



Tasmanian Audit Office

Standards Update and Audit Findings

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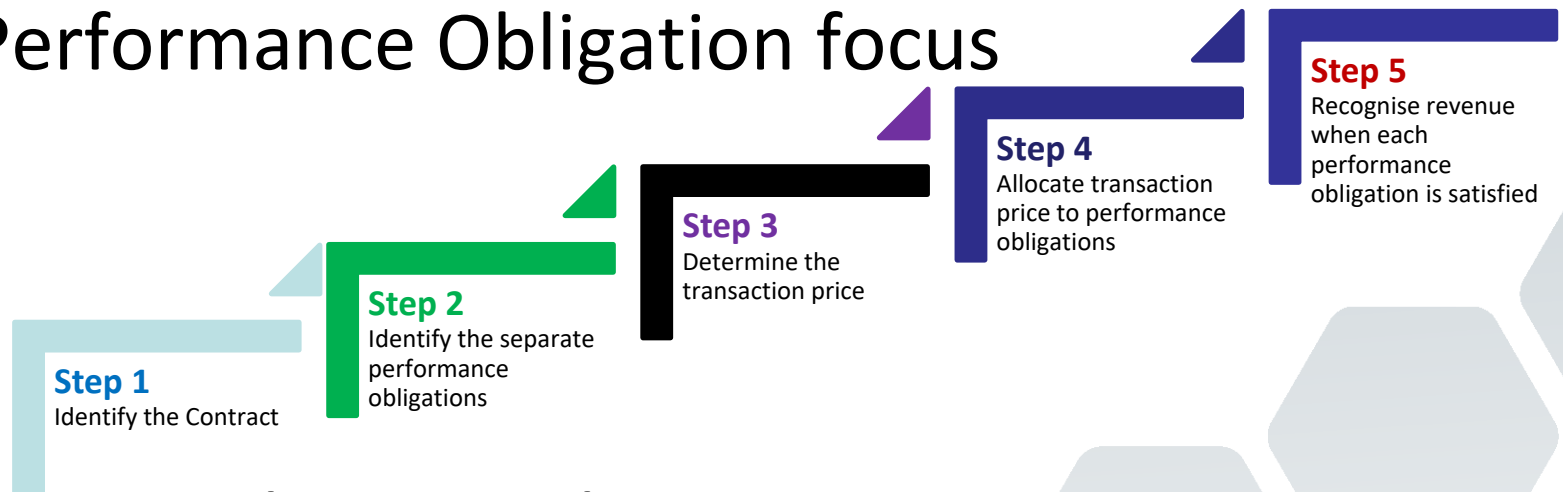
Reporting in 2017-18

- New Financing Activity Disclosures in the Statement of Cash Flows
 - New reconciliation of balances required
- Gov't Bus' Remuneration Template updated
 - Improved incentive, performance and termination disclosure requirements
- Related Party Disclosures
 - Prior year went well
 - Continue to further improve disclosure process

Looking Further Forward (AASB15)

Revenue from Contracts with Customers

- Applies:
 - For-Profit entities - 1 Jan 2018 (30 June 2019)
 - Not-For-Profit entities – 1 Jan 2019 (30 June 2020)
- 5 Step Model for revenue recognition
- Performance Obligation focus



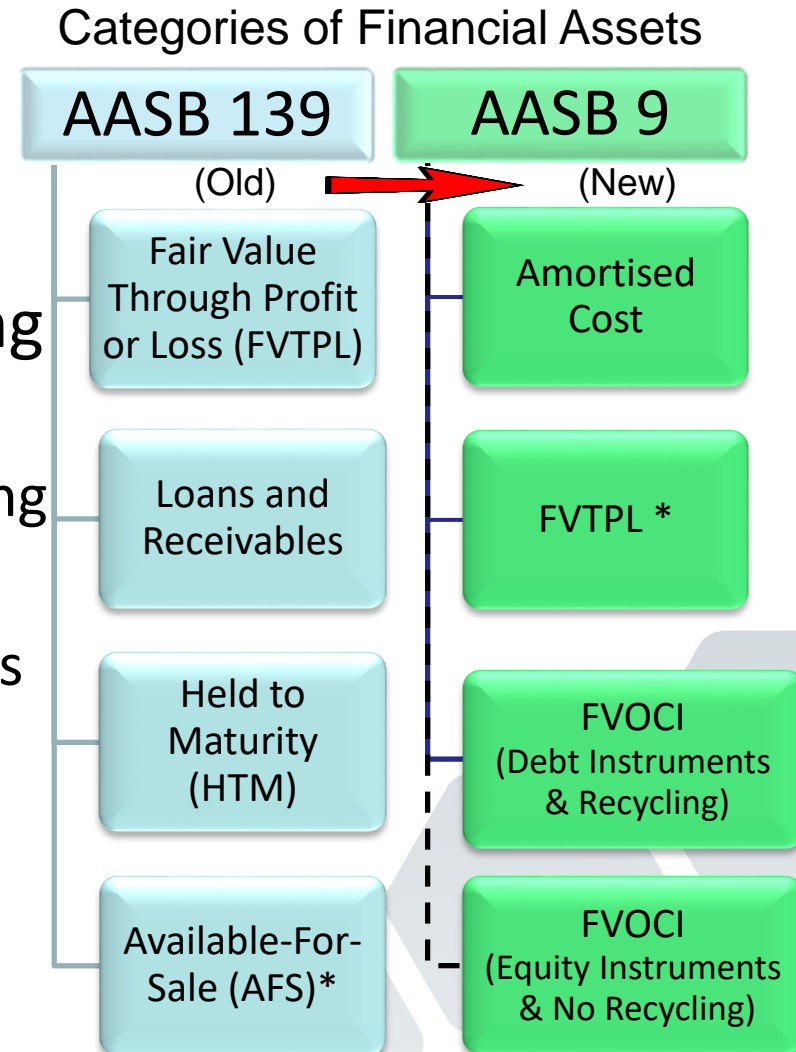
Looking Further Forward (AASB1058) Income for Not-For-Profit Entities

- Applied with AASB 15
- Deals with:
 1. Transactions where consideration to acquire an asset is significantly less than fair value, principally to further NFP objectives
 - Grants
 - Non-contractual statutory income
 - Peppercorn leases
 2. Receipt of volunteer services.

Looking Further Forward (AASB 9)

Financial Instruments

- Applies: - 1 Jan 2018
(30 June 2019)
- Simplifies the model for classifying and recognising financial assets
 - entity's business model for managing the asset
 - contractual cash flow characteristics
- Impairment
 - Expected credit loss model



Looking Further Forward (AASB 16)

Leases

- Applies: - 1 Jan 2019 (30 June 2020)
- Leased assets and liabilities to be recognised on the Balance Sheet
- measured at the present value of unavoidable lease payments
- Leased/Right-of-use Asset (Depreciated)
- Lease Liability (Lease & Finance Exp)

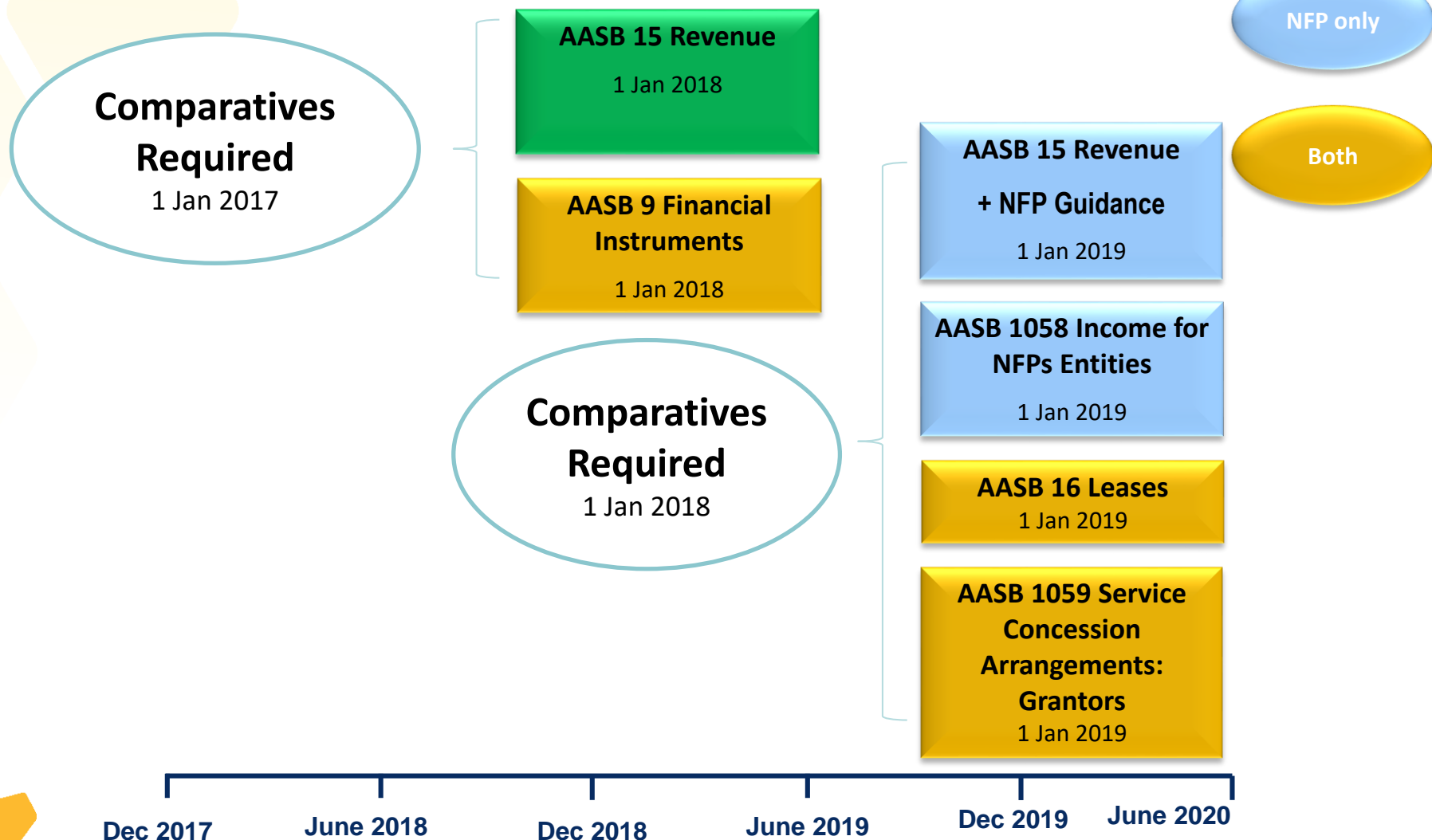
Looking Further Forward - Transition Implementation of Pending Standards

All pending standards are “Retrospective”

Two Approaches:

- Fully Retrospective (some relief)
 - Restate prior year
 - Prior year adjustment to opening equity
- Partially Retrospective with Cumulative Effect
 - Do not restate prior year
 - Adjust opening balance of current year equity (some relief)

A crowded timeline!



Dates: reporting periods beginning on or after date. E.g. 1 Jan 2017 = 31 December 2017 or 30 June 2018 reporting date.

Do you think management have provided you with enough information on the new accounting standards?

Yes

No

Public Sector Readiness

Focus - Impacts of new standards to Public Sector
(Revenue / Financial Instruments / Leases)

- Observations included:
 - lack of understanding, non-engagement or boiler plating with short inadequate comments
 - a high proportion were “yet to assess” the impacts
 - discussions of likely impacts were generally poor
 - assessments stating “no expected impact” was contrary to financial statement disclosures

Outcome – Entities need to revisit assessments.

Developments in Financial Reporting

International Accounting Standards Board (IASB)

- Issued new Conceptual Framework (March 2018)
 - Applies on or after 1 January 2020
- ‘Reporting entity’ concept change
- Implications for Australia
 - No more Special Purpose Financial Statements?
- Australian Accounting Standards Board (AASB)
need to align Australian reporting requirements

Australia is the only country in the world to have this problem





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**Report of the Auditor-General
No. 9 of 2017-18**

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

Volume 4

State entities 30 June and 31 December 2017

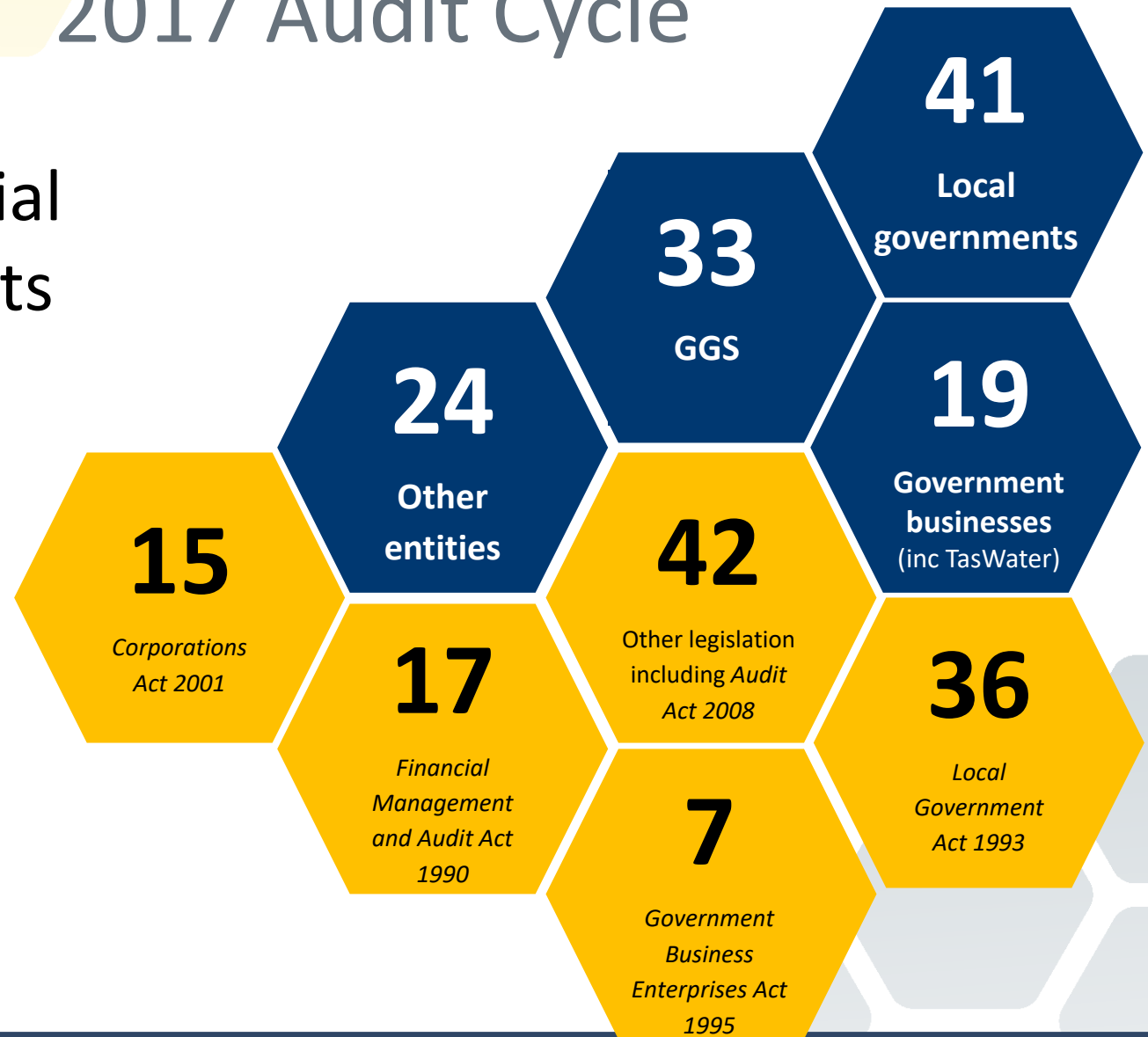
June 2018



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2017 Audit Cycle

Our financial
audit clients



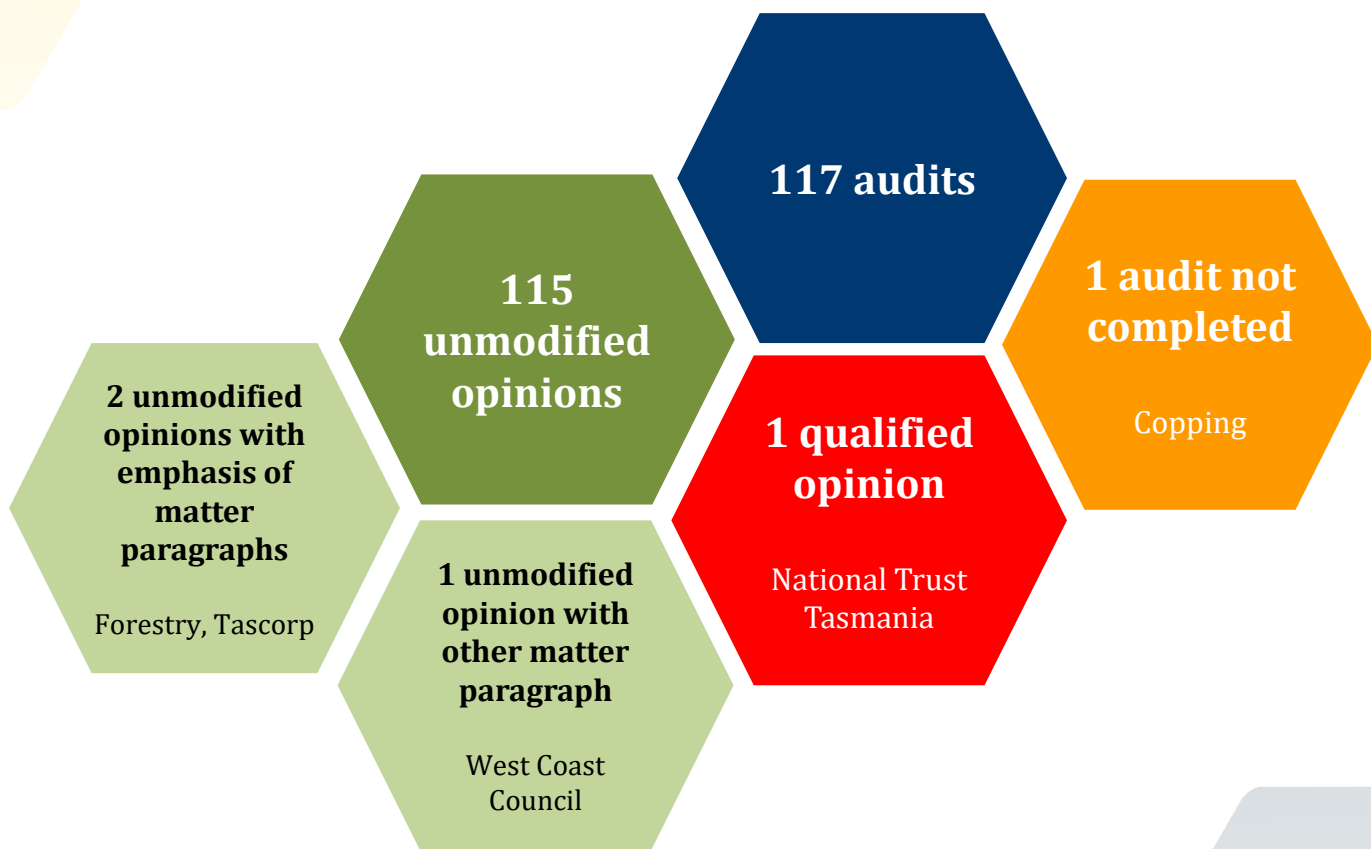
Submission of Financial Statements (30 June Audits)

Volumes 1 - 3		
Detailing results of 30 June financial statements audits tabled in Parliament before 31 December 2017		
30 June 2017 Balance Date		
109* Financial statements submitted for audit	94% Financial statements submitted on time	92% Audits completed on time
Treasurers Annual Financial Statements	Submitted on time	Audit completed on time

Submission of Financial Statements (31 December Audits)

Volume 4		
Detailing results of 31 December financial statement audits tabled in Parliament		
31 December 2017 Balance Date		
7* Financial statements submitted for audit	86% Financial statements submitted on time	100% Audits completed on time

Audit Opinions



Findings from 2017 Audits

2017

187

Audit matters
raised

119

Audit matters
raised in prior
periods assessed as
unresolved

2016

209

Audit matters
raised

85

Audit matters raised
in prior periods
assessed as
unresolved

Audit findings by risk rating/sector

16
High risk

80
Low risk

91
Moderate risk



Other

4	30	15
2	16	24
10	43	39
0	2	2



Types of findings

- High Risk
 - Asset valuations
 - Bank Reconciliations
 - Segregation of duties
- Medium Risk
 - Corporate governance issues
 - IT system issues
 - Payroll
 - Internal control and accounting issues

Types of findings

- Low Risk
 - Internal control issues of lower significance that still need to be brought to the attention of management
 - Out of date policies

Previously reported findings (Yet to be resolved)

