

AWARENESS

Accounting and Auditing Developments - ISSUE 11 - DECEMBER 2010

AUDIT OFFICE UPDATE

Auditor-General's Report to Parliament: Volume Six 2010 - Human Services and Technology

This [report](#) includes comments on the financial audits of New South Wales Government human services and technology agencies. The audits of these agencies' financial reports for the year ended 30 June 2010 each resulted in an unqualified Independent Auditor's Report.

Community Services has a shortage of caseworkers. On average, 20 per cent or 497 of the 2,481 positions were vacant in 2009-10. The caseworker to child ratio is 1 to 29, more than double to the ratio recommended by the 2008 Wood Commission report of 1 to 12. Total child protection reports fell from 309,676 in 2008-09 to 256,088 in 2009-10 due in part to the reporting threshold being raised from 'risk of harm' to 'risk of significant harm'.

Other significant items include:

- the number of supported accommodation places for people with a disability has increased by 517 during 2009-10
- the average daily number of young offenders in custody increased from 390 in 2007-08 to 434 in 2009-10 and there was a 90.0 per cent occupancy rate at Juvenile Justice Centres
- Community Services, Ageing Disability and Home Care and the Home Care Service of NSW all have weaknesses in accounting processes which need to be addressed promptly
- the State Records Authority is declining New South Wales Government agencies' requests to archive digital information as it does not have the infrastructure to access it.

The report includes a number of recommendations.

Auditor-General's Report to Parliament: Volume Seven 2010 - Environment, Climate Change and Water

This [report](#) includes comments on the financial audits of New South Wales Government environment, climate change and water agencies.

The audits of these agencies' financial reports for the year ended 30 June 2010 resulted in one qualified Independent Auditor's Report. Sydney Water has not recognised assets and liabilities of the Build-Own-Operate schemes in their statement of financial position.

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THE AUDIT OFFICE
OF NEW SOUTH WALES

The combined profit after tax of the four largest water utilities increased substantially from \$300 million in 2008-09 to \$584 million in 2009-10. Distributions to the Government were \$379 million up 17 per cent or \$55 million from last year.

Other significant items include:

- the cost of constructing the desalination plant was approximately \$30 million less than the approved July 2007 budget
- Sydney Water's Maximo project, an Information Technology solution to assist with asset management, has been delayed further at additional cost. The project is expected to cost a further \$9.0 million on top of the revised \$31 million budget, now more than double its original budget of \$18 million
- Sydney Water's IT department completed nine major IT projects in 2009-10
- more than half of Sydney Water's employees (52.5 per cent) worked overtime in 2009-10 with 13 employees receiving more than a 100 per cent of their base salary in overtime
- the Government is still to decide on the proposed Tillegra Dam project
- the number of poor air quality days is steadily increasing to 64 in 2009-10, up from 47 in 2008-09 and 23 in 2007-08
- residents were paid \$64.6 million for hot water system rebate in 2009-10.

The report outlines a number of recommendations including that:

- agencies should review the effectiveness of existing policies for managing overtime
- agencies should create and maintain a single record of all contractors engaged that can be utilised for effectively managing these arrangements
- a sound and comprehensive business case should be prepared before any decision is made to proceed with the Tillegra Dam.

Auditor-General's Report to Parliament: Volume Eight 2010 - Law and Order and Emergency services

This [report](#) includes comments on the financial audits of New South Wales Government emergency services and law and order agencies. The audits of these agencies' financial reports for the year ended 30 June 2010 each resulted in an unqualified Independent Auditor's Report.

The Department of Justice and Attorney General paid \$63 million in compensation to victims of crimes but only received \$4.2 million from offenders in 2009-10. Over \$222 million worth of victims' compensation claims are to be processed by the Department. The number of outstanding claims increased 35.0 per cent from 13,384 to 18,118 in 2009-10.

Other significant items include:

- the Lifelink IT project, to replace the Births, Deaths and Marriage registry system, which was expected to cost \$8.2 million, and be completed by 2008, is now expected to cost \$20.2 million and be completed by March 2012
- the Partial and Permanent Disability Scheme liabilities in the NSW Police Force have grown to \$190 million, the number of claims has increased by 315 per cent since 2007, and the average value of each claim has increased from \$373,307 to \$421,958
- Corrective Services NSW reduced its overtime costs by \$7.9 million as well as halving the number of staff earning more than 50 per cent of base salary in overtime.

The report includes a number of recommendations.

Auditor-General's Report to Parliament: Volume Nine 2010 - Transport, Planning and Industry

This [report](#) includes comments on financial audits of New South Wales Government transport, planning and industry agencies for the year ended 30 June 2010.

Significant items include:

- of the \$412 million spent on the Sydney Metro, \$356 million represents expenditure with no apparent future benefit to New South Wales
- nine major transport capital projects are over budget and behind schedule, while a further four are either over budget or behind schedule
- a significant portion of the transport services workforce (39.0 per cent) are over 50 and are likely to retire in the next 5 to 15 years. The RTA and State Transit have 45.0 per cent of employees over 50 years of age
- the RTA's major project to upgrade its Driver and Vehicle System (DRIVES) has experienced significant issues with project management and governance
- the RTA's overtime \$44 million, with one employee receiving \$118,000 in overtime payments in 2009-10
- RTA employs 698 contractors (eight per cent of its workforce) with more than 60 engaged for over six years. The highest paid contractor earned \$413,000 in 2009-10
- the value of land under roads decreased by \$33.3 billion due to a change in valuation methodology
- average morning peak speed for Victoria Road increased from 21 to 26 km/h while for the M5/Eastern Distributor decreased from 41 to 35 km/h
- RailCorp is spending increasing amounts on repairing damage, caused by vandalism and graffiti, on its premises and trains
- over a 5-month period, RailCorp's \$35 million new procurement system resulted in over \$100 million in late supplier payments and more than \$4.0 million in double payments
- RailCorp's overtime bill was \$128 million with more than 413 employees being paid 50.0 per cent or more of their annual salary in overtime
- RailCorp had around 590 contractors at 30 June 2010, 170 of whom cost more than \$1,000 each per day
- unable to obtain all the information required to form an opinion on the value of Crown reserve land, the buildings and infrastructure on those reserves, or coastal infrastructure that should be recorded in the Authority's financial statements
- of 26,895 Aboriginal Land claims to 30 June 2010, 17,436 remained unresolved at that date, with 293 remaining unresolved for more than ten years.

The report includes a number of recommendations.

Auditor-General's Report to Parliament: Volume Ten 2010 - Education and Communities

This [report](#) includes the review on the Building the Education Revolution and comments on financial audits of New South Wales Government Education and Communities agencies for the year ended 30 June 2010.

The review on Building the Education Revolution concludes that whilst it appears the Department has achieved its key objective of rapid constructing school facilities, costs were higher than business as usual and the preferences of local communities were not always met.

It appears key stakeholders were not fully informed of the Department's Standards and the BER Guidelines, and how they apply to their school, resulting in confusion and concerns about the adequacy of facilities, and why schools did not receive a certain type of facility.

As at 19 November 2010, 1,453 of the 2364 'Primary Schools for 21st Century' projects in New South Wales were completed. In 1,270 cases the Department accepted managing contractors estimated costs that were in total \$188 million higher than their own.

Other significant items include:

- The Department of Education and the NSW Technical and Further Education Commission continue to face the loss of large numbers of retiring teachers, with over 50.0 per cent of teachers being aged 50 years or over
- the results of the National Assessment Program - Literacy and Numeracy indicated New South Wales students continue to perform better than the national average. However, spelling and numeracy results were lower than 2009 for years 3, 5, 7 and 9
- around 92.0 per cent of students are present at school on an average school day. Attendance was highest in the Northern Sydney region, 94.0 per cent and lowest in the New England region, 89.0 per cent
- the number of international students enrolled increased by 18.8 per cent in 2009, resulting in a fee increase of was \$3.7 million or 10.9 per cent
- in 2008, it was estimated that \$2.7 billion was spent on obesity related illness in New South Wales. In 2010 Communities NSW, spent \$102 million increasing and promoting participation opportunities for sport and active recreation, which is about 3.8 per cent of the obesity cost
- visits to the Australian Museum are up by 16.0 per cent, increasing by 53,000 to 375,000 in 2009-10
- the value of the Sydney Opera House land and buildings increased by \$314 million to just over \$2.0 billion in 2009-10.

Auditor-General's Report to Parliament: NSW Lotteries Sale Transaction

This performance [review](#) of the Government's sale of NSW Lotteries was designed to address concerns raised regarding the sale process.

No financial imprudence or waste found

The audit found no evidence to indicate that the successful bid was inconsistent with the rules, or that there was waste of public resources or financial imprudence with the Government's sale of NSW Lotteries in early 2010.

The Auditor-General has some concerns in relation to:

- the State advising prospective bidders that 'proponents could not rely on any statement by or on behalf of the State during the process'
- the absence of documentation supporting some key decisions.

Background

The estimated retention value of NSW Lotteries was \$510 million. Bidders were invited to make a 'preferred transaction structure' bid and an 'alternative transaction structure' bid. Three of the bidders included an up-front payment in excess of the estimated retention value in their bids under the government's preferred transaction structure. The successful bid was an alternative transaction structure bid involving an upfront payment by the successful bidder of \$850 million and a cash and asset extraction of approximately \$161 million. The successful bid was the only bid to include a proposal for any retention of future unclaimed prizes.

Reliance on representations

Official documents and statements from officials involved in the sale clearly said that unclaimed monies were intended to be transferred to the State. However, bidders were also informed that proponents could not rely on any statement by or on behalf of the State during the process and that the Minister retained discretion under the *Public Lotteries Act 1996*.

The State also had legal advice that there was no legal impediment to preclude the bidder from retaining unclaimed prizes.

Limited documentation available

Detailed documentation on the value of unclaimed monies was not produced. However, it was found that no evidence to indicate that the value of unclaimed prizes was not properly assessed, based on the assumptions made.

Recommendations

In the conduct of any future sales, The Treasury should ensure that:

- where the Government chooses to conduct a process on the basis that 'proponents could not rely on any statement by or on behalf of the State during the process' this point is continuously reinforced to proponents
- the Process Letter clearly states that the Government's representatives involved in the transaction process cannot fetter the discretion or decision of a Minister
- key terms are clearly defined and consistently applied to avoid ambiguity and confusion
- significant decisions, advice and analysis of issues during the transaction process are formally documented and retained to improve accountability and transparency
- significant guidance or advice to potential bidders is provided in writing
- arrangements for dealing with intellectual property that may be contained in bids are clearly defined and communicated at the start of the process.

Auditor-General's Report to Parliament: Coal Mining Royalties

Background

Mining royalties are a source of significant revenue to New South Wales. In 2008-09, the Government received \$1.28 billion in mining royalties representing about 2.6 per cent of the total revenue collected by the Government that year. Coal accounted for over 95.0 per cent of the royalties.

This [audit](#) examined how well the Department of Industry and Investment ensures coal mining leaseholders pay the royalties they owe the State on time.

Audit Opinion

NSW Department of Industry and Investment (DII) cannot assure the people of New South Wales that all royalties owed are being paid in full. This is because it does not have sufficiently robust systems and processes to identify what is owed and to make sure it is paid.

What needs to be paid is complex to calculate and guidance on this is inadequate. Auditing and monitoring processes for royalties are not strong enough. Penalties do not apply to underpayments, even if persistent, as long as some payment is made on time.

It is estimated that at least \$8.0 million more in coal royalties could have been collected between 2004-05 and 2008-09.

A major overhaul of the administrative arrangements for collecting royalties is needed.

One way to achieve a more robust and structured approach would be to transfer the function to the Office of State Revenue (OSR) which specialises in identifying and collecting revenue owed to the State. That would also achieve a desirable separation between DII's roles as both regulator of the mining industry, and facilitator of increased investment in the industry. This option should be reviewed.

Recommendations

DII should:

- give client online services and better guidance
- ensure companies provide more information to support royalty payment calculations
- validate information supporting the collection of royalties
- better target auditing resources
- impose penalties on companies which underpay royalties.

Auditor-General's Report to Parliament: Sick Leave

Background

In 2006, the New South Wales Government said that it would aim to reduce average public sector sick leave for full time employees by one day per person a year by 2008-09. It estimated it would save around \$45 million by not having to replace front-line workers on sick leave

This audit assessed whether:

- the New South Wales public sector met the Government's 2008-09 target
- public sector agencies reduced sick leave.

The audit reviewed statewide data on sick leave to identify trends and spoke to 12 public sector agencies to discuss how they managed sick leave.

Audit Opinion

The New South Wales public sector did not meet the Government's target, however sick leave reduced by 1.84 hours per person per year between 2004-05 and 2008-09, just over a quarter of a day.

Recommendations

The Department of Premier and Cabinet should:

- help public sector agencies manage sick leave by sharing best practice examples of agency strategies to reduce sick leave, agency analysis of sick leave trends and patterns and monitoring sick leave with other human resources indicators
- provide agencies with sick leave rates of all agencies in the New South Wales public sector so they can compare their performance
- publish the average sick leave rate for the New South Wales public sector on its website.

ACCOUNTING UPDATE

Australian Accounting Standards Board (AASB) Pronouncements

AASB 2010-6 'Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets'

AASB 2010-6 adds and amends requirements in AASB 7 'Financial Instruments: Disclosures' relating to transfers of financial assets which were first put forward in ED 177 'Derecognition'.

The standard applies to annual reporting periods beginning on or after 1 July 2011. Early adoption is permitted.

Source: Accounting and Assurance News Today, Issue 46 (26 November 2010).

Newly Compiled AASB Standards

All compiled standards for reporting periods beginning on or after 1 January 2011 are now available. They are compiled for amendments made by AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project', and AASB 2010-5 'Amendments to Australian Accounting Standards'.

The new compilations can be found on the AASB website under the browse for Pronouncements [link](#).

Source: AASB website, News Update (6 December 2010).

Tier 2 Supplement to ED 202R 'Leases'

This Tier 2 Supplement to ED 202R 'Leases' sets out the disclosures proposed in ED 202R incorporating IASB ED 2010/9 'Leases' and includes proposals about whether each disclosure should be included in Tier 2 reporting requirements.

The proposals should not be seen as any indication of AASB support or otherwise for the IASB's proposed disclosures in ED/2010/9. That will be determined through the ED 202R due process.

Submissions to the AASB are due by 31 January 2011.

Source: AASB website, News Update (30 November 2010).

AUDITING UPDATE

Auditing and Assurance Standards Board (AUASB) Invitation to Comment

[Invitation to Comment on GS007](#) 'Audit Implications of the Use of Service Organisations for Investment Management Services'

The AUASB again invites comments from practitioners and other stakeholders, on their experiences in implementing GS007. They are now revising GS 007 to address the feedback obtained to date and to anchor to the new suite of clarity standards. They plan to issue a revised standard in the first half of 2011.

Comments are due to the AUASB by 4 February 2011.

Source: AUASB website, News Update (8 December 2010).

AUASB Meeting Highlights - 29 November 2010

At its meeting, the AUASB discussed the following.

Agreed-Upon Assurance Procedures to Report Factual Findings

The Board approved release of an exposure draft of the proposed ASAE on 'Agreed-Upon Procedures to Report Factual Findings' (Revision of 904).

Auditing Revenue of Charitable Entities

The Board considered preliminary draft of a revision to AGS 1054 'Auditing Revenue of Charitable Entities'.

International Matters

Other

The Board:

- received a project update for Fundraising and Comfort Letters
- noted a report on recent activities of IAASB and other national standard setters
- approved its submission to IAASB on complex financial instruments
- approved the project plan to jointly develop with the Water Accounting Standards Board, an Assurance Standards for assurance engagements on General Purpose Water Accounting Reports
- approved the project plan for the revision of GS007
- agreed to ongoing liaison with the Institute of Internal Auditors - Australia
- agreed to amend ASA 102 'Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements' for impending release of revised APES 110 'Code of Ethics for Professional Accountants'.

Source: [AUASB website](#), AUASB meeting highlights (29 November 2010).

LEGISLATIVE UPDATE

Fair Trading Amendment (Australian Consumer Law) Act 2010

From 1 January 2011, Australia will have a single, national consumer law: Australian Consumer Law (ACL). The ACL includes unfair contract terms law, law guaranteeing consumer rights when buying goods and services, product safety law, law for unsolicited consumer agreements, rules for lay-by agreements and new penalties, enforcement powers and consumer redress options. The ACL will apply nationally and in all states and territories. The object of this Act is to facilitate the operation of ACL in New South Wales.

This Act was assented on 29 November 2010

Source: [NSW Legislation website](#).

FINANCIAL REPORTING COUNCIL (FRC) UPDATE

FRC 2009-10 Annual Report

The Financial Reporting Council has released its [2009-10 Annual Report](#) highlighting the year's achievements and its strategic direction for 2010-11.

The report provides a broad overview of the Council's achievements in its 10 years of operation and sets out specific key achievements for 2009-10 which included:

- reviewing developments concerning completion of the AASB's project to harmonise GAAP and GFS reporting
- holding a workshop to consider Australia's differential reporting framework.

It also analyses the FRC's involvement with international and domestic standard setting issues, the monitoring of auditor independence and provides insights into the Council's expectations in these areas for 2011, with a particular focus on the impacts of the FASB/IFRS convergence project, the new differential reporting requirements and the introduction of clarity standards.

Source: Accounting and Assurance News Today, Issue 44 (12 November 2010).

AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION (ASIC) UPDATE

Regulatory Guides and Reports

Updated RG 98 'Licensing: Administrative action against financial services providers'

This regulatory guide outlines how ASIC uses administrative remedies to enforce the compliance of Australian financial services (AFS) licensees - and their representatives - with the financial services legislation.

This updated version of RG 98 does not represent a substantive change to ASIC's approach to using its administrative powers, but includes additional sections on ASIC's new powers to supervise market participants.

While each matter is assessed on a case-by-case basis, the non-prescriptive factors and examples contained in RG 98 are intended to provide transparency as to how ASIC determines the most appropriate regulatory response in each case.

Source: ASIC website, [10-243AD](#)

[REP 217](#) *'Overview of decisions on relief applications (December 2009 to May 2010)'*

This report outlines decisions on relief applications during the period 1 December 2009 to 31 May 2010. It aims to improve the level of transparency and the quality of information available about decisions ASIC makes when asked to exercise discretionary powers to grant relief from provisions of the *Corporations Act 2001* and *National Consumer Credit Protection Act 2009*.

The report provides examples of decisions that demonstrate how ASIC has applied ASIC policy in practice and will be of particular interest for participants in the capital markets and financial services industry.

Source: ASIC website, [10-242AD](#)

ASIC Liaison Meeting Highlights - November 2010

At its meeting, ASIC discussed the following:

- the accounts surveillance programme - for the 30 June 2010 reporting period
- the audit inspection programme
- projects update:
 - the development of standard definitions for terms used in bank covenants
 - preparing a document about the expectation gap in the financial reporting cycle
 - draft regulatory guide on pro forma financial information, which will be issued in 2011 for comment.

Source: Accounting and Assurance News Today, Issue 44 (12 November 2010).

DEPARTMENT OF PREMIER AND CABINET UPDATE

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

- [C2010-35](#) 'Department Liaison Officers (DLOs)'.
- [C2010-36](#) 'Nominations sought for the Public Service Medal'.
- [C2010-37](#) '2010 Chief and Senior Executive Services SOORT Determination'.

Ministerial Memoranda

[M2010-15](#) *'2011 State Election - Caretaker Conventions'*

There are a number of [conventions and established practices](#) that 'caretaker' governments should be follow in New South Wales. The conventions cover the period immediately leading up to a general election and continue until either the Government is returned or a new Government is commissioned. The practices apply in the months leading up to an election.

Generally, no significant new decisions or initiatives, appointments, or contractual undertakings should be made during the caretaker period. Routine government business, however, should proceed as usual. In addition to the formal conventions, there are many established practices to protect the political neutrality of the public service and ensure that public resources are not misused for party political purposes.

Other Ministerial Memorandum

- [M2010-16](#) 'Government Mobile Radio Services'
- [M2010-17](#) 'Indigenous Workforce Strategies in National Partnership Agreements'.
- [M2010-18](#) 'Procedures for Managing Non-Work Related Injuries or Health Conditions'.

THE TREASURY UPDATE (NEW SOUTH WALES GOVERNMENT)

Treasury Circulars

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

[TC 10/14 'Applications for Government Guarantees - Ministerial advice to include analysis of public interest issues'](#)

This Circular requires that advice submitted to a Minister regarding an application for a Government guarantee should address the wider public interest, including any adverse impacts on competition that may arise from the granting of such a guarantee. It updates references to legislation and guidance but does not represent a change to the previous policy.

This Treasury Circular withdraws and supersedes the previous Circular TC 05/09.

INTERNATIONAL UPDATE

International Accounting Standards Board (IASB)

ED 2010/13 'Hedge Accounting'

This [exposure draft](#) proposes requirements that will enable entities to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows.

Comments are due to the IASB by 9 March 2011.

Source: [IASB website](#), News Update (9 December 2010).

IFRS Practice Statement 'Management Commentary'

This [practice statement](#) is a broad, non-binding framework for the presentation of narrative reporting to accompany financial statements prepared in accordance with IFRSs. Management commentary fulfils an important role by providing users of financial statements with a historical and prospective commentary on the entity's financial position, financial performance and cash flows. It serves as a basis for understanding the management's objectives and strategies for achieving those objectives.

The Practice Statement is not an IFRS. Consequently, an entity need not comply with the Practice Statement to comply with IFRSs.

Source: IASB website, News Update (8 December 2010).

IASB Webcasts

IASB held the following webcasts in November and December:

- [financial liability accounting](#) - 3 November 2010
- [exposure draft on hedge accounting](#) - 8 November 2010 and 3 December 2010
- [framework-based teaching of principle-based standards](#) - 7 December 2010
- [practice statement 'Management Commentary'](#) - 16 December 2010.

Source: IASB website, News Updates.

IFRS Taxonomy

The IFRS Foundation published an interim release for the International Financial Reporting Standards (IFRS) Taxonomy 2010 reflecting Disclosures - Transfers of Financial Assets (Amendments to IFRS 7), which was published by the IASB in October 2010.

The IFRS Taxonomy 2010 is a translation of IFRSs as issued at 1 January 2010 into XBRL. IFRS Taxonomy interim releases contain additional taxonomy items that reflect new IFRSs and improvements to IFRSs published by the IASB.

Subsequent IFRSs and improvements issued in 2010 will not be published as interim releases. Instead, these standards and improvements will be incorporated into the development of the IFRS Taxonomy 2011. The public draft of the 2011 taxonomy is currently scheduled for release in January 2011.

Source: [IASB website](#), News Update (5 November 2010).

Progress Report on converging IFRSs and US GAAP

The IASB and the FASB have published a [progress report](#) on their work to improve IFRSs and US GAAP and to bring about their convergence.

Since the last progress report, published in June 2010, the boards have jointly:

- issued major exposure drafts on Leases and Revenue Recognition
- completed the first phase of the Conceptual Framework project
- discussed aligning their respective financial instruments accounting proposals.

Source: [IASB website](#), News Update (29 November 2010).

IASB Meeting Highlights - November 2010

At its meeting, the IASB/FASB discussed the following:

- asset and liability offsetting
- conceptual framework
- emissions trading schemes
- fair value measurement
- financial instruments: impairment (education session)
- other comprehensive income
- revenue recognition.

At its meeting, the IASB discussed the following:

- financial instruments: hedge accounting
- IFRS 1 'Removal of fixed dates'
- IFRS Interpretations Committee update
- liabilities: IFRS to replace IAS 37
- post-employment benefits
- technical plan.

Source: [IASB website](#), IASB update (November 2010).

International Financial Reporting Standards (IFRS) Interpretations Committee

IFRS Interpretations Committee Meeting Highlights - 4-5 November 2010

At its meeting, the IFRIC discussed the following:

- puts on non-controlling interests
- current/non-current loan classification
- share-based payments (AASB 2)
- issues recommended for Annual Improvements 2010-2012
- issues not recommended for Annual Improvements
- confirmed agenda rejection decisions.

Source: [IASB website](#), IFRIC update (November 2010) & Accounting and Assurance News Today, Issue 45 (19 November 2010).

International Auditing and Assurance Standards Board (IAASB)

Clarity ISA Implementation Monitoring

The IAASB released a progress report on its project to monitor how clarified ISAs are being implemented. The report, '[Implementation of the Clarified International Standards on Auditing \(ISAs\)](#)', highlights key findings from the first phase of the IAASB's initiative to develop a process for gathering information to help it evaluate whether clarified ISAs have been effectively and consistently implemented. Following completion of the Clarity Project, the first phase of this IAASB initiative has focused on learning more about early implementation experiences.

To promote awareness and understanding of the clarified ISAs, the IAASB has also released:

- a second series of ISA modules, focusing on some of the new and more significantly revised ISAs
- a questions and answers publication, 'Auditor Considerations Regarding Significant Unusual or Highly Complex Transactions'.

Source: [IAASB website](#), IAASB media release (3 November 2010).

International Public Sector Accounting Standards Board (IPSASB)

2010 Annual Improvements Standard

The [2010 Annual Improvements Standard](#) completes the IPSASB's improvements project for 2010. The IPSASB's improvements project is modelled on the IASB's annual update program. Improvements are made to existing IPSASs to maintain alignment with International Financial Reporting Standards (IFRSs), as well as other general improvements. The 2010 amendments relate primarily to requirements for recognition, measurement, and disclosure. They do not represent substantive revisions to the content of existing standards.

Source: IFAC website, News Release (30 November 2010).

IPSASB Meeting Highlights - November 2010

At its meeting, the IPSASB discussed the following:

- conceptual framework
- service concession arrangements
- reporting on the long-term sustainability of public finances
- service performance reporting
- entity combinations
- improvements to IPSASs
- IPSASB governance and oversight.

Source: [IFAC website](#).

Association of Chartered Certified Accountants

Research Report 122: Accounting for Carbon

This [report](#) reveals how large emitters in the European Emissions Trading Scheme are accounting for emission allowances. The diversity in practice shows how carbon accounting is in its formative stages with no clear guidance on the accounting treatment.

Source: Accounting and News Today, Issue 47 (3 December 2010).

MISCELLANEOUS PUBLICATIONS

Revision of Mandatory Audit Requirements Checklist

The ICAA has issued their '[Mandatory Requirements of Clarity Auditing Standards Checklist](#)' setting out the mandatory paragraphs of the Clarity Auditing Standards, which are the minimum requirements for conducting an audit for financial reporting periods beginning on or after 1 January 2010.

The ICAA plans to issue the revised Audit Manual and Toolkit in December 2010 with further training to follow in 2011. They will also update the Audit Manual for Self Managed Superannuation Funds in 2011.

Accounting and Assurance News Today, Issue 46 (26 November 2010).

Australian National Audit Office (ANAO) Publications

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

- [Audit Report No. 15](#) - Food Standards Australia New Zealand.
- [Audit Report No. 16](#) - Centrelink's Role in the Process of Appeal to the Social Security Appeals Tribunal and to the Administrative Appeals Tribunal.
- [Audit Report No. 17](#) - 2009-10 Major Projects Report.

ACT Auditor-General's Office Publications

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

- [Report No. 9](#) - Follow-Up Audit - Courts Administration.

Office of the Auditor-General for Western Australia Publications

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

- [Report No. 11](#) - Universal Child Health Checks.
- [Report No. 12](#) - Second Public Sector Performance Report.

New Zealand Office of the Auditor-General Publication

The publication below is available on the [OAG website](#).

- [Report](#) - Sport and Recreation New Zealand: Improving how it measures its performance.

Queensland Audit Office Publications

The publications below are available on the [QLD Audit Office website](#).

- [Report No. 12](#) - Auditor-General of Queensland Report to Parliament No. 12 for 2010 Follow up of 2009 Queensland Health audits.
- [Report No. 13](#) - Auditor-General of Queensland Report to Parliament No. 13 for 2010 Results of audits at 31 October 2010.

Tasmanian Audit Office Publications

The publications below are available on the [TAS Audit Office website](#).

- [Volume 3](#) - Government Business Enterprises, State Owned Companies and Superannuation Funds.
- [Special Report No. 94](#) - Election promise: five per cent price cap on electricity prices.

Independent Commission against Corruption (ICAC) Publication

The publication below is available on the [ICAC website](#).

- [Newsletter](#) - Corruption Matters Issue 36.

Independent Pricing and Regulatory Tribunal (IPART) Publication

The publication below is available on the [IPART website](#).

- [Fact Sheet](#) - Midyear Review of LPG fuel costs for Taxis in New South Wales to October 2010 - November 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
IESBA	International Ethics Standards Board for Accountants
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.

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Postal Address: PO BOX 204 Collins Street West, Victoria 8007
Website: www.aasb.com.au

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

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

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

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

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