

Professional update

Accounting and auditing developments |



September 2012

Hot Topics

New Public Private Partnerships (PPPs) Guidelines released

NSW Treasury has released [NSW Public Private Partnership \(PPP\) Guidelines \(2012\)](#) (the 2012 NSW PPP Guidelines) that apply to all NSW Government agencies, including State Owned Corporations and public-trading enterprises from 15 August 2012. These guidelines complement the detailed National Public Private Partnership Guidelines (2008). The 2012 NSW PPP Guidelines apply to projects:

- that create public infrastructure assets through private sector financing and ownership control
- to which government contributes land, capital works, risk sharing, revenue diversion or other support
- that engage the private sector for a specific period to deliver related services.

The 2012 NSW PPP Guidelines include requirements that:

- agencies prepare a statement of accounting treatment to assess the balance sheet, income statement and cash flow impacts of a Public Private Partnership project. This must include the estimated full contingent exposure to government
- agencies ensure a contract summary is provided to the Auditor-General within 45 days of the contract becoming effective (previously 30 days)
- within 90 days of its receipt by the Auditor-General, the audited contract summary must be tabled in parliament by the responsible minister
- align terminology between the National PPP Guidelines and NSW Guidelines
- a PPP must be assessed as a potential procurement method for any public infrastructure project with a total estimated capital value exceeding \$100 million. PPPs may also be considered for lesser projects
- agencies must seek additional approval from the Expenditure Review Committee (ERC) when among other things, there are material changes in forecast costs, revenue or user charges. Agencies must exercise judgement when referring matters to the ERC, as percentage change limits in the 2006 Guidelines have been removed
- unsolicited proposals and direct negotiations for PPPs must comply with the National PPP Guidelines, the 2012 NSW PPP Guidelines, and the Unsolicited Proposals: Guide for Submission and Assessment.

CPA Australia issues a Guide to Valuation and Depreciation for the Public Sector

CPA Australia has released a [Guide to Valuation and Depreciation Under the International Accounting Standards for the Public Sector](#).

This guide is currently in draft, but provides guidance for public sector preparers of financial statements, managers of public assets, and audit teams dealing with valuation and depreciation matters.

This edition includes:

- **New Public Private Partnerships Guidelines released**
- **CPA Australia issues a Guide to Valuation and Depreciation for the Public Sector**

Contents

Hot Topics	1
Audit Office of New South Wales	2
Accounting Update	2
Auditing Update	3
Ethics Update	3
Financial Reporting Council (FRC)	3
The Treasury – NSW Government	3
Department of Premier and Cabinet	3
Public Services Commission	4
Public Accounts Committee	4
Legislative Update	4
Australian Securities and Investments Commission (ASIC)	4
New Publications by Other Audit Offices	4
Useful Resources	4



It comprises four sections:

Overarching framework and considerations – discusses the importance of fair value and depreciation, and the link between asset accounting, asset management, and good governance.

Technical section – discusses applicable accounting standards, their key requirements and concepts relating to valuation, asset classes and approaches to depreciation.

Practical application – discusses the fair value process, examines practical issues that arise applying fair value and depreciation. Discusses common valuation and depreciation mistakes and provides seven case studies. IRFS 13 Fair Value disclosure requirements are detailed in table format.

Appendices and attachments – contains guides, checklists, examples, a 'Land under roads decision tree', a year-end valuation checklist, acronyms and a glossary.

[CPA Australia](#) is seeking comments on this guide from interested parties by 22 October 2012.

Audit Office of New South Wales

Peter Achterstraat, New South Wales Auditor-General:

- presented 'Getting Serious on Client Service' as part of the IPAA State Conference (10 August 2012)
- attended the IPART Conference 'Regulation and reform: IPART after 20 years' (10 August 2012)
- presented 'The Role of Values in Leadership during Challenging Times' at the Committee for Economic Development of Australia (CEDA) Trustee lunch (15 August 2012)
- presented at the Australia and New Zealand School of Government 'Democratic Government and Managing Public Expenditures – The Role of the Auditor-General' program (20 August 2012)
- presented on 'Leadership' at the Executive Development Program of the Australian Graduate School of Management (22 August 2012)
- presented the 'Effective Parliamentary Committee Inquiries' course at Parliament House (29 August 2012)
- presented 'Internal Audit and Risk Management in the NSW Public Sector: An Audit Office Perspective' at the launch of the Treasury Risk Management Guidelines at the NSW Public Sector Audit and Risk Practitioner Network (3 September 2012)



- attended the Human Synergistic Conference (4 September 2012)
- attended the CEDA Productivity Series Part 3 – Key Productivity Drivers – The Role of Government and the Public Sector (6 September 2012)

Accounting Update

Australian Update

Exposure Draft [ED 226](#) 'Withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia' has been released by the AASB. Comments to the AASB are requested by 19 November 2012.

A forum to discuss post implementation issues relating to [AASB 8 Segment Reporting](#) (equivalent to IFRS 8 Segment reporting) is being hosted by the AASB on 3 October 2012 in Melbourne.

[2011–12 RDR early application versions](#): The AASB has released Reduced Disclosure Requirements (RDR) versions of Standards and Interpretations that apply to the 2011–12 financial year. The 25 standards and interpretations show, by shading, which disclosures in the standards have been removed for Tier 2 entities wishing to early adopt the regime ahead of its 1 July 2013 application date.

[AASB Meeting Highlights – 5-6 September 2012](#)

Key topics discussed by the AASB included:

- financial reporting by superannuation entities
- service concession arrangements from the grantor perspective
- extending the transitional period for fair value measurement of defence weapons platforms
- deferral of AASB 10 Consolidated Financial Statements, and related standards for not-for-profits
- investment entities.

International Update – International Federation of Accountants (IFAC)

IFAC has recently released [speeches and publications](#):

- 'The Regulation of Professional Accounting Education' presented by IAESB Chair Peter Wolnizer, on 29 August 2012
- 'When Should Accountants Spill the Beans' – Kathleen Hoffelder reports on the new requirements proposed by the IESBA in ED, 'Responding to a Suspected Illegal Act'



- International Good Practice Guidance (IPAG), 'Evaluating and Improving Internal Control in Organisations' issued 11 September 2012

The European Financial Reporting Advisory Group (EFRAG) in France and the Financial Reporting Council (FRC) in the United Kingdom

EFRAG and FRC have released a discussion paper titled: [Towards a Disclosure Framework for the Notes](#) that seeks to provide new solutions on the issue of the volume and complexity of financial statement disclosures. The discussion paper is open for comment until 31 December 2012.

Auditing Update

Australian Update

Latest releases include:

[AUASB ASA 2012-1 Amendments to ASA 570 Going Concern](#)

The AUASB has issued amendments to ASA 570. ASA 2012-1 Amendments to ASA 570 Going Concern is operative for financial reporting periods commencing on or after 1 July 2012. It does not change the existing requirements or add any new requirements to ASA 570. It aims to improve the information contained in diagram [Aus] Appendix 1 'Linking Going Concern Considerations and Types of Audit Opinions'.

[Audit Committees: A guide to good practice](#)

The Australian Institute of Company Directors, Institute of Internal Auditors – Australia and AUASB – have published the second edition of 'Audit Committees: A guide to good practice' to provide boards and audit committees with essential guidance for financial reporting, corporate governance, risk management and internal control.

International Update – Public Company Accounting Oversight Board (PCAOB)

The PCAOB has issued new [Auditing Standard No. 16, Communications with Audit Committees](#). The standard aims to enhance the relevance and timeliness of the communications between the auditor and the audit committee on significant financial reporting and auditing matters.

Ethics Update

International Update

The International Ethics Standards Board for Accountants (IESBA) recently released:

- [Exposure Draft 'Responding to a Suspected Illegal Act'](#): The exposure draft proposes new requirements to disclose suspected illegal acts committed by a client or employer, be added to the Code of Ethics for Professional Accountants. The changes describe the circumstances in which a professional accountant is required or expected to override confidentiality obligations to disclose the suspected illegal act to an appropriate authority.

Comments close 15 December 2012.

Financial Reporting Council (FRC)

- [AASB and AUASB membership](#): The FRC is seeking applications from interested persons for appointment as a member of the AASB or the AUASB. Applications close 21 September 2012.
- [Survey on financial literacy of directors](#) was released by the FRC on 5 September 2012

The Treasury – NSW Government

New Treasury Policy Paper and Circular

- [TPP 12-4](#) Guidance on Shared Arrangements and Subcommittees for Audit and Risk Committees
- [NSWTC 12/16](#) Goods and Services Tax (GST) regulations exempting certain government taxes, fees and charges (Division 81 of the GST Act).

Department of Premier and Cabinet

The NSW Premier and Treasurer have released the [NSW Commission of Audit Final Report](#), and the [Government Response](#) to the 132 findings in the report (9 August 2012)

New Ministerial Memoranda and Department Circulars

- [M2012-10](#) Open Government





Public Service Commission

The Public Service Commission (PSC) has released the following circulars:

- [PSCC2012-07 2012 Parking Space Levy](#)
- [PSCC2012-08 2012 Australian & Overseas Travel Allowances.](#)

Public Accounts Committee

Inquiries

The NSW Parliament's Public Accounts Committee has commenced the [Procurement and management of ICT services in the NSW public sector Inquiry](#). This examines issues arising from reports by the Auditor-General on the procurement and management of Information and Communication Technology (ICT) Services by NSW Government agencies.

Reports

[Review](#) of the 2009–10 and 2010–11 Annual Reports of the Commission for Children and Young People and the 2009 Reports of the Child Death Review Team (13 September 2012)

The Final Report on [Domestic Violence Trends and Issues in NSW](#) (27 August 2012)

Legislative Update

[Property, Stock and Business Agents Amendment Bill 2012](#)

Proposed changes to the NSW *Property, Stock and Business Agents Act 2002* include a broadening of the qualifications of auditors who can audit the trust accounts of real estate and other agents licensed under this Act.

The draft bill is open for comment until 5 October 2012.

Australian Securities and Investments Commission (ASIC)

Some recent publications released:

- [Consultation Paper 185](#) Litigation schemes and proof of debt schemes: Managing conflicts of interest
- [Report 297](#) Insolvency statistics: External administrators' reports 1 July 2011 to 30 June 2012 (7 September 2012)

- [Report 298](#) Adequacy of risk management systems of responsible entities (10 September 2012)
- [Money Smart Week and Doing a Money Health Check:](#) A speech by ASIC Commissioner Peter Kell, to the ABA Conference, Broadening Financial Understanding (5 September 2012)

[AFS Licences:](#) ASIC is reminding all individuals and companies currently registered to provide financial services in emissions units that they must now to apply for an Australian Financial Services (AFS) licence. From 1 July 2012, emissions units recognised under the carbon pricing mechanism became financial products under the *Corporations Act 2001*. Those who registered their intent to provide financial services in emissions units and related derivatives must now apply for an AFS licence or licence variation by no later than 31 October 2012.

New Publications by Other Audit Offices

Australian National Audit Office ([ANAO](#))

- [Report 1:](#) Administration of the Renewable Energy Demonstration Program (21 August 2012)
- [Report 2:](#) Administration of the Regional Backbone Blackspots Program (30 August 2012)

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

- Inquiry into aspects of Accident Compensation Corporation (ACC) Board-level governance (August 2012)

Queensland Audit Office ([QAO](#))

- Report 1: 2012–13 – Racing Queensland Limited: Audit by arrangement

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

- Energy Efficiency in the Health Sector (2013 13:5)
- Programs for Students with Special Learning Needs (2012 13:4)
- Fare Evasion on Public Transport (2012 13:3)
- Presentation: Lessons from audits: Key themes from VAGO's 2011–12 audit programs (9 August 2012)

South Australian Audit Office ([SA AGD](#))

- Report of the Auditor-General August 2012: Report on the Adelaide oval redevelopment





Useful Resources

Commonwealth Government Treasury

- [Final report](#) of the Low Value Parcel Processing taskforce was released (6 September 2012)
- [Information Publication Scheme Agency Plan](#) released (31 August 2012)

New South Wales Attorney General

- Tough new [graffiti laws](#) come into force (21 August 2012)

Independent Commission Against Corruption (ICAC)

- Funding NGO delivery of human services in NSW: A period of transition (28 August 2012)
- Investigation into the conduct of a University of New England (UNE) procurement officer and UNE contractors (Operation Crusader) (31 August 2012)

Productivity Commission

- [2012 Indigenous Expenditure Report](#) released 4 September 2012
- [Regulatory Impact Analysis: Benchmarking](#) draft report released 31 August 2012

Independent Pricing & Regulatory Tribunal (IPART)

IPART has released new publications relating to the Transport and Local Government Industries (10 September 2012)

IPART has released the information sheet: Review of fares for Sydney Ferries 2013 (10 September 2012)

Australian Competition and Consumer Commission (ACCC)

- ACCC Chairman further engages with Asian competition regulators (5 September 2012)
- ACCC takes court action against Artorios Ink Co Pty Ltd (10 September 2012)

Copyright

Material in this newsletter site is protected by Copyright Law.

You may download, display, print and copy any material from this newsletter for your personal use or for non-commercial use within your organisation.

You must not copy, adapt, publish, or distribute any material contained on this site without acknowledging the source.

You must not use any material on this site for commercial

purposes without the written authorisation of the Audit Office. For requests for authorisation please [contact us](#).

Disclaimer

All material published on this site is of a general nature only and is not intended to be a substitute for or relied upon as specific professional advice.

No responsibility for loss or damage suffered by any person acting on or refraining from action as a result of any material on this site is accepted.

Although the Audit Office will take all reasonable steps to ensure material on this site is complete and accurate, no guarantees are given.

Contact us

Professional Update is published by:

Audit Office of New South Wales
Level 15, 1 Margaret Street
Sydney NSW 2000

t +61 2 9275 7100

f +61 2 9275 7200

e auditsupport@audit.nsw.gov.au

Professional people with purpose

Making the people of New South Wales proud of the work we do.

Disclaimer

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

