guide for CFOs

The G100 and KPMG launched a new guide to help CFOs manage the financial and reporting impacts of carbon emissions. The guide, 'Managing Financial Impacts and Reporting of Carbon Emissions - A Guide for CFOs', will help CFOs prepare for the introduction of a price for carbon emissions and related reporting requirements.

For more information, go to the [G100 Website](#).

Source: G100 Media Release (10 September 2009).

G20 Leadership Summit Report

Following the conclusion of the G20 Leaders Summit, the leaders released a communiqué summarising the progress in dealing with the global economic downturn and setting out the future direction of the group's policies, aimed at ensuring a sound and sustainable long-term recovery of the world economy.

The G20 sees the IASB and the development of a single set of high quality international standards as having an important role to play in strengthening the world economy.

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

Source: Accounting & Assurance News Today, Issue 39 (2 October 2009).

Productivity Commission's Reforms on Executive Remuneration

The Productivity Commission's report 'Executive Remuneration in Australia' analyses the trends in executive pay over the last 15 years in Australia and overseas. Globalisation, increased company size and the shift to incentive pay structures have been major drivers of executive remuneration increases.

The Commission concludes that capping pay would have adverse effects on the economy and that the way forward is to strengthen the corporate governance framework. The discussion draft proposes reforms to improve the accountability of boards, remove conflicts of interest and enhance shareholder engagement on remuneration.

The report is available on the Productivity Commission's [website](#) and submissions are due to the Commission by 6 November 2009.

Source: Productivity Commission website.

Australian National Audit Office Publications

- Confidentiality in Government Contracts - Senate Order for Departmental and Agency Contracts (Calendar Year 2008 Compliance).
- Protection of Residential Aged Care Accommodation Bonds.
- The Management and Processing of Annual Leave.
- Administration of Parliamentarians' Entitlements by the Department of Finance and Deregulation.
- Campaign Advertising Review 2008-09.

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

ACT Audit Office Publications

- Annual Report 2008-09.

This publication is available on the [ACT Audit Office website](#).

Office of the Auditor-General, New Zealand

- How the Ministry of Education managed the 2008 national school bus transport tender process.

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

Independent Commission against Corruption (ICAC) Publications

- Investigation into corrupt conduct associated with tendering for TransGrid work.
- Investigation into the solicitation and receipt of corrupt payments from a RailCorp contractor.

For further information, go to the [ICAC Website](#).

Independent Pricing and Regulatory Tribunal (IPART) Determinations and Reports

- Invitation for Submissions - Annual Audit of Hunter Water Corporation Operating Licence 2008-09.
- Invitation for Submissions - Annual Audit of Sydney Catchment Authority Operating Licence 2008-09.
- Invitation for Submissions - Annual Audit of State Water Corporation Operating Licence 2008-09.
- Invitation for Submissions - Annual Audit of Sydney Water Corporation Operating Licence 2008-09.
- Invitation for Submissions - Review of Rural and Regional Bus Fares 2009.
- Regional Workshop Wagga Wagga - Review of the Revenue Framework for Local Government.
- Issues Paper - Review of the Operating Licence for Sydney Water Corporation - September 2009
- Statement of Reasons for ARTC Compliance with the NSW Rail Access Undertaking 2008-09

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 of NSW 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 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 Treasury web site at www.treasury.nsw.gov.au

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

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