

# Professional update

Accounting and auditing developments | September | 2017

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## This edition includes:

- Local government end of year financial reporting 2016-17
- Proposed narrow scope amendments to AASB 108 'Accounting Policies and Accounting Estimates'

## Hot Topics

### Local government end of year financial reporting 2016-17

The Office of Local Government (OLG) recently issued [Circular 17-27 'End of Year Financial Reporting 2016-17'](#) to update the 2016-17 year-end financial reporting information. It supersedes the previous circular 16-31. Councils will need to apply this information when completing their financial statements and Financial Data Return (FDR).

To ensure consistent treatment across the sector for community land and land under roads, OLG has provided additional guidance in the Annexure to this Circular. This guidance reminds councils to consider non-entity specific restrictions in their fair value measurement of these assets, in accordance with AASB 13 Fair Value Measurement.

Other key points in the Circular include:

- the financial statements and the FDR must be submitted to the OLG by 31 October 2017
- the Chief Executive will not approve an extension to the 31 October deadline for any council that failed to submit its 2015-16 financial statements by the due date. Extensions must be applied for prior to 17 October 2017
- if the Statement by Councillors and Management is signed before submitting the financial reports to the Audit Office, the Council should undertake a further review of the financial statements on completion of the audit prior to submission to OLG. The FDR must be updated to reflect the changes within the Local Government Code of Accounting Practice and Financial Reporting (Update No.25) and includes additional worksheets to capture the assets, liabilities and rating information of new entities
- councils' performance against their 'Fit for the Future' (FFTF) proposals will be monitored. Councils must report in the FRD 'Fit for the Future Projections' their actual and projected FFTF benchmark measures, as reflected in their FFTF proposal
- domestic waste reasonable costs audits will not be undertaken this year. However, councils are still required to calculate these costs and retain a copy of the calculations.

Further details can be accessed in the [Annexure](#) to this Circular.

### Proposed narrow scope amendments to AASB 108 'Accounting Policies and Accounting Estimates'

The Australian Accounting Standards Board (AASB) recently issued Exposure Draft (ED) [ED 281 'Accounting Policies and Accounting Estimates'](#) proposing narrow-scope amendments to AASB 108 'Accounting Policies and Accounting Estimates'. ED 281 was issued following the release of ED/2017/5 'Accounting Policies and Accounting Estimates' by the International Accounting Standards Board (IASB).

The proposals aim to help entities distinguish accounting policies from accounting estimates by clarifying:

- how accounting policies and estimates relate to each other by:
  - explaining that accounting estimates are used in applying accounting policies
  - making the definition of accounting policies clearer and more concise



- that selecting an estimation or valuation technique to measure items that cannot be precisely measured is an accounting estimate
- that selecting one of the two cost formulas prescribed by IAS 2 'Inventories' for interchangeable inventories is an accounting policy choice.

Comments are due to the AASB by 17 November 2017 and the IASB by 15 January 2018.

## Audit Office of New South Wales

Margaret Crawford, NSW Auditor-General attended the following event:

- CEDA Transport infrastructure series (16 August 2017).

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

- [Energy rebates for low income households](#) (19 September 2017).

Other reports issued by the Audit Office:

- [Annual Report 2016/17](#) (11 September 2017).

## Accounting Update

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

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

- AASB Strategy, 2017-2021 (22 August 2017)
- AASB 1056: Staff FAQs updated (23 August 2017)
- Tax Transparency Code – FAQs and call for feedback (13 September 2017).

AASB has recently [issued](#):

- Exposure Draft – IPSASB ED 62 Financial Instruments (August 2017)
- Invitation to Comment – IPSASB Consultation Paper Accounting for Revenue and Non-Exchange Expenses (August 2017)
- Exposure Draft – ED 281 Accounting Policies and Accounting Estimates (September 2017)
- Exposure Draft – ED 282 Definition of Material (Proposed amendments to AASB 101 and AASB 108) (September 2017).

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

[IASB Meeting Highlights](#) – 20-21 September 2017

Topics discussed included:

- Business Combinations under Common Control
- Conceptual Framework
- Dynamic Risk Management
- IFRS Implementation Issues
- Primary Financial Statements
- Rate-Regulated Activities
- Research Update.

Latest [news](#) from the IASB included:

- The role of Post-implementation Review (4 September 2017)
- Video: Introducing Making Materiality Judgements (14 September 2017).

### International Update – International Accounting Education Standards Board (IAESB)

Latest [releases](#) from the IAESB included:

- IAESB Member Presentation: Standards Development & Initiative – Information and Communication Technology (13 September 2017).

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

[IPSASB Meeting Highlights](#) – 19-22 September 2017

Topics discussed included:

- Social Benefits
- Cash Basis IPSAS
- Leases
- Public Sector Measurement
- Infrastructure
- Strategy and Work Plan Consultation.

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

- Consultation Paper: Accounting for Revenue and Non-Exchange Expenses (22 August 2017)
- Exposure Draft ED 62: Financial Instruments (24 August 2017).





## Auditing Update

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

[AUASB Meeting Highlights](#) – 12 September 2017

Topics discussed included:

- ASAE 3500 *Performance Engagements*
- AUASB 2017-18 Technical Work Program
- AUASB-UNSW Roundtable.

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

[IAASB Meeting Highlights](#) – 18-22 September 2017

Topics discussed included:

- ISA 315
- ISQC 2 – EQCR
- Group Audits
- Agreed-Upon Procedures
- Quality Management
- Data Analytics
- ISA 540.

## Ethics Update

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

[APESB Meeting Highlights](#) – 22 August 2017

Topics discussed included:

- Proposed compiled version of APES 110
- International and other activities
- Annual reviews of APESB pronouncements
- Project update on proposed revised APES 310 *Client Monies*.

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

- Consistency and clarity in due diligence of non-regulated disclosures (14 September 2017)
- APESB issues new compiled Code (20 September 2017).

### International Update – International Ethical Standards Board for Accountants (IESBA)

[IESBA Meeting Highlights](#) – 19-22 September 2017

Topics discussed included:

- Structure of the Code
- Safeguards
- Non-Compliance with Laws and Regulations (NOCLAR)
- Professional Skepticism
- Future Strategy and Work Plan.

[Exposure Draft](#) issued by the IESBA included:

- Proposed Revisions to the Code Pertaining to the Offering and Accepting of Inducements (8 September 2017).

## NSW Procurement Board

Recent Procurement [alerts](#) included:

- GovDC Marketplace – request for further information (21 August 2017)
- The NSW Human Services Agreement is ready for use (28 August 2017).

## Public Accounts Committee (PAC)

PAC [reports](#) tabled in the NSW Parliament:

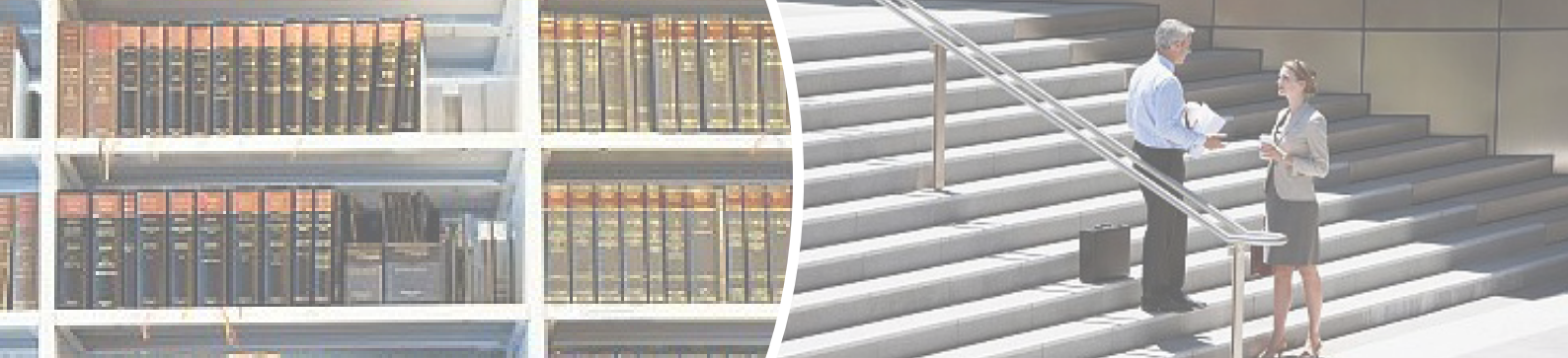
- Examination of the Auditor-General's Performance Audit Reports July 2015 – January 2016 (12 September 2017).

## Office of Local Government (OLG)

Recent OLG [publications](#):

- 17-24 Guidelines for Council When Notification of an Intention to use Fireworks is Received (30 August 2017)
- 17-25 Container Deposit Scheme and waste management contracts (7 September 2017)
- 17-26 2017 'Hit the Ground Running' Councillor Workshops for councils with elections in September 2017 – promotional flyer and online registrations (14 September 2017).





## Australian Securities and Investments Commission (ASIC)

Recent ASIC [speeches](#) included:

- Update on ASIC's priorities (31 August 2017)
- Digital disruption and data: An ASIC update (8 September)
- Challenge and change: ASIC's regulatory focus for 2017-18 and beyond and what risk managers should be thinking about (12 September 2017)
- Codes of conduct and the widening perimeter of regulatory intervention (14 September 2017).

ASIC [media releases](#) included:

- 17-282MR Super fees set to become more transparent and easier to understand (25 August 2017)
- 17-294MR ASIC's Corporate Plan 2017-18 to 2020-21 and focus for 2017-18 (1 September 2017).

## Australian Prudential Regulation Authority (APRA)

Recent APRA [media releases](#) included:

- APRA releases superannuation statistics for June 2017 (22 August 2017).

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

Recent ACNC [releases](#) included:

- ACNC and AUSTRAC strengthening non-profit organisations against money laundering and terrorism financing (28 August 2017)
- Double defaulter's charities risk losing charity status (4 September 2017).

## New Publications by Other Audit Offices

### Australian National Audit Office (ANAO)

- Efficiency of the Australia Council's Administration of Grants (22 August 2017)
- The Auditor-General Annual Report 2016-17 (4 September 2017)

- Administration of the Freedom of Information Act 1982 (19 September 2017).

### Northern Territory Auditor-General's Office (NT AO)

- Report to the Legislative Assembly (24 August 2017).

### Queensland Audit Office (QAO)

- Follow-up of Report 15: 2013-14 Environmental regulation of the resources and waste industries (19 September 2017).

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

- Report on the Adelaide Oval redevelopment for the designated period 1 January to 30 June 2017 (1 September 2017).

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

- Effectively Planning for Population Growth (23 August 2017).

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

- Opinion on Ministerial Notification (6 September 2017)
- Rich and Rare: Conservation of Threatened Species Follow-up Audit (6 September 2017).

## Useful Resources

### Commonwealth Government Treasury

Recent [publications](#) included:

- Experiences of Structural Change (28 August 2017)
- Corporate Plan 2017-18 (30 August 2017).

### Committee of Sponsoring Organizations of the Treadway Commission (COSO)

Recent [media releases](#):

- COSO Issues Important Update to Enterprise Risk Management Framework (6 September 2017).

### Department of Justice NSW

Recent [releases](#) included:

- Review into Mental Health Review Tribunal begins (28 August 2017).





## Productivity Commission

The Productivity Commission recently [released](#):

- National approach needed to prepare for next drought crisis (15 September 2017).

## Independent Pricing & Regulatory Tribunal (IPART)

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

- Draft Report - Electricity Transmission Reliability Compliance - From 1 July 2018 (22 August 2017)
- IPART Submission to Environmental Impact Assessment Improvement Project - August 2017 (24 August 2017)
- Fact Sheet - Latest discount rate for use in local development contributions plans - August 2017 (25 August 2017)
- Fact Sheet - Maximum fares for private ferry services from January 2018 to December 2021 - September 2017 (15 September 2017)
- Determination - Wholesale price for fuel ethanol 2017 Q4 (19 September 2017).

## Australian Institute of Company Directors (AICD)

AICD [media releases](#) included:

- Time to focus on Culture as NFPs face a Complex Future (5 September 2017)
- Strong Whistleblower Protections a Step Closer to Becoming Reality (14 September 2017)
- Time to Strengthen Governance in Australia's Vital Superannuation Sector (14 September 2017).

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