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**Local Government Audit Panel Guidelines Revised**

Available from the DPAC website

([http://www.dphhttp://email.ionata.com.au/campaigns/content/edit/1A7057FFB0FBE08B/s#ac.tas.gov.au/divisions/local\\_government/resources\\_for\\_councillors](http://www.dphhttp://email.ionata.com.au/campaigns/content/edit/1A7057FFB0FBE08B/s#ac.tas.gov.au/divisions/local_government/resources_for_councillors))

The Guide has been developed by the Department of Premier and Cabinet's Local Government Division in collaboration with the Tasmanian Audit Office and the Local Government Association of Tasmania to provide context and practical information for councils on audit panel functions and membership.

The revised documents are:

1. [Local Government Audit Panel Guidelines: A practice guide, revised March 2018](#)
2. [Local Government Audit Panels - A practice guide - Appendix 1: Model code of conduct for members of the audit panel](#)
3. [Local Government Audit Panels - A practice guide - Appendix 2: Model audit panel charter, revised March 2018](#)

**Client Information Sessions**

The Tasmanian Audit Office hosted Client Information Sessions on the 7-8 June 2018 in Launceston and Hobart.

**Please refer to our website for all related documents discussed at these events.**

## AASB Practice Statement 2 – Making Materiality Judgements

The Australian Accounting Standards Board (AASB) released **AASB Practice Statement 2 'Making Materiality Judgements'** (the Statement) in December 2017. The Statement provides guidance to reporting entities on making materiality judgements when preparing GPFS in accordance with AAS.

The Statement is applicable to all reporting entities preparing GPFS across the private and public sectors. Although not mandatory guidance, entities may find it useful when making materiality judgements regarding recognition, measurement, presentation and disclosure decisions.

The Statement provides:

- an overview of the general characteristics of materiality
- a four-step process an entity may follow in making materiality judgements when preparing its financial statements (materiality process)
- guidance on how to make materiality judgements in specific circumstances, such as materiality judgements on prior period information, errors and covenants.

## Accounting updates

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

Topics discussed included:

#### AASB meeting highlights – 14 February 2018

- Revised Conceptual Framework – Reporting Entity/Special Purpose Reporting
- Australian Financial Reporting Framework
- Amendments to Standards
- Social Benefits
- Standard-Setting Frameworks.

#### AASB meeting highlights – 12 December 2017

- Revenue from Licences in the Public sector
- Fair Value Measurement in the Public Sector
- Amendments to AASB 9, AASB 10, AASB 128 and AASB 104.

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

- AASB submission: ACNC Legislative Review, AASB submission (7 March 2018)
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle, Accounting standards (23 February 2018)
- ED 283 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors – December 2017 – comments due by 31 March 2018, Exposure draft (21 December 2017)
- ED 284 Recent Standards – Reduced Disclosure Requirements – December 2017 – comments due by 31 March 2018, Exposure draft (21 December 2017)
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections, Accounting standards (21 December 2017)
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation, Accounting standards (21 December 2017)
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in

Associates and Joint Ventures, Accounting standards (21 December 2017)

- AASB 1048 Interpretation of Standards, Accounting Standards (21 December 2017)
- Australian-specific Insurance Issues – Regulatory Disclosures and Public Sector Entities – comments were due by 15 February 2018, Discussion paper (30 November 2017)

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

Topics discussed included:

#### IASB meeting highlights – 21-22 March 2018

- Disclosure Initiative
- Dynamic Risk Management
- Rate-regulated Activities
- Accounting Policies and Accounting Estimates
- IFRS 8 Amendments
- Post-implementation review of IFRS 13 Fair Value Measurement.

#### IASB meeting highlights – 20-22 February 2018

- Primary Financial Statements
- Business Combinations under common control
- Insurance Contracts.

#### IASB meeting highlights – 24-25 January 2018

- Financial Instruments with Characteristics of Equity
- Conceptual Framework
- IFRS Implementation Issues
- Goodwill and Impairment.

#### IASB meeting highlights – 13-14 December 2017

- Disclosure Initiative – Principles of Disclosure.

Latest **news** from the IASB included:

- *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)* which makes narrow-scope amendments to pension accounting under IAS 19 Employee Benefits. The amendments are effective on or after 1 January 2019 (7 February 2018)
- IFRS 9 Financial Instruments and IFRS 15 Revenue from *Contracts with Customers are now effective* for reporting periods starting on or after 1 January 2018 (8 January 2018)
- *Annual Improvements to IFRS Standards 2015–2017 Cycle* which makes narrow-scope amendments to; IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing Costs (12 December 2017)
- The amendments are effective from 1 January 2019, with early application permitted.

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

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

December 2017 IFRS for SMEs Update published (19 December 2017)

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

Topics discussed included:

#### **IPSASB meeting highlights** – 6-9 March 2018

- International Accounting Education Standards Board
- Public Sector Measurement
- Update to ISPASS 28-30, Financial Instruments
- Improvements
- Public Sector Specific Financial Instruments
- Revenue
- Strategy Session – Social Benefits
- Non-Exchange Expenses.

#### **IPSASB meeting highlights** – 5-8 December 2017

- Leases
- Heritage
- Strategy and Work Plan Consultation
- Infrastructure.

Recent **news** from the IPSASB included:

- IPSASB Consults on 2019-2023 Strategy and Work Plan 5 (February 2018)
- IPSASB Proposes New Lease Accounting Model for the Public Sector 31 (January 2018)

IPSASB has recently **issued**:

- 2017 Handbook of International Public Sector Accounting Pronouncements (22 February 2018)
- IPSASB Proposed Strategy and Work Plan 2019-2023 (2 February 2018)
- Exposure Draft 64, Leases (31 January 2018)

*Publication dates are in parentheses*

## **Auditing updates**

### **Australian update – Auditing and Assurance Standards Board (AUASB)**

Topics discussed included:

#### **AUASB meeting highlights** – 7 March 2018

- Audit Quality Plan Update
- Australian Financial Reporting Framework Project
- AUASB Technical Work Program Update
- International Matters
- Revision of ASA 102: Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements.

#### **AUASB meeting highlights** – 28 November 2017

- Audit Quality Matters
- AUASB-UNSW Roundtable and AUASB Agenda Consultation Forums
- Auditor Reporting.

Latest **news** from the AUASB included:

- 2017 Agenda Consultation Overview (16 January 2018)
- Submission to NZAuASB on The Audit of Service Performance Information Exposure Draft (20 December 2017)

*Publication dates are in parentheses*

## **International update – International Auditing and Assurance Standards Board (IAASB)**

Topics discussed included:

### **IAASB meeting highlights – 30 January 2018**

- ISA 540 (Revised).

### **IAASB meeting highlights – 11-15 December 2017**

- Accounting Estimates
- Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment
- Quality Control at Engagement Level
- Quality Control at the Firm Level
- Group Audits
- Emerging External Reporting (EER)
- Professional Skepticism
- Data Analytics.

## **Ethics updates**

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

Topics discussed included:

#### **APESB meeting highlights – 27 November 2017**

- Project plan for APES GN 30 Outsourced Services
- Project progress: APES 230 Financial Planning Services
- Proposed revision of APES 325 Risk Management for Firms
- Annual reviews of APESB pronouncements
- International and other activities
- Project update: Long Association Q&A publication
- Project status update: APES 310 Dealing with Client Monies.

Latest **news** from the APESB included:

- New auditor rotation rules to enhance independence (effective for audits of Financial Statements for periods beginning on or after 1 January 2019) - Published 19 December 2017
- Proposed revisions to APES 225 Valuation Services - Published 4 December 2017
- APESB issues revised APES 325 Risk Management for Firms (effective 1 April 2018) - Published 1 December 2017

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

### **IESBA meeting highlights – 12-14 March 2018**

- Non-assurance Services
- Future Strategy and Work Plan
- Inducements
- Fees
- Technology and Innovation
- E-Code
- Roll-out Initiatives Restructured Code
- IFAC Compliance Advisory Panel's Global Status Report on Adoption.

#### **IESBA meeting highlights** – 4-8 December 2017

- Approval of Restructured Code
- Rollout and Implementation of the Restructured Code
- Professional Skepticism – Longer-Term Initiative
- Future Strategy and Work Plan

## **Australian Securities and Investments Commission (ASIC)**

### **ASIC announces focus areas for 31 December 2017 financial reports**

The Australian Securities and Investments Commission (ASIC) released **17-423MR 'ASIC calls on preparers to focus on financial report quality and new requirements'** on 8 December 2017 announcing its focus areas for the year-ended 31 December 2017 financial reports of listed entities and other public interest entities.

ASIC has called on preparers to focus on providing useful and meaningful information to financial report users whilst also addressing the impact of new accounting requirements, especially the new standards for revenue recognition and financial instruments which apply to for-profit entities from 1 January 2018.

The key focus areas are:

- impairment testing and asset values
- revenue recognition
- expense deferral
- off- balance sheet arrangements
- tax accounting
- disclosures on estimates and accounting policy judgements
- disclosures on the impact of new revenue, financial instruments, leases and insurance standards.

### **Recent reports**

Recent **reports** included:

- REP 568 ASIC enforcement outcomes: July to December 2017 (28 February 2018)

### **Recent speeches**

Recent **speeches** included:

- Parliamentary Joint Committee on Corporations and Financial Services – Statement on audit quality by ASIC Commissioner John Price (16 February 2018)

## ASIC media releases

ASIC **media releases** included:

- 18-074MR ASIC releases market integrity report (15 March 2018)
- 18-066MR Working together for stronger financial capability (8 March 2018)
- 17-437MR Findings from 30 June 2017 financial reports (15 December 2017)
- 17-423MR ASIC calls on preparers to focus on financial report quality and new requirements (8 December 2017)

*Publication dates are in parentheses*

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

Recent **media releases** from the ACNC included:

- Charity concerns increasing: national regulator (6 March 2018)
- Australians trust charities: new ACNC report (22 November 2017)

*Publication dates are in parentheses*

## Australasian Council of Auditors-General (ACAG) submissions to AASB

ACAG recently made submissions on:

Discussion Paper – Australian-specific Insurance Issues – Regulatory Disclosures and Public Sector Entities (28 February 2018)

*Publication dates are in parentheses*

## Reports

Tabled reports in 2017-18 so far:

- [Investigation into procurement of goods and services from CT Management Group Pty Ltd by Glenorchy City Council](#)
- [Water and sewerage in Tasmania: Assessing the outcomes of industry reform](#)
- [Appointment of Tasmanian State Service Senior Executive Officers, General Stream Bands 9 and 10 and Professional Stream Band 6 Positions](#)
- [Use of credit cards by councils' general managers and elected members](#)
- [Follow up of selected Auditor-General reports – March 2015 to May 2015](#)

Auditor-General's Report on the Financial Statements of State entities

- Volume 1:  
[Treasurers Annual Financial Report and results of other General Government Sector entities 2016-17](#)
- Volume 2:

## Government Businesses and Tasmanian Water and Sewerage Corporation Pty Ltd 2016-17

- Volume 3:  
[Local Government Authorities 2016-17](#)
- Volume 4:  
[State entities 30 June and 31 December 2017](#)

## Contacts

The Chief Operating Officer and/or the relevant Director/Assistant-Auditor-General are usually your first point of contact for the application of financial audit queries on the general office number: (03) 6173 0900.

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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](#).