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In our experience, significant judgement may be required to identify key management personnel (KMPs) and related parties in the public sector. For example, if all CFOs are considered KMPs, there may be a lot of KMPs. Public sectors need to do a lot of work to identify KMPs, obtain information about all transactions with KMPs and other related parties, and then to determine whether the information is material enough to require disclosure (a qualitative assessment is required if not quantitatively material). There are privacy issues to consider and some more distant related parties like close family may simply refuse to provide the required information/confirmation. In practice, this significant workload may produce little useful information for users, and it is difficult to audit the completeness of the information provided.

#### **Topic 4 - Basis of preparation of special purpose financial statements - disclosures about compliance with Australian Accounting Standards**

##### **Questions**

17. Do you have any comments regarding the SPFS disclosures regarding compliance with Australian Accounting Standards by NFP private sector entities? If so, please provide your views on those requirements, relevant circumstances and their significance. Examples to illustrate your responses are also most helpful.

#### **BDO Comment - Question 17**

No comments.