



Public Sector Financial Reporting Framework

Project summary

The objective of the project is to clarify and simplify the Australian financial reporting framework for the public sector, in conjunction with government policymakers and regulators to:

- establishing consistent clear and objective criteria and thresholds that support transparency and openness;
- specified financial reporting requirements based on needs of users matched with the level of public interest and external users (proportionate and fair); and
- appropriate level of assurance matched with the reason why a public sector entity is reporting.

The aim is to develop objective criteria to determine which entities should be required to prepare and lodge financial statements and the financial reporting requirements that would apply to the financial statements (perhaps even a simplified Tier 3). The criteria should ensure that only those entities that should prepare general purpose financial reports are identified as public lodgers.

Project contacts

Patricia Au
Project Manager
pau@asb.gov.au

Shachini Dassanayake
Project Manager
sdassanayake@asb.gov.au

Clark Anstis
Technical Principal
canstis@asb.gov.au

Project priority: Medium

Issued Documents

- Research Report No.6 *Financial Reporting Requirements Applicable to Australian Public Sector Entities*
- [Consultation Paper](#) (ITC 39) *Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems*
- [Discussion Paper](#): *Improving Financial Reporting for Australian Public Sector*

Project status

- The AASB Discussion Paper for Public Sector entities was issued in June 2018
- Further outreach planned in H2 2019

Board deliberations

- AASB Action Alert Update and Board Papers

AASB Outreach

- Roundtable sessions (NFP public)
- Webinar – [slide pack](#) & [recording](#) [June 2018]

AASB Communications

- Differential Reporting Project Update (January 2015)
- RDR Project Summary
- Conceptual Framework
- Differential Reporting Project Update (January 2015)

Latest project news

Date

News

November 2018

November 2018 Action Alert

June 2018

Discussion Paper: *Improving Financial Reporting for Australian Public Sector*

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

Last updated: **13 February 2019**

AASB Action Alert Update and Board Papers

Meeting Date	Update
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November 2018	Australian Financial Reporting Framework – Public Sector
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The Board decided that the Phase 1 of ITC 39 Phase 1 will be limited to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards, and to other for-profit entities that elect to apply the revised Conceptual Framework for Financial Reporting (RCF). The intention of Phase 1 is to allow entities to maintain compliance with IFRS Standards, not to extend requirements for entities to prepare general purpose financial statements (GPFS). For example, Phase 1 will permit for-profit public sector entities to continue to state compliance with IFRS Standards where they elect to do so, but will not otherwise require public sector entities to adopt the RCF at this stage.

- 4.1** Staff Paper: ITC 39 Phase 1 Submissions
- 4.2** Full written submission received on ITC 39 – Phase 1
- 4.3** For noting: ITC 39 Applying the IASB’s Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems
- 4.4** Submission received from the ACNC on ITC 39

March 2018	Australian Financial Reporting Framework – Public Sector
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The Board decided that the range of options for improving the financial reporting framework applicable to public sector entities for inclusion in its forthcoming Discussion Paper should include another option that would not require all local governments to prepare Tier 1 general purpose financial statements.

The Board also review a near-final draft Research Report that sets out the current financial reporting requirements for public sector entities in Australia and other major jurisdictions overseas. The Research Report will provide context for the Discussion Paper and will be published shortly.

- 6.0** Cover Memo – Financial Reporting Framework – Public Sector Entities
- 6.1** AASB Staff Research Report No.X *Financial Reporting Requirements for Public Sector Entities*
- 6.2** Discussion Paper – *Possible options for Improving the Financial Reporting Requirements for Australian Public Sector Entities*

AASB Action Alert Update and Board Papers

Meeting Date	Update
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November 2018	Australian Financial Reporting Framework – Public Sector
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The Board decided that the Phase 1 of ITC 39 Phase 1 will be limited to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards, and to other for-profit entities that elect to apply the revised Conceptual Framework for Financial Reporting (RCF). The intention of Phase 1 is to allow entities to maintain compliance with IFRS Standards, not to extend requirements for entities to prepare general purpose financial statements (GPFS). For example, Phase 1 will permit for-profit public sector entities to continue to state compliance with IFRS Standards where they elect to do so, but will not otherwise require public sector entities to adopt the RCF at this stage.

- 4.1** Staff Paper: ITC 39 Phase 1 Submissions
- 4.2** Full written submission received on ITC 39 – Phase 1
- 4.3** For noting: ITC 39 Applying the IASB’s Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems
- 4.4** Submission received from the ACNC on ITC 39

February 2018	Australian Financial Reporting Framework – Public Sector
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The Board approved the scope and overall approach of the Research Report and the Discussion Paper addressing financial reporting requirements for public sector entities. The Board discussed the options to be presented in the Discussion Paper for revised public sector reporting requirements. The draft publications will be further considered by the Board before they are finalised for publication.

- 3.0** Cover Memo – Financial Reporting Framework
- 3.1** Draft Research Report No.X *Financial Reporting Requirements for Public Sector Entities*

December 2017	Financial Reporting Framework
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The Board approved the project plan for considering the financial reporting framework for public sector entities, with minor amendments. The Board also supported a field work proposal from an academic research group as the research may help inform decisions about the reporting framework.

- 8.2** Project plan for the Financial Reporting Framework for public sector entities
- 8.3** Staff Paper – Research Project Facilitation

May 2017	
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The Board considered an updated project plan. In particular, staff will work in conjunction with other key regulatory bodies and stakeholders to determine user needs for information and to consider the costs and benefits of the financial reporting requirements for all Australian entities. Extensive research work, including comparing the existing reporting requirements with other jurisdictions, and consultation activities are underway to better understand and assess the criteria for determining (a) which entities are required to prepare general purpose financial reports and (b) the reporting requirements applicable to entities.

AASB Action Alert Update and Board Papers

Meeting Date	Update
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November 2018	Australian Financial Reporting Framework – Public Sector
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The Board decided that the Phase 1 of ITC 39 Phase 1 will be limited to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards, and to other for-profit entities that elect to apply the revised Conceptual Framework for Financial Reporting (RCF). The intention of Phase 1 is to allow entities to maintain compliance with IFRS Standards, not to extend requirements for entities to prepare general purpose financial statements (GPFS). For example, Phase 1 will permit for-profit public sector entities to continue to state compliance with IFRS Standards where they elect to do so, but will not otherwise require public sector entities to adopt the RCF at this stage.

4.1 Staff Paper: ITC 39 Phase 1 Submissions

4.2 Full written submission received on ITC 39 – Phase 1

4.3 For noting: ITC 39 Applying the IASB’s Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems

4.4 Submission received from the ACNC on ITC 39

7.1 Staff Paper: Australian Financial Reporting Framework

June 2016 Staff outlined the continuing development of benchmarking reports regarding financial reporting requirements for for-profit and not-for-profit entities in the private and public sectors. These reports will provide a basis for further consultation with regulators and other stakeholders. No decisions were made.

7.0 Cover memo – Australian Financial Reporting Framework

7.2 Updated project plan

April 2016 Staff outlined the continuing work to develop benchmarking reports regarding financial reporting requirements for for-profit and not-for-profit entities in the private and public sectors. These reports will support further consultation with regulators and other stakeholders. No decisions were made.

February 2016 The Board supported the general view expressed at roundtables held in January that there is scope for improving the application of financial reporting requirements for not-for-profit entities in the private and public sectors. The roundtables discussed many aspects, including reporting thresholds and the possibility of adding a third tier of reporting requirements. Summaries of the roundtable discussions will be published on the AASB website. The Board noted the importance of ongoing consultation with a broad range of stakeholders as the project progresses. No decisions were made.

9.0 Memorandum – Financial Reporting Framework

9.3 Extracts from the Final Report of the Royal Commission into Trade Union Governance and Corruption relating to financial reporting by trade unions

December 2015 The Board received an update on the project addressing the Australian financial reporting framework in terms of which entities should prepare and lodge general purpose financial statements and the content of such financial statements. No decisions were made.

AASB Action Alert Update and Board Papers

Meeting Date	Update
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November 2018	Australian Financial Reporting Framework – Public Sector
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The Board decided that the Phase 1 of ITC 39 Phase 1 will be limited to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards, and to other for-profit entities that elect to apply the revised Conceptual Framework for Financial Reporting (RCF). The intention of Phase 1 is to allow entities to maintain compliance with IFRS Standards, not to extend requirements for entities to prepare general purpose financial statements (GPFS). For example, Phase 1 will permit for-profit public sector entities to continue to state compliance with IFRS Standards where they elect to do so, but will not otherwise require public sector entities to adopt the RCF at this stage.

4.1 Staff Paper: ITC 39 Phase 1 Submissions

4.2 Full written submission received on ITC 39 – Phase 1

4.3 For noting: ITC 39 Applying the IASB’s Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems

4.4 Submission received from the ACNC on ITC 39

7.1 Staff Paper – Financial Reporting Framework

May 2015

The Board supported the project to reconsider the Australian financial reporting framework in terms of which entities should prepare financial statements and the content of those financial statements. The overall aim of the project is to clarify and simplify the financial reporting framework, so that objective criteria determine the entities required to prepare general purpose financial statements. The project will cover both corporate and non-corporate entities, in conjunction with government policymakers and regulators.

The Board noted the project plan, which encompasses the work to reconsider the reduced disclosure requirements for Tier 2 entities (see separate item) and raises the possibility of a third tier of reporting requirements.

11.1 Memorandum – Financial Reporting Framework

11.2 Project Plan