

# FinPro - Professional development seminar



***FY 2017 audit update by***  
**Victorian Auditor-General's Office**

# What's NEW? for FY17

- Accounting – *No changes!*
- Disclosures – *AASB 124 application & model accounts changes (PP&E note).*
- Performance statement – *Few changes.*

## *New in audit reporting space:*

- New format audit report & KAM's.
- 2017 Audit snapshot



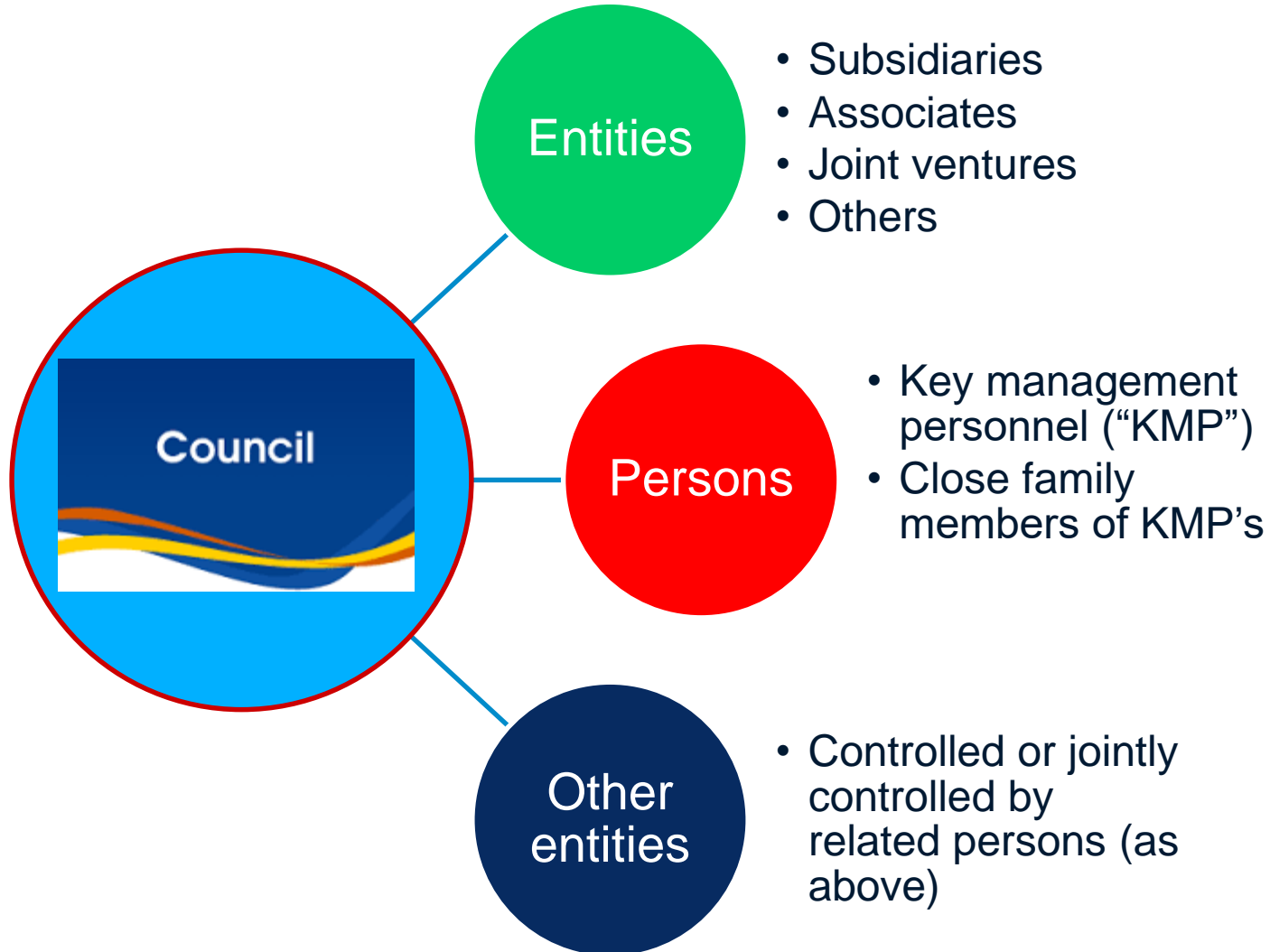
# What auditors will be looking at **this year?**

- Audit risks - PP&E balance.
  - *Fair value assessment.*
  - *Found assets.*
  - *Capital work-in-progress.*
  - *Impairment risks from recent floods.*
- AASB 124 - compliance.
- Performance statement – LGPRF compliance.

And:

- Entity specific audit risks (*landfill provision, developer contributions, IT risk, revenue rec etc.,*).

# Overview of Councils common related parties:



## Related disclosures- 5 steps:

1. System to identify and record related parties.
2. Identify ordinary citizen transactions .
3. System to identify and record RP transactions.
4. Assess materiality of captured RP transactions for disclosure.
5. Draft disclosure.

## Related disclosures – Suggested prep work

- Establish Policy framework.
- Capture RP data early for draft disclosure.
- Check identified RP's with AP / AR / payroll systems for any transactions. *Retain audit trail.*
- Management to apply judgement & materiality to determine disclosure. *Retain audit trail.*

## Related disclosures- audit expectations:

- Auditors will review financial report disclosures and also Council's internal systems and policies implemented by the management to ensure compliance with the requirements of *AASB 124*.
- Expectation is to use shell accounts review process to present draft related party disclosures for audit clearance.

## Performance statement audit – FY 17:

- Food safety indicators to be reported on a calendar year basis from FY 17.
- HACCC indicators not to be reported from FY 17.
- Councils to have internal periodic quality control check process over the data provided by various indicator owners.





## Audit matters from FY17 interim phase

- FY17 flood impact.
- Performance statement – Need for internal QA.
- Advantages of bringing forward PP&E valuation exercise early.
- Federal budget announced that 6 months of FY18 financial assistance grants will be paid in FY17.  
*Rev rec and budget variance considerations.*

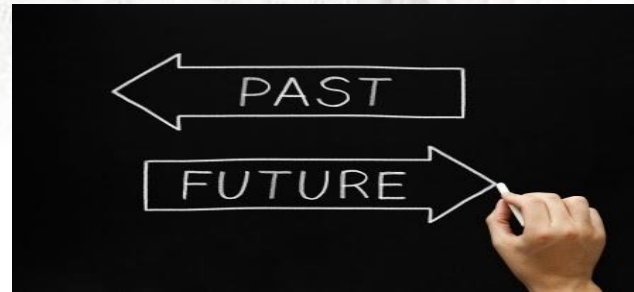
## Audit need not be painful !!! – Top 2 tips

- Communicate with auditors on key accounting/ audit matters well before year-end visit. Ensure no last minute surprises!



- Make use of shell accounts review process to agree on key disclosures requirements (including AASB 124).

## Changes at VAGO:



- More client-focused approach with wider/deeper engagement.
- New templates.
- New address *from 29 May 2017*.





ANY  
QUESTIONS  
?

thank  
you!