

INFORM

Accounting & Auditing Update, News, Information and Views Bulletin

About Inform

Thank you to all who responded to the client feedback survey which was distributed with the first edition of INFORM. All feedback has been taken on board and is being progressively incorporated into the publication. INFORM serves as a communication tool between QAO, our staff and our clients. Any feedback on the publication is welcome and can be forwarded or e-mailed to us at the address on page 12. The publication provides information on emerging issues with an emphasis on those relevant to the public sector and QAO's perspectives on these issues. INFORM also provides information on new and revised accounting and audit pronouncements and changes to the Corporations Law.

QAO Update

Auditor-General's Reports to Parliament

Audit Report No. 2 for 1998-99 was tabled in Parliament on 19 November 1998. This report included the results of QAO's review of the Qld Government Bids for Expo 2002 and the International Garden Festival 2000.



Audit Report No. 3 for 1998-99 was tabled in Parliament on 14 December 1998. This report included the results of audits generally completed at 31 October 1998, comments on audits of performance management systems and commentary on current audit issues such as —



- The Electricity Industry;
- Port Authorities;
- Year 2000 Compliance;
- Government Wide Financial Systems, and
- Whole of Government Financial Reporting.

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Further reading:-

Audit Reports No. 2 and 3 1998-99, QAO. These reports are also available on our web site www.qao.qld.gov.au

Topical Issues

Accounting for Major Cyclical Maintenance

As mentioned in issue 1 of INFORM, the Urgent Issues Group (UIG) has included this topic in its work program.

Guidance for Queensland public sector agencies on the accounting treatment for maintenance expenditure can be found in the Treasurer's guidelines "Recording and Valuation of Non-Current Physical Assets" at page 20.



These guidelines require agencies to recognise an expense which reflects the estimated accruing cost of maintenance each reporting period until the maintenance

is performed. A corresponding provision is created and shown as a deduction from the carrying amount of the asset. This effectively reduces the carrying amount of the asset.

When maintenance is performed, the cost is deducted from the provision which means the net carrying amount of the asset increases. This reflects that service potential in the assets has been restored as planned. Any difference between the maintenance expenditure and the related provision is recognised as an expense or revenue depending on whether the entity has under or over provided in previous periods.

Queensland's policy is similar to New South Wales however there are variations in other jurisdictions with public sector entities generally only recognising maintenance expenses when the maintenance work is undertaken.

Specific Issues the UIG are considering are —

- Should provisions for future maintenance qualify for recognition as a liability / contra asset?

Recognition of such a position is not consistent with SAC 4 and ED 88 "Provisions and Contingencies".

- How should entities account for the consumption of the service potential of components of infrastructure systems and complex assets?

Complex assets may comprise a number of component assets having different useful lives and different patterns of service consumption.

- How should entities account for the cost of overhauls, refurbishments, refits and other expenditures which replace or restore service potential previously consumed?

We will advise the final consensus on this topic when it is available.

Source: UIG Issue Summary 98/8 Update # 1 24/11/98

Set Off and Extinguishment of Debt

Paragraph 7.1(b) of AAS23 "Set-Off and Extinguishment of Debt" requires disclosure "*in respect of any defeased debt, details of any amounts defeased which are outstanding, and of any outstanding guarantees, indemnities or the like given by or on behalf of the debtor.*"

This disclosure only applies to that part of the debt that has not been defeased. That is, it is possible to only partially defease a debt. Any indemnities given by the entity in relation to the debt will also need to be disclosed.

Asset Recognition Threshold

s.45(2)(c) of the *Financial Management Standard 1997* states that

“Identifying assets includes-

(c) setting an amount (not more than \$5,000) as the threshold for the agency’s assets and recognising an asset costing more than the threshold.”

A literal interpretation of this section requires all assets to have a maximum recognition threshold of \$5,000. This would include assets such as inventories, prepayments, accruals, intangible assets etc.

This is not always appropriate as the materiality and nature of certain assets require the respective thresholds to be set much higher.

A reading of the section and the division in respect to asset management as a whole, indicates that the sections were drafted with **non-current physical assets** in mind. Further the provisions within the division imply a link to non-current assets and the associated accounting standard AAS10 — “Accounting for the Revaluation of Non-Current Assets”.

The commonsense approach in this case is to apply the \$5,000 maximum asset recognition threshold to non-current physical assets. For other than non-current physical assets, an appropriate threshold level should be determined by reference to the class and nature of the asset.

Borrowing Costs: AAS 34/AASB 1036

The above Standards are silent on whether ongoing costs associated with capital expenditure incurred prior to initial application of the Standards satisfy the definition of borrowing costs and therefore require capitalisation.

QAO considers that for completeness these ongoing costs should be included. For example, if an entity had entered into a lending arrangement to construct an asset prior to the introduction of the Standards and had incurred capital costs paid from borrowed funds, there will be ongoing interest costs associated with the advance. These ongoing interest costs satisfy the definition of borrowing costs until the asset is ready for use.

QAO has prepared guidelines on these Standards and were forwarded to clients during December. These guidelines contain a number of comprehensive examples to assist readers in complying with the Standard. A copy of these guidelines can be accessed on QAO’s web site.

Salary Packaging

Leased vehicles may be included as a component of salary packaging for employees. The vehicles may be financed through operating leases or finance leases.

If the lease is assessed as a finance lease, it may require disclosure in the accounts of the employer. Under a finance lease there may be an option for employees to purchase the vehicle. In this case the employer may obtain indemnities from an employee that he/she will be responsible for purchasing the vehicle or continue the lease payments upon leaving the organisation.

Under these circumstance the employer need not disclose the lease commitments based upon the following rationale

- ◆ There is no commitment by the employer to continue lease payments if the employee leaves the organisation (depending on the strength of the indemnity mentioned above).

- ◆ The arrangement is merely part of a salary sacrifice. You would not dissect the components of a salary package



and show a future commitment for cash, therefore why show a commitment for lease payments.

- ◆ Substance over form.

There is a legal agreement

between the lessor and the employer, however the substance is that it is merely a salary arrangement.

- ◆ Materiality considerations.

Accounting Treatment For Lease Incentives

UIG, Abstract 3 “Accounting for Lease Incentives under Non-Cancellable Operating Leases” applies to non-cancellable operating leases entered into on or after 6 July 1995. The abstract requires that the lessor will need to recognise the benefits derived from the inducement offered by the lessor as a liability and reduce the liability over the term of the lease or, where relevant, a shorter period.

Tips to assist in identifying the existence of a lease incentive

- Review the terms and conditions of the lease agreement and other documentation relating to the lease for evidence of an incentive
- Consider the substance of the transaction over the legal form it may take
- Compare the market value of equivalent items under lease at the date of entering the lease (eg. by review of other suppliers documentation who have quoted for the particular item) — if the value of these equivalent items are greater than the negotiated lease terms — this may indicate the existence of a lease incentive

Lease incentives may take various forms such as an up-front cash payment, the assumption by the lessor of the lessee’s costs to exit a pre existing lease, a free fit-out or a rent free period. In some cases it may be fairly obvious that a lease incentive exists, however this may not always be the case. For example – in lieu of a rent free period, the lessee may pay a reduced rental as the value of the lease incentive has been prorated over the life of the lease.

The decision to recognise a lease incentive will be subject to materiality considerations set out in AAS 5 and AASB 1031 — “Materiality”.

Cash Flow Ratios

When undertaking liquidity analysis, cash flow information is more reliable than balance sheet or operating statement information. Balance sheet data is only a single point in time while the operating statement contains many arbitrary non cash transactions eg. depreciation and amortisation. In contrast the cash flow statement records the changes in the balance sheet and operating statement and nets out the bookkeeping artifice, focusing on cash available for operations and investments.

Following are some cash flow ratios to test for solvency and liquidity and those that indicate the viability of the entity as a going concern.

Operating cash flow ratios will vary depending on the industry. For example service providers such as the electricity industry will generate substantial operating cash flows while more capital intensive industries will generate substantially less. This ratio is useful when comparing ratios for the entity’s industry peers.

Operating cash flow

Cash flow from operations

Current liabilities

The entity’s ability to generate resources to meet current liabilities

This ratio is a direct correlation to the old earnings current debt coverage ratio. The higher the multiple, the easier it is for the entity to repay its debt. Like most ratios as long as the entity is not insolvent, the appropriate multiple will vary by industry characteristics.

$$\frac{\text{Operating cash flow — cash dividends}}{\text{Current debt}}$$

Entity's ability to repay its current debt

The cash interest coverage ratio is similar to the interest coverage ratio. However the numerator of the interest coverage ratio uses earnings from the operating statement whereas the above ratio uses cash from the cash flow statement. Cash is a better indicator as to the entity's ability to pay interest than earnings as the earnings figures includes non cash transactions such as depreciation. A highly leveraged entity will have a low multiple while an entity with a strong balance sheet will have a high multiple. An entity with a multiple less than 1.0 has a risk of potential default.

$$\frac{\text{Cash flow from operations} + \text{Interest paid} + \text{Taxes paid}}{\text{Interest paid}}$$

The entity's ability to meet interest payments

This ratio measures the capital available for internal reinvestment and for payments on existing debt. When the ratio is greater than 1.0, the entity has enough funds to meet its capital investment, with some spare to meet debt. The higher the value, the better off the entity is.

$$\frac{\text{Cash flow from operations}}{\text{Capital expenditures}}$$

Entity's ability to cover debt after maintenance or investment on plant and equipment

This ratio highlights the amount of time it will take the entity to repay debt, assuming all cash flows from operations are used for this purpose. The lower the ratio, the less financial flexibility the entity has which may indicate future problems.

$$\frac{\text{Cash flow from operations}}{\text{Total debt}}$$

Entity's ability to cover future debt obligations

Source: *Journal of Accountancy*, Oct 98, pgs 53 – 61

Whole of Government Issues

Whole of Government Reporting – AAS 31

Queensland Government is currently implementing the new accounting standard AAS 31 “Financial Reporting by Governments”. This requires the consolidation of the financial results and position of entities controlled by the State but will not include the operations of universities or local governments. The 1997-98 Whole of Government process will be audited and accounts certified by the Auditor-General.

Based on materiality, ninety entities were considered appropriate for consolidation. These entities have been required to identify both transactions and account balances relating to other public sector entities to enable the Whole of Government Team to eliminate their affect on the accounts of the State. Each entity's consolidation package was certified by QAO. Due to delays in finalising the accounts of a number of agencies, the Whole of Government financial statements are now expected to be certified by the end of February 1999.

Local Government

Infrastructure Assets and Land Valuation

Infrastructure assets acquired prior to 1 July 1994 must now be recognised in the financial statements for 1998-99. The onerous task of identifying, valuing and recording non-current infrastructure assets is currently under consideration by the Local Government Association of Queensland (LGAQ). The LGAQ is currently developing practical guidelines for the valuation of infrastructure in conjunction with a number of local governments who have brought to account assets acquired prior to 1 July 1994. QAO is involved with this process and is providing guidance on the minimum requirements for identifying, valuing and recording non-current infrastructure assets.

As a consequence of recording non-current infrastructure assets in the books of a local government, depreciation charges to the Operating Statement have increased significantly. Some local governments are recording large losses in operating capability for the first time as a result of the huge increase in depreciation charges. This issue is quite significant for a local government. The result of a huge increase in depreciation is that a local government must either fund the depreciation expenses out of operating revenue or resolve to not fund depreciation. If a local government resolves not to fund the total depreciation expense, then that decision will eventually impact on the financial capacity available for the future replacement of non-current assets. The impact of large losses as a result of an increase in depreciation will affect the operating capability of a local government. This issue requires careful analysis and consideration by a local government as to the effect it will have on its operations.

Superannuation

ISC Lodgement Dates

Superannuation Industry Supervision Regulations have been amended to require non-excluded funds to lodge annual returns to the Australian Prudential Regulation Authority (APRA) within four months of the end of the financial year (previously six months). For the financial year ending 30 June 1999 all superannuation entities must lodge returns with APRA by 31 October 1999.

Superannuation Guarantee Charge

Effective 1 July 1998, the Superannuation Guarantee payment rate increased to 7%. Employees are now eligible for the superannuation guarantee up to age 70. Employees over 65 need to be working at least 10 hours per week to be eligible.

Corporate News

Asset Revaluation

There is now no requirement on company directors to certify to the recoverable amounts test of non-current assets. This previous requirement has been repealed under the *Company Law Review Act 1998*, effective from 1/7/98.

Australian Securities Investment Commission (ASIC) Guidelines

The ASIC has issued Practice Note 68 "New Financial Reporting and Procedural Requirements" to clarify some of the financial reporting, audit, share capital, meeting and annual return requirements introduced by the *Company Law Review Act 1998* and the *Managed Investments Act 1998*.

A copy of the practice note can be obtained from ASIC's web site <http://www.asic.gov.au>

Environmental Performance

Recent amendments to the Corporations Law now require companies to include environmental information in their annual director's report.

This requirement is effective for financial years ending on or after 1 July 1998. Section 299(1)(f) requires details of a company's performance in relation to environmental regulations to be included in the annual directors' report, if the company's operations are subject to any

particular and significant environmental regulation under a law of Commonwealth, State or Territory.

In order to comply with this requirement, it is recommended that companies ensure an appropriate Environmental Management System (EMS) is incorporated into their operating procedures, together with environmental reporting and monitoring procedures. An EMS will provide companies with the monitoring and reporting of data required to evaluate environmental performance for the preceding financial year and produce environmental performance reports.

Preparation of financial statements

Public companies that are established by a Government Owned Corporation are required to prepare annual financial statements and annual report in terms of s.292 of the Corporation Law. There are no exceptions to this requirement even if the company did not trade in a particular reporting period.

Investment Advisory Services

Under changes to the Corporations Regulations, from 1 October 1998, entities which provide investment advisory services must be licensed with the Australian Securities and

Investments Commission (ASIC). To be licensed the entity must meet certain criteria. Licensees must join an ASIC approved external complaints scheme, establish a compliance committee and put in place a compliance plan which will be subject to an annual audit.

What's New in Accounting?

Public Sector Accounting Standards

Arrangements for public sector accounting standard-setting in Australia have been subsumed within the changes proposed for Australian corporate law.

Representatives from a number of Australian Audit Offices met with Senator Ian Campbell and others responsible for carriage of the corporate law changes at many of their public meetings around Australia to urge the retention of a strong capacity for dealing with public sector issues.

The Australasian Councils' of Auditor-General's was disappointed with the final result. The public sector may be disadvantaged by the final proposals, including the composition of the Council which will oversee standard-setting.

New and Revised Accounting Standards

Following is a brief description of recently revised accounting standards. To obtain a full appreciation of the effect of these changes, it is recommended that the relevant standard should be read in its entirety.

AAS 6 / ASB 1001 'Accounting Policies'

These revised Standards require accounting policies to be selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability and is comparable and understandable.

Operative on or after 31 December 1999 but may be applied earlier.

AAS 14 / AASB 1016 'Accounting for Investments in Associates'

The revised Standards have finally been released. The amendments define and clarify the equity method of accounting for investments in associates. The major changes relate to financial reports, definition of associate, calculation of carrying amount, recoverable amount and disclosures.

Operative date is for financial years beginning on or after 1 July 1999 however the Standard can be applied to financial years beginning before 1 July 1999 where an election has been made under the Corporations Law.

AAS 15 / AASB 1004 'Revenue'

The operative date for this Standard was reported as 31 December 1999 in the first issue of INFORM. This date is incorrect, the Standard is operative on or after 30 June 1999. The first issue of INFORM provided a summary on the major changes to the Standard.

AAS 17 / AASB 1008 'Leases'

The revised Standards retain the basic content and clarify certain requirements of the superseded Standards in respect to leveraged leases, use of an incremental borrowing rate, treatment of land, sale and leaseback transactions and certain disclosures.

Operative date on or after 31 December 1999 but may be applied earlier.

Accounting Exposure Drafts

ED 95 'Discontinuing Operations'

This Exposure Draft proposes the introduction of new Standards that harmonise with International Accounting Standard IAS 35 'Discontinuing Operations'. The major proposals include:

- ◆ Reliance on the recognition and measurement requirements of other Standards including ED 88 'Provisions and Contingencies' and IAS 36 'Impairment of Assets'.

- ◆ Use of the term 'discontinuing operation' be restricted to a discontinuing operation as defined in the Exposure Draft.
- ◆ A discontinuing operation should not be classified as an extraordinary item.
- ◆ Disclosures relating to a discontinuing operation should begin on the first reporting date after an initial disclosure event.

QAO is in general agreement with the proposed changes in ED 95.

ED 96 'Interim Financial Reporting'

This Exposure Draft proposes changes to Accounting Standard AASB 1029 'Half-Year Accounts and Consolidated Accounts' and issuing a new Australian Accounting Standard in order to conform with International Accounting Standard IAS 34 'Interim Financial Reporting'.



Major proposals include:

- ◆ Broadening the scope of AASB 1029 to include interim reports for periods of any length less than a financial year..
- ◆ Creating an equivalent AAS Standard to include reporting entities such as government departments and local governments.
- ◆ Condensed financial statements and selected explanatory notes.
- ◆ In general, recognition and measurement policies that have been applied in the most recent annual financial report should also be applied in the interim financial report.
- ◆ A discrete view, rather than an integral view, should be used in preparing interim financial reports.
- ◆ Apart from transitional periods, a change in accounting

policy during an interim period must be reflected by restating the financial statements of prior interim periods of the current financial year.

- Greater use of estimates and changes in estimates.

QAO is in general agreement with the proposed changes in ED 96.

ED 97 'Employee Benefits'

This Exposure Draft proposes amendments to AAS 30/AASB 1028 'Accounting for Employee Entitlements' to harmonise with International Accounting Standard IAS 19 'Employee Benefits' except to the extent that IAS 19 deals with recognition and measurement of superannuation and post-employment medical benefits.

Major proposals include:

- ◆ Adoption of the terminology used in IAS 19.
- ◆ Replacement of recognition criteria by more specific criteria used in IAS 19.
- ◆ Use of discount rates which are attached to high quality corporate bonds. The rate used to discount employee benefit obligations must now be determined by reference to market yields as at the reporting date on high quality corporate bonds. If there is no deep market in such bonds, the market yields on government bonds must be used.
- ◆ Additional disclosures.



QAO's comments on the Exposure Draft to AARF were:

- **Government bond rate would be a more appropriate discount rate for public sector entities rather than high quality corporate bond rates, however corporate bond rates may be applicable to government owned corporations.**

- **There are certain disclosure requirements in relation to elected representatives however there is no indication as to whether ministerial entitlements need to be disclosed on a departmental basis, or whether the Legislative Assembly would record information for all parliamentarians. Problems may arise in relation to allocation if, for example, a ministerial portfolio contained more than one department. A more consistent approach would be for the Legislative Assembly to record all entitlements.**

- **Post-employment benefits which vest over a specified qualifying period of service are to be recognised as a liability over that same period. This would mean these entitlements would need to be accrued annually. The Exposure Draft is not clear as to whether these entitlements need to be recorded on a departmental basis or a legislative basis. It is felt that the later option would yield more consistent results.**

ED 98 'Presentation and Disclosure of Financial Instruments'

This Exposure Draft proposes amendments to AASB 1033/AAS 33 'Presentation and Disclosure of Financial Instruments'.

The main amendment is to clarify the circumstances when a converting financial instrument should be classified as a financial liability and when it should be classified as an equity instrument.

- QAO is in general agreement with the proposed changes in ED 98 which seeks to provide guidance on the nature of a financial liability and an equity instrument. Guidance will assist financial statement preparers in consistency of classification of a financial instrument and its component parts.**

Urgent Issues Group (UIG) Update

Abstract 20 'Equity Accounting - Elimination of Unrealised Profits and Losses on Transactions with Associates'

The UIG agreed that in applying the equity method of accounting as required by AASB 1016/AAS 14 'Accounting for Investments in Associates', the investor must adjust the 'investment in the associates' and 'profit and loss from associates' or similar accounts, to eliminate unrealised profits and losses on both 'upstream' and 'downstream' transactions between an investor and an associate. Upstream transactions are sales by an associate to the investor, an investor controlled entity, or another associate entity of the investor. Downstream transactions refer to sales by an investor or its controlled entities to an associate.

Applies for reporting periods ending on or after 30 June 1999.

Abstract 21 'Consistency - Different Cost Formulas for Inventories'

The UIG has agreed that the IASC's Standing Interpretations Committee 1 'Consistency - Different Cost Formulas for Inventories' should be applied by Australian reporting entities. This interpretation requires that the same cost formula be used for assigning costs to inventory having similar nature and use to the enterprise. For inventories with different nature or use, different cost formulas may be justified.

Applies for reporting periods ending on or after 30 June 1999.

Abstract 22 'Share Buy-Backs'

Due to the recent changes in the Corporations Law, which abolished par value, this new abstract replaces Abstract 16. This abstract applies to buy-backs of no par value by

confirming that the total cost of buy-backs be debited directly from equity and not through the profit and loss statement. The costs of acquisition of the shares bought back comprises the purchase consideration plus costs incidental to the acquisition. The description of the nature and terms of the share buy-back and any other information material to an understanding of the transaction must be disclosed.

Applies from 17 September 1998 to the buy back of no par value shares included in equity.

Abstract 23 'Accounting for Transaction Costs arising on the Issue of Equity Instruments'

The UIG have confirmed that transaction costs arising from the issue of equity instruments should be recognised directly in equity as a reduction of the equity instruments to which the costs relate. Transaction costs incurred are those directly connected to the issue of equity instruments. The abstract also requires that the amount of transaction costs recognised be separately disclosed.

Applies to issue costs incurred on equity installments issued on or after 20 October 1998. Earlier application is encouraged.

Abstract 24 'Equity Accounting - the Carrying Amount of Investment in an Associate'

The UIG confirmed that the carrying amount of an investment in an associate must only include the ordinary shares and other financial interests that satisfy the characteristics of ownership interest. Financial interests in associates not included in the carrying amount of an investment are subject to the recoverable test as consistent with Accounting Standards and Concepts. Guarantees and indemnities provided by an investor in respect of the performance of an associate would be recognised as a liability when recognition criteria are fulfilled.

Applies to reporting periods ending on or after 30 June 1999. Earlier application is encouraged.

What's New in Auditing?

New and Revised Auditing Standards

Following is a brief description of recently revised auditing standards. To obtain a full appreciation of the effect of these changes, it is recommended that the relevant standard should be read in its entirety.

AUS 702 'The Audit Report on a General Purpose Financial Report' and AUS 708 'Going Concern'

The above revised Auditing Standards were reissued to deal with the audit reporting implications arising from the revisions of Accounting Standards AASB 1002/AAS 8 "Events Occurring After Reporting Date" (issued October 1997).

AUS 708 and AUS 702 were amended to enable the auditor to modify the audit report to include an emphasis of matter section regarding going concern issues where there is no disagreement with management, and there is adequate disclosure in the financial report in accordance with AASB 1002/AAS 8.

Both Standards are operative from 15 October 1998.

Auditing Guidance Standards

Addendum to AGS 1010 'Audit Obligations of the Financial Institutions Scheme - Risk Management Systems and the Year 2000 Issue'

This addendum was issued by the AuASB and prepared to provide guidance to an auditor in respect of Year 2000 issues when reporting on risk management systems.

The guidance covers reporting on the adequacy of risk management systems, issues to be addressed and the auditor's report.

QAO would expect as a minimum that in relation to Year 2000, public sector entities disclose the following:

- Recognition of the Year 2000 issue and extent of possible impact on the entity.
- An overview of action taken to review systems for Year 2000 compliance.
- An overview of steps taken or proposed to address any Year 2000 issues.
- An estimate of the costs involved (if reliably determinable) or advice that the costs cannot be reliably determined.

Operative from 15 October 1998

AGS 1016 'Audit and Review Reports on Half-Year Financial Reports'

This Guidance Statement was revised to reflect the amendments to the financial reporting and auditing provisions of Corporations Law brought about by the *Company Law Review Act 1998*. The relevant provisions are now contained in Chapter 2M of the Corporations Law.

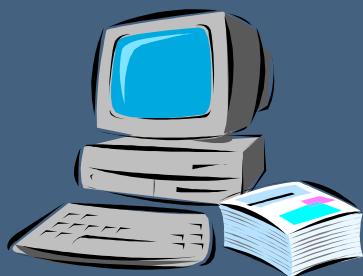
The revised Guidance Statement also consolidates material relating to the half-year disclosure requirements of the Australian Stock Exchange (ASX) Listing Rules that was previously in the Addendum to AGS 1016.

These changes will affect audit and review reports on half-year financial reports of disclosing entities for reporting periods ending on or after 1 July 1998.

International Developments

International Standards for the Public Sector

The Public Sector Committee (PSC) of the International Federation of Accountants has commenced a program of developing accounting standards for the public sector. There is a real possibility that, if the public sector is significantly disadvantaged by the revised standard-setting process in Australia (see story in "What's New in Accounting?"), the Australian public sector may be forced to look to international public sector standards. In August, the PSC published exposure drafts on the first five International Public Sector Accounting Standards. It is expected that within a few years a high quality set of international accounting standards for public sector entities around the world will be available. The PSC has based the initial five standards on existing International Accounting Standards issued by the IASC.



We are on the web
www.qao.qld.gov.au

QAO Best Practice Guidelines & Other Publications

Soon to be released publications —

- **Consideration for Better Management of General Procurement Practices**
- **Best Practice Guidelines for the Sale of Material Public Sector Assets**

Recent publications —

- **QAO's Strategic Plan (Dec 98)**
- **Guidelines – AAS 34 / 1036: Borrowing Costs (Dec 98)**

Existing publications —

- **Guidelines – AAS33 / AASB 1033: Presentation and Disclosure of Financial Instruments (Jul 98)**
- **Guidelines for the Implementation of New Generation QGFMS (SAP R/3) (Jun 98)**
- **Our Audit Process (Jan 98)**
- **Best Practice Guidelines – Information Systems (Revised) (Oct 97)**
- **Guidelines for Dealing with Reportable Gifts – Including Hospitality and Entertainment (Oct 97)**
- **Guidelines for Year 2000 Compliance (Sep 97)**
- **Guidelines on AAS29 – Financial Reporting by Government Departments (Nov 96)**
- **QAO Auditing Standards (Jul 96)**
- **Guidelines for the Conduct of Audits of Performance Management Systems (Mar 95)**

These publications are available free of charge and may be obtained by ringing QAO on (07) 3405 1100. The publications are also on our web site.

Queensland Audit Office
Level 11
Central Plaza One
345 Queen Street
GPO Box 1139
Brisbane QLD 4001
Phone (07) 3405 1100
Fax (07) 3405 1111
Email qao@qao.qld.gov.au
Homepage <http://www.qao.qld.gov.au>

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QAO in-charge auditors are usually the first point of contact for technical matters. QAO Technical Services Unit provides technical and policy advice to QAO in-charge auditors and staff.