

JULY 2022



Tasmanian Audit Office

# ACCOUNTING AND AUDITING DEVELOPMENTS

JULY 2022

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## Hot News

### Auditor-General's Annual Plan of Work 2022-23

The Auditor-General has just released his latest **Annual Plan of Work**. This provides the Tasmanian Parliament, the Tasmanian public sector and the community with an opportunity to understand the Tasmanian Audit Office's audit priorities for 2022-23.

The below 7 performance audits that are currently in progress are expected to be tabled in Parliament during 2022-23:

- Improving outcomes for senior secondary students in Tasmania
- Strategic procurement in local government
- Follow up of selected audits not covered by the Committee
- Review of digital projects and initiatives
- Private works undertaken by councils
- University of Tasmania's management of the Northern Transformation Project
- Oral Health Services.

Other performance audits expected to commence during 2022-23 include:

- Management of departmental office accommodation
- Effectiveness of shared services arrangements in the General Government Sector
- Supporting students with a disability
- Management of landfill.

### Financial Audit Updates

### Client Information Sessions

In May this year the Office resumed Client Information Sessions that had previously been suspended during Covid-19 outbreaks throughout the State. This year we trialled holding them in an online environment. Overall the approach was quite successful with all sessions well received and very well attended. We actually held three different sessions, tailoring of content of each to suit different client needs.

The Client Information Sessions held were for:

- [General Government and Other Not-For-Profit Sector Entities](#)
- [Government Businesses](#)
- [Local Government.](#)

All sessions highlighted relevant matters from audit findings in 2021, focus areas for 2022, risk assessment processes to consider, financial reporting considerations and a performance audit update. Slides from all session are available in the Client Resources section on our website via the above links.

### Senior Management and Members of Audit Committees

Also in May the Office resumed the information session for Senior Management and Members of Audit Committees on a face to face basis at the RACV Hobart Hotel. This session was well received by those in attendance, which was limited in consideration of Covid-19 health requirements.

The Agenda included:

- Failures in governance and internal control
- Audit findings
- TAO approach to internal controls
- Audit focus areas
- Financial reporting changes for 30 June 2022
- Elements of good internal control
- Responding to Covid-19 – impacts on internal control (Panel discussion)
- Overview of Covid-19 performance audits and reviews.

Slides are available in the Client Resources section on our website:

- [Senior Management and Members of Audit Committees – Full Presentation Slides](#)

### Performance Audit Updates



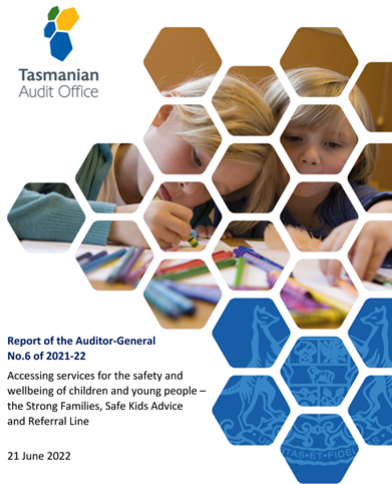
#### COVID-19 – Response to social impacts: mental health and digital inclusion

**Tabled:** 29 June 2022

The objective of this audit was to express a reasonable assurance opinion on how effectively the Government allocated and monitored the use of resources to address the high priority social impacts it had identified from the pandemic.

*Click cover image to go through to report page.*

**Tabled:** 21 June 2022



The objective of this audit was to express an opinion on whether, as the primary point of access, the Strong Families, Safe Kids Advice and Referral Line (ARL) has been implemented effectively to provide expected levels of service to support the safety and wellbeing of children and young people.

*Click cover image to go through to report page.*



**ASIC**  
Australian Securities &  
Investments Commission

### ASIC highlights focus areas for 30 June 2022 reporting

ASIC's **media release** on 1 June 2022 highlighted the following focus areas for financial reporting period ending 30 June 2022:

- asset values
- provisions
- solvency and going concern assessments
- events occurring after year end and before completing the financial report
- disclosures in the financial report and Operating and Financial Review.

Management should assess how the current and future performance of an entity, the value of its assets and its provisions, and business strategies may be affected by changing circumstances, uncertainties and risks such as:

- COVID-19 conditions and restrictions during the reporting period
- changes in customer preferences and online purchasing trends
- use of virtual meetings and more flexible working arrangements
- the discontinuation of financial and other support from governments, lenders and lessors, including any possible increases in the level of insolvencies
- the availability of skilled staff and expertise
- ongoing restrictions to deal with COVID-19 in different jurisdictions
- the impact of rising interest rates on future cash flows and on discount rates used in valuing assets and liabilities
- increases in oil prices
- geopolitical risks, including the Ukraine/Russia conflict
- commitments and policies on climate and carbon emissions by governments
- technological changes and innovation
- legislative and regulatory changes
- other economic and market developments.

## Accounting Updates

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

Topics discussed included:

#### AASB Meeting Highlights – 22-23 June 2022

- not-for-profit private sector financial reporting framework
- accounting policy disclosures in special purpose financial statements of certain for-profit private sector entities
- sustainability reporting
- audit engagement disclosures
- post-implementation reviews
- research update

#### AASB Meeting Highlights – 18 May 2022

- not-for-profit private sector financial reporting framework
- post-implementation reviews
- sustainability reporting

#### AASB Meeting Highlights – 7 April 2022

- not-for-profit private sector financial reporting framework
- AASB 15 not for profit guidance
- AASB 1058 narrow scope amendments
- right-of-use assets of not-for-profit entities
- sustainability reporting

Latest **news**, **accounting standards** and **work-in-progress** documents from the AASB included:

- AASB Dialogue Series on Digital Financial Reporting: Why does it matter - Dialogue series (30 June 2022)
- Project insights: Developing sustainability-related financial reporting standards in Australia - Staff article (28 June 2022)
- AASB 2022-4 'Amendments to Australian Accounting Standards – Disclosures in Special Purpose Financial Statements of certain for-profit private sector entities' - Accounting Standard (23 June 2022)
- AASB Survey on ED 321 Request for Comment on ISSB [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and [Draft] IFRS S2 Climate-related Disclosures Survey (16 June 2022)
- AASB 2022-3 'Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15' - Accounting Standard (5 May 2022)
- AASB & NZASB roundtable discussion – Insurance Contracts in the Public Sector Round table discussion 4 May 2022
- AASB 2022-2 'Amendments to Australian Accounting Standards – Extending Transition Relief under AASB 1' - Accounting Standard (4 May 2022)
- AASB ED 321 'Request for Comment on [Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and [Draft] IFRS S2 Climate-related Disclosures' - Request for Comment (14 April 2022)
- Webcast and Virtual Roundtable Discussions: ED 320 'Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities' - Webcast and Virtual Roundtable (12 April 2022).

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

Topics discussed included:

#### IASB Meeting Highlights – 20-22 June 2022

- financial instruments with characteristics of equity

- maintenance and consistent application for non-current liabilities with covenants (amendments to IAS 1)
- primary financial statements
- post implementation review of IFRS 9
- contractual cash flow characteristics
- business combination under common control
- equity method
- second comprehensive review of the IFRS for SMEs accounting standard
- disclosure initiative – subsidiaries without public accountability: disclosures

### **IASB Meeting Highlights – 23-27 May 2022**

- second comprehensive review of the IFRS for SMEs accounting standard
- disclosure initiative – subsidiaries without public accountability: disclosures
- dynamic risk management
- maintenance and consistent application
- board work plan update
- post implementation review of IFRS 9
- primary financial statements
- disclosure initiative – targeted standards-level review of disclosures
- rate-regulated activities
- goodwill and impairment

### **IASB Meeting Highlights – 25-28 April 2022**

- post implementation review of IFRS 9
- maintenance and consistent application – IFRIC update
- goodwill and impairment
- primary financial statements
- second comprehensive review of the IFRS for SMEs accounting standard
- equity method
- disclosure initiative – subsidiaries without public accountability: disclosures

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

**Latest news** from the IFRS included::

- Post-implementation review of IFRS 10, IFRS 11 and IFRS 12 – Conclusion (20 June 2022)
- Integrated reporting – articulating a future path (25 May 2022)
- Path to global baseline: International Sustainability Standards Board outlines actions required to deliver global baseline of sustainability disclosures (18 May 2022)
- Webinar on the International Sustainability Standards Board's exposure drafts 12 April 2022  
IFRS Foundation publishes 2021 Annual Report (4 April 2022)

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

Topics discussed included:

### **IPSASB Meeting Highlights – 21-24 June 2022**

- revenue / transfer expenses
- measurement
- conceptual framework – phase 1
- other lease-type arrangements
- ED78, Property, plant and equipment
- IFAC update
- public sector standard setters forum

Recent **news** and **publications** from the IPSASB included:

- IPSASB Launches Consultation Paper on Accounting for Natural Resources (16 May 2022)
- 2022 Handbook of International Public Sector accounting pronouncements (12 May 2022)
- Advancing Public Sector Sustainability Reporting: IPSASB Launches Global Consultation (9 May 2022)
- IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations (4 May 2022)

## Audit Updates

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

Topics discussed included:

#### AUASB Meeting Highlights – 7-8 June 2022

- sustainability
- FRC and audit quality update
- work program update and agenda consultation
- IAASB update and discussion
- ASAE 3100 'Compliance Engagements' – Post Implementation Review
- ED 02/22 'Proposed Conforming and Consequential Amendments to the other AUASB Standards to align to the IAASB Other Standards'
- GS 016 'Bank Confirmation Requests'
- GS 023 'Special Considerations – Public Sector Engagements'

#### AUASB Meeting Highlights – 27 April 2022

- sustainability
- FRC and audit quality update
- bank confirmations
- conforming amendments arising from quality management standards
- group audits
- public sector guidance statement - applying ASA 570 Going Concern

Latest **news** from the AUASB included:

- Feedback statement – Post Implementation Review – ASAE 3100 Compliance Engagements (30 June 2022)
- AUASB Bulletin Auditor's considerations in times of changing and uncertain economic conditions (28 June 2022)
- AUASB Research Report 7: A Literature Review on the Reporting and Assurance of Climate Related and Other Non-Financial Information (27 May 2022)
- The revised Group Audit Standard – ASA 600 (17 May 2022)
- New AUASB Bulletin Quality Management Standards – Enhancing Audit Quality (12 May 2022)
- Request for Comments on AUASB Exposure Draft Aligning Existing Australian-Specific AUASB Standards with New, Revised Quality Management Standards (10 May 2022)
- IAASB Issues Non-Authoritative Guidance on Fraud in an Audit of Financial Statements (9 May 2022)
- Post Implementation Review – ASAE 3100 'Compliance Engagements' (4 April 2022)
- Modernising GS 016 'Bank Confirmation Requests' (1 April 2022)

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

Topics discussed included:

#### IAASB Meeting Highlights – 13-17 June 2022

- listed entity and public interest entity
- audit evidence
- sustainability – environmental, social and governance reporting
- going concern
- audits of less complex entities

- fraud

### **IAASB Meeting Highlights** – 26 April 2022

- complexity, understandability, scalability and proportionality drafting principles and guidelines

Latest **news** from the IAASB included:

- International standard on auditing 600 (revised), special considerations – audits of group financial statements (including the work of component auditors) (7 April 2022)

## **Ethics Updates**

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

Topics discussed included:

#### **APESB Meeting Highlights** – 3 June 2022

- proposed revisions to APES 110 for the Definition of Listed Entity and Public Interest Entity
- proposed conforming amendments to APES 110 for Quality Management
- international and other activities
- developments in sustainability
- project update on Technology Project
- project update on APES 215 'Forensic Accounting Services'
- project update on APES 220 'Taxation Services'
- proposed revisions to APES 205 to address AASB projects
- proposed revisions to fee-related provisions of APES 110
- proposed revisions to the non-assurance services provisions of APES 110

Latest **news and media releases** from the APESB included:

- Proposed amendments to APES 205 'Conformity with Accounting Standards' (28 June 2022)
- APESB seeks feedback on proposed Quality Management-related conforming amendments to the Code (17 June 2022)
- APESB makes submissions to the IESBA on international exposure drafts (16 June 2022)
- APESB webinar on the reissue of APES 320 'Quality Management for Firms that provide Non-Assurance Services' (3 May 2022)

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

Topics discussed included:

#### **IESBA Meeting Highlights** – 6-8 June 2022

- sustainability
- public interest entity rollout
- IFAC panel on accounting education
- tax planning and related services
- Emerging Issues and Outreach Committee update
- IAASB-IESBA coordination
- technology fact finding and thought leadership
- engagement team group audit independence

Latest **news** and **publications** from the IESBA included:

- IESBA comments on the International Sustainability Standards Board's Sustainability and Climate-Related Disclosure Exposure Drafts (24 June 2022)
- IESBA Commits to Readying Global Ethics and Independence Standards Timely in Support of Sustainability Reporting and Assurance (13 June 2022)
- Watch IESBA discussion on Sustainability and Ethics (18 May 2022)



- Watch IESBA's Global Webinar on the Proposed Revisions Relating to the Definition of Engagement Team and Group Audits (27 April 2022)
- Final pronouncement: Quality management-related confirming amendments to the Code 11 (April 2022)
- Final pronouncement: Revisions to the definitions of listed entity and public interest entity in the Code (11 April 2022)
- Watch IESBA's Global Webinar on the Proposed Technology-Related Revisions to the Code (8 April 2022)

## ASIC, ACNC and ACAG

### Australian Securities and Investments Commission (ASIC)

Recent **speeches** and **media releases** included:

- 22-161MR ASIC encourages submissions to the International Sustainability Standards Board consultation on global baseline climate and sustainability disclosures (29 June 2022)
- 22-124MR ASIC highlights focus areas for 30 June 2022 reporting\* (1 June 2022)

\* For more information see the Hot News section above.

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

Recent **news and media** included:

- Charities and the 2022 federal election (13 April 2022)
- New remuneration reporting rules to help drive further charity transparency and accountability (20 January 2022)

### Australasian Council of Auditor-Generals (ACAG)

ACAG recently made submissions on:

- ITC46 AASB Agenda Consultation 2022 –2026
- ED 318 Illustrative Examples for Income of Not-for-Profit Entities and Right-of-Use Assets arising under Concessionary Leases
- ED 319 'Insurance Contracts in the Public Sector'
- ED 320 'Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities'

## TAO Client Information

The below are all on our **client reference information page**:

### Submission of Financial Statements Requirements:

- [Updated management certification to be provided by Those responsible for Financial Reporting at the time of Submission of Financial Statements](#)
- [Financial Statements Submissions Checklist](#)
- [Guidance Paper for Financial Statement Submissions – 30 June 2022](#)

### COVID-19 Financial Reporting Impacts:

- [COVID-19 impacts on financial statements](#)
- [COVID-19 impacts on financial statement audit reports](#)
- [Impact of COVID-19 on valuations of non-financial assets](#)

### Other information:

- [AASB 119 Employee Entitlements 30 June 2022 – \(Updated to 30 June 2022\)](#)
- [AASB 124 Related Parties for Councils February 2017](#)
- [AASB 124 Related Party Disclosures – Your Questions Answered](#)
- [Guidance Paper – Accounting for assets valued using current replacement cost](#)



- [Guidance Paper – Government Businesses Underlying Result Calculation](#)
- [Guidance to Local Government Councils on calculating Underlying Result \(revised June 2017\)](#)
- [Guidelines for Tas Gov Businesses – Director & Executive Remuneration – Disclosure Template \(Updated May 2019\)](#)
- [Local Government Model Financial Report 30 June 2022](#)
- [Reporting by Tasmanian Public Sector Entities](#)

#### Client Information Sessions 2022

- [General Government and other NFP Sector – Full Presentation Slides](#)
- [Government Businesses – Full Presentation Slides](#)
- [Local Government – Full Presentation Slides](#)
- [Senior Management and Members of Audit Committees – Full Presentation Slides](#)

## TAO Reports

- [Tasmanian Audit Office Annual Report 2020-21](#)
- [Annual Plan of Work 2022-23](#)

#### Reports tabled so far in 2022:

- [Auditor-General's Report on the Financial Statements of State Entities 2020-21, V1](#)
- [Auditor-General's Report on the Financial Statements of State Entities 2020-21, V2](#)
- [COVID-19 – Response to social impacts: mental health and digital inclusion](#)
- [Strong Families, Safe Kids Advice and Referral Line](#)
- [COVID-19 – Response to social impacts](#)
- [Council general manager recruitment, appointment and performance assessment](#)
- [COVID-19 Support Measures – Community Support](#)

## Contacts

The relevant Assistant Auditor-Generals are usually your first point of contact for the application of financial and performance audit queries on the general office number:  
(03) 6173 0900.

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Financial Audit

**David Bond**, Assistant Auditor-General -  
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**Janine McGuinness**, Acting Assistant Auditor-General -  
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The Tasmanian Audit Office gratefully acknowledges the Audit Office of NSW for permitting us to share the link

to their **Professional Update**  
newsletter.