

# Professional update

Accounting and auditing developments |



October 2015

## This edition includes:

- AASB releases Exposure Draft ED 270 'Reporting Service Performance Information'
- Australian Charities and Not-for-profits Commission finds significant financial errors in charity reports
- Auditors-General comment on the Conceptual Framework Exposure Draft

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## Hot Topics

### Hot Topic 1: AASB releases Exposure Draft ED 270 'Reporting Service Performance Information'

The Australian Accounting Standards Board (AASB) has released Exposure Draft [ED 270](#) 'Reporting Service Performance Information'. Responses are due by 12 February 2016.

The ED seeks to:

- establish principles and requirements for an entity to report service performance information that is useful for accountability and decision-making
- address gaps between legislative and accounting standard requirements by providing a consistent approach across public and private sector not-for-profit entities for reporting service performance information.

The proposed effective date is 1 July 2018 with comparative information not required in the first year.

The ED proposes five types of performance indicators: inputs; outputs; outcomes; efficiency and effectiveness.

Mandatory (annual) disclosures proposed in the standard include:

- an explanation of an entity's key service performance objectives
- an entity's key performance indicators
- the total cost of goods and/or services
- the assumptions and methodologies used to compile the service performance information.

Public sector entities that have not previously had to prepare service performance information may initially find it challenging to prepare these disclosures.

The standard does not specifically require service performance information to be audited. However, regulatory and oversight bodies may desire or require assurance over the completeness and accuracy of the information.

Agencies should develop systems to collect the required information well before the effective date.

### Hot Topic 2: Australian Charities and Not-for-profits Commission finds significant financial errors in charity reports

All charities were required for the first time to report financial information for the 2014 financial reporting period to the Australian Charities and Not-for-profits Commission (ACNC). [The ACNC's review](#) found significant financial reporting errors in the charities' 2014 Annual Information Statements (AIS).

The ACNC partnered with the Centre for Social Impact (CSI) at the University of New South Wales to identify, collate and produce the 2014 Charities' Report. The CSI contacted charities with significant financial reporting deficiencies and asked them to review and correct the errors, so information on the Charity Register is accurate and up-to-date.



### Hot Topic 3: Auditors-General comment on the Conceptual Framework Exposure Draft

The NSW Auditor-General co-ordinated the Australasian Council of Auditors-General's (ACAG) recent submission on the AASB and International Accounting Standards Board (IASB) Exposure Drafts [ED 264](#) and [ED/2015/3](#) titled 'Conceptual Framework for Financial Reporting'. The EDs' key proposals were summarised in the [July 2015 edition of Professional Update](#).

Overall, ACAG supported the proposed Framework, which aims to provide a more comprehensive and transparent set of concepts to underpin financial reporting. ACAG made several recommendations to the AASB and IASB. These included a recommendation for the following not-for-profit specific guidance to be included in the Framework:

- definitions of elements, measures and recognition criteria for non-exchange transactions
- guidance on the proposed cost-benefit test for recognition to avoid having some public sector assets derecognised because their value is costly to measure
- the SAC 1 'Definition of a Reporting Entity', which details the characteristics of a reporting entity, to help those in the not-for-profit and public sectors determine the boundaries of reporting entities and the level at which financial statements should be prepared
- changing references to 'investors, lenders and creditors' to 'users' to acknowledge those who may not have a direct financial interest in the reporting entity such as service recipients, resource providers and their representatives
- amending the definition of 'economic benefits' to recognise that these not only include financial benefits and cash flows, but also the service potential embodied within an asset. This is a particularly important concept in the not-for-profit and public sectors.

ACAG also recommended the AASB:

- analyse the standards developed and proposed for the not-for-profit and public sectors to identify inconsistencies with the proposed Framework
- include in its response to the IASB on ED/2015/3 that the IASB consider the following changes to the proposed Framework:
  - include additional guidance to supplement the concept of stewardship in Chapter 1
  - provide additional guidance on applying the 'no practical ability to avoid' concept when assessing whether an entity has a present obligation to transfer an economic resource
  - define elements for the statement of cash flows and statement of changes in equity
  - include the rationale behind recognising a single net asset or net liability under an executory contract within the body of the proposed Framework rather than in the Basis for Conclusions
  - remove the discussion on the derecognition of assets and liabilities, because derecognition should occur when either no longer meets the recognition criteria
  - the Framework should promote use of a single measurement basis to minimise IFRS interpretation issues, with alternate measurement outcomes disclosed in the notes, if this provides relevant information
  - reposition the discussion on current cost from the 'Historical Cost' to the 'Current Value' section
  - revisit the proposed description of the statement of profit or loss to clearly define 'primary source of information', 'return', 'financial performance' and 'profit or loss' for users
  - work on defining circumstances where it would be appropriate for items of income and expense to be excluded from profit or loss and included in other comprehensive income (OCI).

A copy of ACAG's response to ED 264 and ED/2015/3 can be located [here](#).





## Audit Office of New South Wales

### Auditor-General's Financial Audit Report to Parliament

- [Volume Four 2015 Treasury and State Finances \(15 October 2015\)](#).

### Auditor-General's Performance Audit Report to Parliament

- [Albert 'Tibby' Cotter Walkway \(17 September 2015\)](#).

## Accounting Update

### Australian Update – Australian Accounting Standards Board (AASB)

[Latest news from the AASB](#) includes:

- International Edition (37-15) (17 September 2015)
- Reporting Service Performance Information Education Session and Roundtable: Melbourne (21 September 2015)
- The External Reporting Board Appoints New Chief Executive (23 September 2015)
- International Edition (38-15) (24 September 2015)
- The AASB is extending its comment period on ED 264 and ED 265 (25 September 2015)
- International Edition (39-15) (1 October 2015)
- Board Papers for AASB meeting, 21-22 October 2015 (8 October 2015)
- Agenda for AASB meeting, 21-22 October 2015 (8 October 2015)
- International Edition (40-15) (8 October 2015)
- Melbourne Reporting Service Performance Information outreach events rescheduled (14 October 2015)
- Reporting Service Performance Information Education Sessions and Roundtables: Adelaide, Perth, Canberra, Sydney, Brisbane, and Melbourne (14 October 2015).

### International Update – International Accounting Standards Board (IASB)

#### [IASB Meeting Highlights – 21-24 September 2015](#)

- Insurance contracts: IFRS 9 and IFRS 4
- Disclosure initiative
- Revenue from contracts with customers
- Research programme
- Conceptual Framework

- IFRS implementation issues
- Insurance Contracts
- Financial Instruments with Characteristics of Equity
- Discount rates.

In addition, the IASB and the FASB held a joint meeting on 23 September 2015. The topics for joint discussion were:

- Disclosure Initiative, Insurance Contracts and Conceptual Framework
- Business Combinations.

### International Update – International Financial Reporting Standards (IFRS) Foundation

#### [Public events of the IFRS Foundation:](#)

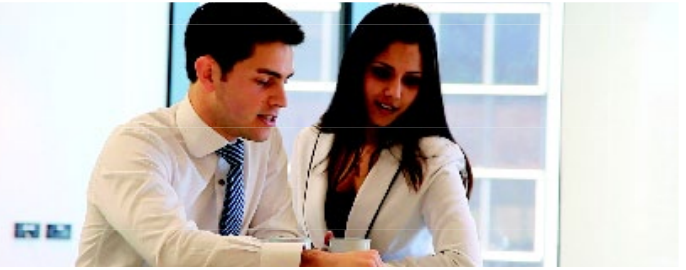
- ASAF meeting October 2015 (1-2 October 2015)
- Joint HKICPA and IFRS Foundation IFRS Conference (13 October 2015)
- IFRS Foundation Trustees meeting October 2015 (15 October 2015)
- IASB meeting October 2015 (20-22 October 2015)
- ITCG Face to Face meeting – October 2015 (27 October 2015).

#### [IFRS Latest News](#)

Latest news from the IFRS includes:

- Tokyo Stock Exchange data shows voluntary adoption of IFRS by Japanese companies continues to grow (18 September 2015)
- A guide through IFRS 2015 (Green Book) – now available (22 September 2015)
- IASB to consult on temporary measures relating to the effective dates for IFRS 9 and the new insurance contracts Standard (23 September 2015)
- ASAF meeting: Thursday 1 October and Friday 2 October – Agenda papers available (23 September 2015)
- September IFRIC Update published (24 September 2015)
- Save the date – 6 October 2015: Conceptual Framework Investor Outreach Event (24 September 2015)
- Hans Hoogervorst opens the World Standard-setters Meeting 2015 (28 September 2015)
- Investor Perspective – Taking a measured approach (29 September 2015)
- Joint investor outreach event: Milan – 22 October 2015 (30 September 2015)





- ITCG September Discussions (30 September 2015)
- September IFRS for SMEs Update published (1 October 2015)
- Transition Resource Group for Impairment of Financial Instruments meeting summary is now available (8 October 2015)
- IASB Survey – Investor and analyst views needed on the IASB's work plan (9 October 2015)
- Issue 7 of the IASB Investor Update: our newsletter for the investment community (13 October 2015).

### International Update – Interpretations Committee

#### [IFRIC Meeting Highlights – 8-9 September 2015](#)

The committee discussed the following topics:

- Items on the current agenda
- Item recommended to the IASB for Annual Improvements
- Interpretations Committee's tentative agenda decisions
- Other matters.

### International Update – International Federation of Accountants (IFAC)

[Latest news from IFAC](#) includes:

- IESBA September 2015 Meeting Highlights (16 September 2015)
- PIOB Issues Description of Standard-Setting Model (16 September 2015)
- New Guide on Compilation Engagements Helps Accountants Meet Changing Market Demand (24 September 2015)
- IPSASB September 2015 Meeting Audio Podcast Highlights (25 September 2015)
- Standard-Setting in the Public Interest – IAASB Milestones (30 September 2015)
- IFAC Member Compliance Program Strategy Approved (30 September 2015)
- IFAC Seeks Potential Partners for PAO Capacity Building (2 October 2015)
- IFAC Commends OECD and G-20 on International Taxation Reform Package, Notes Ongoing Challenges (8 October 2015)
- Social Benefits: An Overview of the IPSASB Consultation Paper (9 October 2015)

- Kathryn A. Byrne Appointed New Chair of the IFAC Compliance Advisory Panel (9 October 2015)
- Ethics Standard Setting in the Public Interest (13 October 2015)
- Global Accountancy Profession Exceeds Post-Crisis Employment Growth (13 October 2015)
- IPSASB Publishes Exposure Draft 57, Impairment of Revalued Assets, and Exposure Draft 58, Improvements to IPSAS 2015 (14 October 2015)
- IFAC Calls for International Agreement on Global Emissions (15 October 2015).

### International Update – International Public Sector Accounting Standards Board (IPSASB)

[IPSASB has recently issued the following:](#)

- Exposure Draft 57, Impairment of Revalued Assets (14 October 2015)
- Exposure Draft 58, Improvements to IPSASs 2015 (14 October 2015).

#### [IPSASB Meeting Highlight – 22-25 September 2015](#)

- Cash basis review
- Public sector financial instruments
- Impairment of revalued assets
- Improvements
- Public sector combinations
- Non-exchange expenses
- Revenue
- Emissions trading schemes
- Employee benefits
- Heritage assets
- Governance.

[Latest news from IPSASB includes:](#)

- Ian Carruthers Named Chair of the International Public Sector Accounting Standards Board (14 September 2015)
- IPSASB September 2015 Meeting Audio Podcast Highlights (25 September 2015)
- Social Benefits: An Overview of the IPSASB Consultation Paper (9 October 2015)
- IPSASB Publishes Exposure Draft 57, Impairment of Revalued Assets, and Exposure Draft 58, Improvements to IPSAS 2015 (14 October 2015).





## Auditing Update

### Australian Update – Auditing and Assurance Standards Board ([AUASB](#))

#### [AUASB has recently released:](#)

- Highlights of AUASB Meeting 15 September 2015 (17 September 2015)
- The External Reporting Board Appoints New Chief Executive (23 September 2015)
- AUASB issues revised Guidance Statement GS 003 (1 October 2015)
- Update: GS 009 Auditing Self-Managed Superannuation Funds (13 October 2015).

#### [AUASB Meeting Highlights – 15 September 2015:](#)

Topics discussed by the AUASB at its meeting included:

- Proposed Auditing Standard ED 02/15 ASA 720 The Auditor's Responsibilities Relating to Other Information and Related Conforming Amendments
- Auditor Reporting – Disclaimers in Auditors Reports
- GS 009 Auditing Self-Managed Superannuation Funds
- GS 003 Assurance Relating to Australian Financial Services Licences issued under the Corporations Act 2001
- ASAE 3100 Compliance Engagements
- ASAE 3500 Performance Engagements
- Service Performance Information
- Non-Compliance with Laws and Regulations (NOCLAR)
- Other.

### International Update – International Auditing and Assurance Standards Board ([IAASB](#))

#### [Latest news from the IAASB:](#)

- Standard-Setting in the Public Interest – IAASB Milestones (30 September 2015)
- IAASB September 2015 Meeting Highlights (30 September 2015).

#### [IAASB has issued:](#)

- Guide to Compilation Engagements (24 September 2015).

#### [IAASB Meeting Highlights – 21-25 September 2015](#)

- Enhancing Audit Quality in the Public Interest
- Financial Institutions, including Fair Value Accounting Estimates

- Auditor Reporting – ISA 800 (Revised) and ISA 805 (Revised)
- Innovation
- Integrated reporting
- Data analytics.

## Ethics Update

### Australian Update – Accounting Professional and Ethical Standards Board ([APESB](#))

#### [Latest news from the APESB:](#)

- APESB's woman of influence (5 October 2015).

### International Update – International Ethics Standards Board for Accountants ([IESBA](#))

#### [The IESBA recently released:](#)

- IESBA September 2015 Meeting Highlights (16 September 2015)
- Ethics Standard Setting in the Public Interest (13 October 2015).

#### [APESB Meeting Highlights – 15-16 September 2015](#)

- Introduction and opening remarks
- Structure of the Code of Ethics for Professional Accountants (the Code)
- Safeguards
- Part C of the Code
- IESBA Staff Publication – Fees.

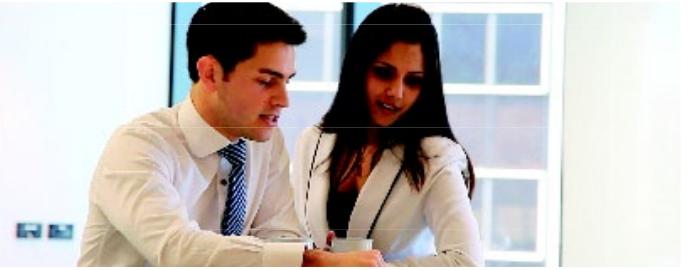
## The Treasury – NSW Government

### New Treasury Policy Papers, Circulars and Research Papers

#### [Latest news from the Treasury:](#)

- Applications open for Community War Memorial grants (14 September 2015)
- Building boom continues across NSW (30 September 2015)
- Standard & Poor's confirms NSW triple-A (1 October 2015)
- Retail sales up again in NSW (2 October 2015)
- NSW the nation's most optimistic state (14 October 2015)
- NSW – the nation's jobs creation capital (15 October 2015)
- Surplus grows and net debt falls for 2014-15 (15 October 2015).





## Department of Premier and Cabinet

### New Ministerial Memoranda and Department Circulars

- [M2015-04 – Appointments to NSW Government boards and committees](#)
- [M2015-05 – Publication of Ministerial Diaries and Release of Overseas Travel Information.](#)

## Public Service Commission (PSC)

The PSC has released the following:

- [PSCC 2015-09](#) Medical services for the NSW Public Sector (29 September 2015)
- [G2015\\_003](#) 2015-16 NSW Public Service Executive Remuneration Framework.

## NSW Procurement Board

[NSW Procurement Board has recently issued:](#)

- Devolution of Contract 101 Office Supplies (21 September 2015)
- Devolution of Contract 6036 Non-SES Salary Packaging Services (22 September 2015)
- Devolution of the Office Furniture Prequalification Scheme (SCM 0771) (25 September 2015)
- Update: Contract 278 Audio and Visual Presentation Equipment (29 September 2015)
- Extension of Contract 1002383 Insurance, Liability and Advisory Services for Constructions Works for NSW Government Projects (1 October 2015)
- Award of Contract 102 Bulk Janitorial and Kitchen Supplies (8 October 2015)
- ICT Services Scheme: adjustment to sub-category Q05PTr (19 October 2015).

## Public Accounts Committee

[Latest Public Accounts Committee report:](#)

- Report on the Parliamentary Budget Office 2015 Post-election Report (Final Report) (13 October 2015).

## Australian Securities and Investments Commission (ASIC)

Recent consultation papers released:

- [CP 239](#) Disclosure documents: Update to ASIC instruments and guidance
- [CP 240](#) Remaking ASIC class orders on rounding, directors reports, disclosing entities and other matters
- [CP 241](#) Remaking ASIC class orders on foreign licensees and ADIs: [CO 06/68] and [CO 03/823].

Recent reports released:

- [REP 448](#) Overview of licensing and professional registration applications: January to June 2015
- [REP 449](#) Overview of decisions on relief applications (February to May 2015)
- [REP 450](#) Market integrity report: 1 January to 31 June 2015
- [REP 451](#) Book up in Indigenous communities in Australia: A national overview.

Recent [speeches](#) released:

- ASIC and financial innovation (15 September 2015)
- The future of capital markets in a digital economy (16 September 2015)
- Trust and culture: What consumers want (21 September 2015)
- Challenges for our capital markets (24 September 2015)
- Opening statement: Senate Economics References Committee (28 September 2015)
- Putting the customer first: Creating a win-win (13 October 2015)
- Opening statement to the Senate Joint Committee, Corporations and Financial Services (16 October 2015).

## Australian Prudential Regulation Authority (APRA)

[Recent APRA releases:](#)

- Consultation package on Authorised Deposit-taking Institutions' Points of Presence statistics (23 September 2015).

## Australian Charities and Not-for-profits Commission (ACNC)

[Recent ACNC releases:](#)

- Queensland charity revoked by national regulator (17 September 2015)





- ACNC puts thousands of charities on notice (14 October 2015).

## New Publications by Other Audit Offices

### Australian National Audit Office (ANAO)

- Confidentiality in Government Contracts: Senate Order for Departmental and Entity Contracts (Calendar Year 2014 Compliance) (30 September 2015).

### New Zealand Office of the Auditor-General (NZ OAG)

- Continuing to improve how you report on your TEI's service performance (September 2015)
- Inquiry into Health Benefits Limited (October 2015)
- Annual Report 2014-15 (October 2015)
- Reviewing aspects of the Auckland Manukau Eastern Transport Initiative (October 2015)
- Queenstown Lakes District Council: Managing a conflict of interest in a proposed special housing area (October 2015).

### Australian Capital Territory Auditor-General's Office (ACT AGO)

- ACT Audit Office Annual Report 2014-15 (October 2015).

### Queensland Auditor-General's Office (QAO)

- Report 2: 2015-16 Road safety – traffic cameras.

### South Australian Auditor-General's Department (SA AGD)

- Supplementary Report for the year ended 30 June 2015: State finances and related matters: October 2015 (13 October 2015)
- Annual Report of the Auditor-General for the year ended 30 June 2015 (13 October 2015).

### Tasmanian Audit Office (TAS AO)

- Accounting and Auditing Developments newsletter – September 2015 (28 September 2015)
- Report of the Auditor-General No. 3 of 2015-16: Vehicle fleet usage and management in other state entities – full report (13 October 2015)
- Report of the Auditor-General No. 4 of 2015-16: Follow up of four reports published since June 2011 – full report (13 October 2015).

### Victorian Auditor-General's Office (VAGO)

- Delivering Services to Citizens and Consumers via Devices of Personal Choice: Phase 2 (2015–16:9) (October 2015)
- Financial Systems Controls Report: Information Technology 2014–15 (2015–16:10) (October 2015).

### Western Australia Office of the Auditor-General (WA OAG)

- Opinions on Ministerial Notifications (8 October 2015)
- Agency Gift Registers (8 October 2015)
- Safe and Viable Cycling in the Perth Metropolitan Area (14 October 2015).

## Useful Resources

### Commonwealth Government Treasury

[Commonwealth Government Treasury has recently issued:](#)

- An inside perspective on the Tax White Paper (8 October 2015).

### Productivity Commission

Latest [speech](#) from Productivity Commission:

- Australian Competition Policy Summit 2015: Reviving Harper (22 September 2015).

Latest [research](#) from Productivity Commission:

- Tax and Transfer Incidence in Australia (7 October 2015).

### Independent Pricing & Regulatory Tribunal (IPART)

IPART has released the following [information/fact sheets](#):

- Safety and Reliability Regulation of NSW Electricity Networks – September 2015 (30 September 2015)

IPART has recently [released](#):

- Fit for the Future Assessments Released (20 October 2015).

### Australian Competition & Consumer Commission (ACCC)

ACCC [media releases](#):

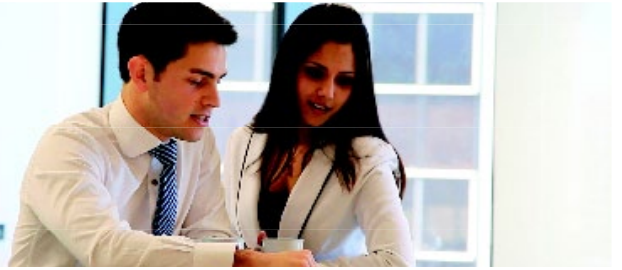
- ACCC decides to accredit IPART as regulator of rural water charges for WaterNSW (23 September 2015).

### Australian Institute of Company Directors (AICD)

AICD media releases:

- New superannuation governance laws needed to protect investors (17 October 2015).





## Accounting and Assurance News Today (ANT)

### Latest issues:

- Accounting and Assurance News Today 2015 Edition 18 (25 September 2015)
- Accounting and Assurance News Today 2015 Edition 19 (9 October 2015).

## International Forum of Independent Audit Regulators (IFIAR)

### Latest issue:

- Speech IFIAR Chair at International Audit Congress 2015 'Enhancing Audit Quality' – Istanbul, Turkey (18 September 2015)
- IFIAR Members Approve New Governance Structure (1 October 2015).

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