



COLIN'S

CORNER

Take heed

A couple of themes emerge from this month's review of developments – heed the lessons from regulators' financial-reporting scrutiny and actions taken for non-compliance with laws and regulations.

As financial reporting is truly international, the findings of overseas regulators can be easily applied here. What the UK Financial Reporting Council, its financial reporting lab, and the European Securities and Markets Authority have to say is invaluable. Often these sources provide greater insights into reporting issues and compliance than those provided by the Australian Securities & Investments Commission. They are well worth considering.

Another striking feature is the number of actions taken by local regulators for non-compliance with laws and regulations – wages underpayments, breaches of anti-money laundering legislation, job-keeper abuses and AFSL compliance. Directors, accountants, auditors and business service teams take note and manage the risks accordingly.

On the accounting front, the reference to IFRC agenda decisions may seem obscure, but they shed light on technical issues about accounting standards. Accountants and auditors need to understand them.

Two further items for the audit-practice agenda – the forthcoming suite of standards on quality management and climate risks.

What follows are many news items for you and your colleagues to consider for 'to do' lists.

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Financial reporting

AASB FAQs' on initial recognition

Australian Accounting Standards Board staff FAQs dealing with not-for-profit revenue have been extended to include grants in which related activities have yet to be performed.

FAQs about AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* now address accounting for transactions involving AASB 1058 *Income of Not-for-Profit Entities*.

They specifically address grants where an NFP has partially but not yet fully performed activities required under an agreement and associated asset (for example, grant funding in cash or other asset) that has not yet been received.

In these circumstances (such as accrued grants) a non-cash asset might exist (for example, a financial asset under AASB 9 *Financial Instruments* representing the contractual right to receive the cash) and should be recognised and appropriately described in the statement of financial position.

The focus is on initial recognition of this type of asset, although the FAQs also address some consequential matters about recognition of associated income.

The FAQs include scenarios to illustrate the accounting.

Join Colin Parker on Thursday 10 December for **GAAPinar No.10** *The Latest NFP and ACNC developments and insights.*

Agenda decisions compilation published

The International Financial Reporting Standards Foundation's third *Compilation of Agenda Decisions* has grouped decisions published by its interpretations committee from April to September.

They concern IFRS 16 *Leases*, IAS 12 *Income Taxes* and IAS 38 *Intangible Assets*.

The decisions are organised according to the IFRS standard to which they relate. The document is intended to make the committee's already published work more accessible.

The committee aims to support consistent application of IFRS standards.

It publishes an agenda decision when, following consultation, it concludes that a standard-setting project should not be added to a work plan to address a question received about the application of standards.

Agenda decisions report committee decisions and, in many cases, also include material that explains how the applicable principles and requirements in IFRS standards apply to the transaction or 'fact pattern' described in the decision.

AASB frameworks updated

The AASB has updated its for-profit and not-for-profit standard-setting frameworks, which set out principles followed in setting standards.

Changes made to documents include:

- Reflecting that in accordance with AASB 2020-2, for-profit private-sector entities are no longer permitted to prepare special-purpose financial statements, subject to limited exceptions (for-profit framework only), and
- Summarising the key principles on which Tier 2 disclosure requirements are developed.

FRC reveals where reporting needs to improve

The UK Financial Reporting Council has published a 'top 10' of areas where reporting needs to improve.

The list appears in its *Annual Review of Corporate Reporting 2019-2020*.

The 'top 10' were:

- Judgements and estimates
- Impairment of assets
- Revenue from contracts with customers
- Financial instruments
- Alternative performance measures
- Strategic report
- Statement of Cash Flows
- Provisions and contingencies
- Fair-value measurement, and
- Business combinations.

The FRC reviewed 216 accounts and wrote to 96 companies with questions about their reports. Fourteen companies were required to restate their accounts in instances where significant non-compliance had occurred. The frequency of restatements of cash-flow statements remained a concern, it reported.

Ahead of the 2020-21 reporting cycle, preparers will face additional demands to produce high-quality reports against the COVID-19 backdrop and increased economic

uncertainty. Key considerations when preparing reports and accounts are clarity, consistency, relevance and transparency.

The FRC will expect disclosure of forward-looking information that is specific to an entity and provides insights into a board's assessment of business prospects and the methods and assumptions underlying it.

The council's upcoming monitoring of annual reports will focus on disclosures addressing risk, judgement and uncertainty in the face of the ongoing impact of COVID-19, the UK's exit from the European Union and climate-related risks.

New guidance for year-end reporters

The FRC's Financial Reporting Lab has released guidance on critical areas of focus for 2020 year-ends.

Two new guides look at key elements relating to resources, action, going concern, risk, viability and the future.

COVID-19: Resources, action, the future – a look forward and *COVID 19: Going concern, risk, and viability – a look forward*:

- Summarise key messages from earlier reports
- Provide an update on recent developments in corporate reporting
- Offer some thoughts on how corporate reporting can develop, and
- Contain practical examples from reports and presentations released by companies.

Enforcement priorities take COVID into account

EU regulator the European Securities and Markets Authority has issued its *Annual Public Statement on European Common Enforcement Priorities*, which sets out the priorities that European Economic Area corporate-reporting enforcers will consider when examining listed companies' 2020 reports.

The 2020 enforcement priorities for statements prepared using International Financial Reporting Standards reflect a need to provide adequate transparency about COVID-19 consequences.

Key areas are:

- The application of IAS 1 *Presentation of Financial Statements* with a focus on going concern, significant judgements and estimation uncertainty and the presentation of COVID-related items in financial statements

- The application of IAS 36 *Impairment of Assets* where the recoverable amount of goodwill, intangible and tangible assets may be impacted by the deterioration of several sectors' economic outlook
- The application of IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*, including general considerations about risks arising from financial instruments, focusing on liquidity risk, and specific considerations on the application of IFRS 9 for credit institutions when measuring expected credit losses, and
- Specific issues related to the application of IFRS 16 *Leases*, including explicit disclosures by lessees that have applied the IASB's amendment providing relief to lessees when accounting for rent concessions.

For other parts of annual financial reports, the statement highlights requirements to disclose non-financial information on:

- Impacts of the COVID-19 on non-financial matters
- Social and employee matters – most notably about the extensive use of remote working arrangements and compliance with health and safety rules

- Business models and value creation with emphasis on the need to provide disclosures on the impact of the pandemic on the business model and value creation
- Risks relating to climate change, taking into account physical and transition risks, and
- Considerations on the application of the ESMA guidelines on alternative performance measures involving COVID19.

ESMA expects issuers to consider its COVID-19-related recommendations from March on the implications for the calculation of expected credit losses and its May statement on half-yearly financial reports.

All the latest **Reporting and auditing considerations for 31 December** will be covered with Colin Parker in **GAAPinar No.12** on 17 December.

New-look corporate reporting?

The UK FRC has released a discussion paper proposing a future for corporate reporting based on a principles-based framework.

A Matter of Principles, the Future of Corporate Reporting outlines a blueprint for a more agile

approach to reporting that challenges current thinking about how companies can more effectively meet the information needs of investors and other stakeholders.

The paper considers a common criticism that annual reports are too long and important information is difficult to access. Facing significant challenges heightened by COVID-19, stakeholders are ever more interested in companies' wider actions and reporting that supports these.

Proposals include:

- Replacing the current purpose, content, and intended audiences of today's reports with a network of interconnected reports
- A new common set of principles that applies to all types of corporate reporting
- Objective-driven reports that accommodate the interests of a wider group of stakeholders rather than the perceived needs of a single set of users
- Embracing opportunities available through technology to improve the accessibility of corporate reporting, and
- A model that enables reporting that is flexible and responsive to changing demands and circumstances.

Governance

FWO recovers record sums for workers

The *Fair Work Ombudsman's 2019-20 Annual Report* reveals a record sum recovered during the past financial year for underpaid workers across the country.

In total, \$123,461,548 was recovered for 25,583 employees, which included \$90 million in underpayments that employers self-reported. More than \$56.8 million was back-paid following extensive investigations and enforceable undertakings negotiated with the FWO.

Fair Work Ombudsman Sandra Parker said that significant underpayments from large corporate entities had been a new challenge for her over the past year and the trend continued.

'The prevalence and the scale of big corporations underpaying their workers is extremely disappointing and concerning. We have established a dedicated taskforce within the Fair Work Ombudsman to investigate these matters,' Ms Parker said.

'I strongly encourage the CEOs and boards of Australia's largest corporations to ensure

they are complying with workplace laws and to advise us immediately if they identify significant underpayments.'

The FWO had 72 matters before the courts as of 1 July, in many cases alleging exploitation of vulnerable workers. There were 54 new litigations filed – more than double that of last year – and 50 per cent of those involved businesses in the fast food, restaurant and café sector.

The FWO is increasing its use of enforcement tools, and the agency issued 952 compliance notices in 2019-20, recovering \$7.8 million in unpaid wages. This is more than triple the number of notices and more than seven times the monies recovered using this tool in the previous year.

In 2019-20, the FWO entered into 12 enforceable undertakings. Nine of these related to self-reported non-compliance by large employers. The workplace regulator secured agreement for almost \$1.5 million in contrition payments from companies during the year, money deposited in Commonwealth consolidated revenue.

For migrant workers, the FWO secured \$3 million in penalties and recovered \$1.7

million in unpaid wages. Overall, the agency's total court-ordered penalties for the financial year was \$4.3 million, while inspectors issued 603 infringement notices (total fines of about \$891,000).

ATO claws back \$120 million in JobKeeper payments

The Australian Taxation Office's second commissioner Jeremy Hirschhorn has told Senate estimates that the ATO clawed back \$120 million in JobKeeper payments from employers found to have committed 'deliberate' or 'reckless' errors.

'We have also stopped future claims of another \$350 million,' Mr Hirschhorn said.

Aside from requiring these employers to repay JobKeeper overpayments, the ATO has also applied administrative penalties and pursued offences for false and misleading statements.

While those found to have made genuine mistakes haven't been financially punished, Mr Hirschhorn confirmed that they would be barred from claiming JobKeeper payments in the future despite the ATO's finding that their mistakes were made in 'good faith'.

The ATO has also issued a notice outlining its JobKeeper-extension focus areas and revealing the most common mishaps business owners have committed, including those of a malicious nature.

The ATO gave several examples of malicious behaviour, including:

- Large businesses that applied a 30 per cent decline in turnover threshold when they were required to apply a 50 per cent decline
- Businesses that manipulated their sales to change their projected GST turnover to meet the turnover-decline test
- Businesses that backdated employment relationships to misrepresent employee eligibility to claim more JobKeeper payments
- Businesses that failed to meet the wage condition for their employees by not paying them the full JobKeeper amount, and
- Individuals who controlled several businesses and deliberately claimed JobKeeper for themselves as the 'eligible business participant'.

Antares breaches disclosure duties

The Federal Court has found that Antares Energy Limited, known as Big Star Energy Ltd, breached continuous-disclosure laws with ASX announcements in 2015 about sales of its Northern Star and Big Star assets. (From 25 April 2020, Big Star Energy became known as Blue Star Helium Ltd.)

Justice Katrina Banks-Smith also found that former director James Cruickshank failed to act with required care and diligence.

Antares made ASX announcements about the sale of its Northern Star asset for US\$148,788,560 and its Big Star asset for US\$105,069,420 on 7 and 10 September 2015.

Her Honour found that Antares contravened s674(2) of the *Corporations Act* by failing to notify the ASX that:

- Wade Energy was the purchaser under the relevant sale agreements
- Antares had not, prior to 15 September 2015, independently verified or otherwise determined the capacity of Wade Energy to complete the purchases, and
- Antares had been informed by Wade Energy that it had not yet received all funding approval necessary to complete the purchase of the Big Star asset.

She also found that Mr Cruickshank failed, contrary to section 180, to exercise the degree of care and diligence that a reasonable person in his position would have exercised in considering whether Antares was required to disclose the information.

In essence, Mr Cruickshank caused or otherwise allowed a failure to disclose the information to the ASX.

ASIC was unsuccessful in establishing a separate contravention under section 674(2A) against Mr Cruickshank of being 'involved in' the company's breach.

Penalties will be determined by the court at a later hearing.

In handing down her judgement, Judge Banks-Smith said: 'The main statutory purpose of the continuous-disclosure regime is to achieve a well-informed market, leading to greater investor confidence. The object is to enhance the integrity and efficiency of capital markets by requiring timely disclosure of price- or market-sensitive information.'

Join Stephen Newman on 17 December in **GAAPinar No.11** *The latest legal developments affecting accountants, auditors and their clients.*

Regulation >

ASIC converts Smiles to grimaces

The Australian Securities & Investments Commission has restricted Smiles Inclusive Limited from eligibility to issue a reduced-content prospectus until 19 October 2021.

The decision means that Smiles will not be able to rely on reduced-disclosure rules and instead must issue a full prospectus if it wishes to raise funds from retail investors.

ASIC's decision was based on Smiles's failure to lodge within 75 days a financial report, directors' report and auditor's report for the half-year ending 31 December 2019 as required under the *Corporations Act*.

ASIC said it considered a reduced-disclosure prospectus a privilege dependent on compliance with other aspects of the law, including that companies met disclosure obligations.

Where a company failed to comply with these obligations in a full, accurate and timely manner, the commission has said it would intervene to ensure that retail investors were protected. Subsequent fundraisings would occur only via a full prospectus.

ASF licensees >

Former financial adviser gets eight years

Anthony Vivian Dick, a former Townsville financial adviser, was sentenced to eight years' jail with a non-parole period of two years and eight months.

Mr Dick pleaded guilty to eleven counts of dishonestly applying for his own use property belonging to another, contrary to sections 408C(1)(a), 408C(2)(c) and 408C(2)(d) of the

Criminal Code Act 1899 (Queensland).

Between March 2006 and December 2017, Mr Dick accessed and transferred around \$1.1 million from his clients' superannuation, pension and personal-savings accounts.

The Townsville District Court heard that a sentence of nine years' imprisonment would have been appropriate but for the self-reporting and co-operation of the defendant.

Mr Dick previously provided financial advice on behalf of Jigsaw Support Services Limited, GWM Adviser Services Limited and, most recently, Synchronised Business Services Pty Ltd. Synchronised ceased authorising Mr Dick in April 2018 and reported the matter to ASIC.

ASIC's investigation revealed that Mr Dick used his clients' money to fund his lifestyle, including \$72,000 to purchase and maintain a boat.

Societe Generale fined \$30,000

Societe Generale Securities Australia Pty Ltd has been fined \$30,000 in Sydney's Downing Centre Local Court after pleading guilty to four separate counts of breaching client-money obligations.

ASIC brought the charges.

In delivering sentence, Magistrate J. Atkinson said: 'In my view, despite all of the work that the company has done, there is still a need for general deterrence. Australia, in recent years, has had a banking Royal Commission and there has been action taken [following the commission] and what is apparent is that a very strong message has to be sent about the need for companies to comply with legislation and regulation.'

SGSAPL was sentenced on two counts of breaching s993B(1) of the Corporations Act by receiving client money in connection with financial services but failing to deposit it in an Australian authorised deposit-taking institution or an approved foreign bank, as required by law.

The first count took place between 8 December 2014 and 8 February 2017, when SGSAPL withdrew client money about 4636 times from Australian client-segregated accounts and deposited it in accounts held

with Societe Generale S.A., Hong Kong branch. The accounts held by Societe Generale S.A. Hong Kong were not held with an Australian ADI nor an approved foreign bank.

The second count took place between 30 December 2014 and 8 February 2017, when SGSAPL deposited client money into five overseas non-ADI bank accounts about 7363 times.

During the period of both counts one and two, the average end-of-month total value of client-money not held in an account satisfying the act's requirements was about \$771 million.

Magistrate Atkinson sentenced SGSAPL to pay a total fine of \$15,000 for counts one and two.

SGSAPL was sentenced for a further two counts of breaching s993C(1) of the act, through making payments out of a client-money account that were not permitted by regulations 7.8.02 of the Corporations Regulations.

Count three related to 20 occasions between 27 January 2017 and 9 January 2018 in which part of SGSAPL's daily intercompany margin call/reconciliation process included withdrawing approximately \$496,777,226 in

client money from client-segregated accounts.

Count four took place between 1 January 2015 and 22 September 2016, when about \$144,000 in bank fees and charges was improperly withdrawn from the client-segregated accounts.

The relevant withdrawals made in counts three and four were not permitted withdrawals under the regulations. Magistrate Atkinson sentenced SGSAPL to pay a fine of \$15,000 on counts three and four.

'The protection of client funds is critical to investor confidence and market integrity. The law is very clear about the uses of client money to provide certainty and transparency for clients and licensees. Breaches of these requirements are a serious compliance failure,' ASIC commissioner Cathie Armour said.

'This is the second criminal prosecution brought by ASIC in recent months where a licensee failed to deal with client funds in a manner required by law. ASIC will continue to devote resources to ensure that client monies are dealt with appropriately'.

In addition to being convicted of criminal charges, SGSAPL has accepted extra conditions imposed by ASIC on its AFS licence.

Ethics

APESB proposes ethics-code 'mindset' changes

The Accounting Professional & Ethical Standards Board Limited has invited comments on an exposure draft to amend APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* to strengthen the application of the conceptual framework and to clarify accountants' expected role and mindset.

The proposals will ensure that the code is aligned with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants.

Key revisions include a new requirement for members to have an inquiring mind when applying the conceptual framework and enhancements to the fundamental principles of integrity, objectivity and professional behaviour.

The proposals also include application material on professional judgement, an inquiring mind and other matters such as bias, organisational culture and firm culture to consider when applying the conceptual framework.

Feedback on the proposed changes to the APESB by 1 February.

New APESB guidance facing COVID-19

The APESB has released new guidance to support accountants applying board pronouncements when facing circumstances created by COVID-19.

The resource provides a useful tool to help accountants in upholding their professional and ethical obligations during this challenging time.

The APESB publication includes scenarios covering taxation, valuation, insolvency, and forensic-accounting services for accountants in public practice and business.

Members of Australian accounting bodies are reminded to consider how the code's conceptual framework applies.

The publication's scenarios are intended to illustrate applying the conceptual framework in the code and other APESB pronouncements to enable members to identify, evaluate and address threats from COVID-19 to the code's fundamental principles.

Four scenarios on taxation and valuation services were initially included in the APESB and IESBA technical staff's joint publication *Applying the Code's Conceptual Framework in COVID-19 Circumstances: Scenarios in Taxation and Valuation Services* (July 2020) and have been expanded in this publication to cover the Australian environment and application of other APESB pronouncements.

Fraud and NOCLAR

Former director pleads guilty to fraud

Following an ASIC investigation, Jaicome Spinella, of West End, Brisbane, has pleaded guilty to a charge of obtaining financial advantage by deception.

Mr Spinella is the former director of Bauen Concrete Pty Ltd, which provided services to the building and construction industry.

ASIC's investigation found that between December 2016 and July 2017, Mr Spinella fraudulently used a credit card issued to Bauen to access \$3,131,718.82 to wager bets through a digital gambling account.

As a result of Mr Spinella's conduct, Bauen was unable to pay its liabilities and placed in liquidation on 25 July 2017. When Bauen was placed in liquidation it had 166 creditors owed \$6,738,523.

The commission began its investigation after receiving a report from the liquidators.

Mr Spinella was charged with a single count of obtaining financial advantage by deception contrary to section 82(1) of the *Crimes Act 1958 (Vic)*. The charge carries a maximum penalty of 10 years' imprisonment.

Mr Spinella was bailed with special conditions to appear at the County Court on 18 February for sentencing.

AUSTRAC issues fine of \$1.24m

Money-laundering watchdog AUSTRAC has issued an infringement notice to State Street Bank and Trust Company, including a fine of more than \$1.24 million for failing to report international funds transfers.

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* financial institutions, including banks and credit unions, must report transfers to AUSTRAC within 10 business days of sending or receiving.

AUSTRAC is working with State Street to address compliance with its reporting systems and controls.

Former accounting firm penalised

The Fair Work Ombudsman has secured a penalty of \$28,350 against UHY Sothertons Sydney Pty Ltd, a former Sydney accounting firm.

The Federal Circuit Court has imposed the penalty after finding that the company had failed to comply with an FWO compliance notice requiring it to calculate and back-pay entitlements owing to four employees.

The court also ordered the company to comply with the notice, which includes rectifying underpayments in full, plus superannuation and interest.

FWO Sandra Parker said businesses that failed to act on compliance issues faced court-imposed penalties as well as back-paying.

UHY Sothertons Sydney operated an accounting firm in Bondi Junction until it sold the business in April 2019.

The company had employed the entitled employees, all of whom lost their jobs when the business was sold.

Under the terms of the sale, UHY Sothertons Sydney was responsible for paying out employees' final entitlements.

FWO investigated after the employees lodged requests for help.

An FWO inspector issued the compliance notice after finding that the employees had not been paid accrued but untaken annual leave entitlements under national employment standards.

Join Sonya Sinclair and Stephen Newman on 26 November in **GAAPinar No.6** *Getting compliance with laws and regulations right.*

Small business fined for underpaying staff

The FWO has secured \$232,545 in penalties against two directors of a firm operating Barry Coffee and Food, a café in the Melbourne suburb of Northcote.

The directors deliberately underpaid 73 staff more than \$180,000.

The Federal Circuit Court has fined siblings Stavros and Anastasia Petroulias \$33,919 and \$29,030 respectively and imposed a \$169,596 penalty against Malevi Pty Ltd, a company they part-own and operate.

The court ordered the company and Mr and Ms Petroulias to rectify the underpayments in full.

Underpayments of \$180,641 occurred between April 2017 and April 2018, individual workers short-changed from \$31 to \$12,315.

Employees were not paid penalty rates and casual loadings they were entitled to. Some

employees were paid less than the minimum wage.

The court found that from August 2017 the company, Mr and Ms Petroulias were aware that they were not meeting their obligations under the restaurant-industry award. They deliberately contravened workplace laws and exploited staff, including many young and migrant workers, by paying flat rates of \$18 to \$25 an hour.

They deliberately contravened adverse-action laws by failing to offer further shifts to an employee who challenged his unlawfully low rates.

Record-keeping laws were also breached.

FWO Sandra Parker said employers need to be aware that improving compliance in the fast-food, restaurant and café sector continues to be an FWO priority.

'Employers are on notice that they must pay all workers according to Australia's lawful minimum pay rates or risk significant financial penalties. We prioritise matters involving vulnerable workers, especially if we think employers are deliberately breaking the law,' Ms Parker said.

'We also treat very seriously instances of employers taking any sort of action against an employee in response to them seeking to have their lawful workplace rights respected. Any workers with concerns about their rights should contact us for free advice and assistance.'

Judge Heather Riley said the exploitation of vulnerable workers was an aggravating feature of the matter and Malevi Pty Ltd and Mr and Ms Petroulias had failed to display genuine contrition.

'I do not accept that the respondents are genuinely contrite. Rather, I consider that they are very sorry that they have been caught and are facing a substantial penalty,' Judge Riley said.

She said that there was a need to impose penalties that would deter the respondents from further contraventions and others from similar conduct.

'The hospitality industry is notorious for its underpayment of employees, and noncompliance with other industrial obligations,' she added.

Court approves \$1.3 billion AML penalty

The Federal Court has ordered Westpac to pay an agreed \$1.3 billion fine for breaching anti-money laundering and counter-terrorism financing laws.

Westpac Group announced that it had reached an agreement with AUSTRAC to settle civil proceedings launched in the Federal Court in November 2019.

Specifically, Westpac admitted failing to:

- Properly report to AUSTRAC more than 19.5 million international funds transfer instructions (IFTIs) amounting to more than \$11 billion
- Pass on information relating to the origin of some of these international-funds transfers and to pass on information about the source of funds to other banks in the transfer chain, which were needed to manage their own ML/TF risks
- Keep records relating to the origin of some of these transfers
- Appropriately assess and monitor the risks associated with the movement of money into and out of Australia through its correspondent banking relationships,

including with known higher-risk jurisdictions, and

- Carry out appropriate customer due diligence in relation to suspicious transactions associated with possible child exploitation.

As part of the settlement, Westpac agreed to incur a penalty of \$1.3 billion subject to Federal Court approval. The court has approved the penalty.

AUSTRAC chief executive Nicole Rose said the outcome sent a strong statement to Westpac and financial institutions that they are obliged by law to take their obligations seriously or significant penalties will be applied.

'Financial institutions must ensure they have strong compliance systems, processes and resources in place to protect the Australian community and their businesses from criminals and criminal threats,' Ms Rose said.

Protecting your personal details

Fraud committed online by individuals and groups is ever-increasing.

Steps can be taken to make it harder for people to pilfer your hard-earned dollar.

One of the things that can be done to prevent organised crime and individual hackers getting access to personal details is to use what technology boffins call multiple-factor authentication, which protects email access and services storing personal information.

Most people will be familiar with the notion of a username and password. While they are common, they sometimes fail to protect accounts from being accessed by villains.

Other forms of protection strengthen the vault. Twitter, for example, allows you to receive a text giving you a number to key into the Twitter site or an application to prove your identity. The government's MyGov service works in much the same way.

The federal government has warned companies to ensure that they have their anti-virus software and internet firewalls updated on a regular basis and that employees use multiple-factor authentication.

How businesses and individuals can properly secure personal and corporate information may be obtained from the Australian Cyber Security Centre at www.cyber.gov.au.

Contributed by Tom Ravlic – the author of *Rorts and Rip-Offs*, a guide to protecting finances online, published by Wilkinson Publishing.

Audit >

IAASB develops plans for quality management

The International Auditing and Assurance Board has developed implementation plans for three revised quality-management standards (ISQM 1, ISQM 2, and ISA 220 Revised).

The plans explain what implementation materials stakeholders can anticipate, topics covered, and expected timing.

IAASB considers climate risks

Climate change is increasingly front-of-mind for investors and other IAASB stakeholders as its effects are increasingly visible.

Given climate change's potential to affect most, if not all, entities directly or indirectly, the IAASB has issued a staff alert *The Consideration of Climate-Related Risks in an Audit of Financial Statement*.

The alert will assist auditors in understanding what already exists in international standards on auditing today and how it relates to auditors' considerations of climate-related risks in an audit of financial statements.

'Climate-related events or conditions are impacting entities worldwide as global and local policy actions continue to evolve and given the growing demand by investors for climate-related information for their economic decision making,' said IAASB technical director Willie Botha.

'This staff audit practice alert shows that while the phrase "climate change" does not feature in the ISAs, the auditor's responsibilities under the ISAs encapsulate the consideration of events or conditions relevant to the susceptibility to misstatement of amounts and disclosures in an entity's financial statements, which would include climate-change risk.'

Using automation in audits

An IAASB FAQ aims to help auditors in understanding whether a procedure involving automated tools and techniques may be both a risk assessment procedure and a further audit procedure.

It also provides specific considerations when using automated tools and techniques in performing substantive analytical procedures in accordance with International Standard on Auditing 520 *Analytical Procedures* (AUASB equivalent ASA 520 *Analytical Procedures*).

Other technology-related IAASB publications are: *Audit Documentation when Using Automated Tools and Techniques*, and *ISA 315 – Automated Tools and Techniques FAQ*.

INSIDE GAAP CONSULTING

Join us for our Nov-Dec GAAPinars

GAAP Training offers you 12 GAAPinars each of 90 minutes covering the latest in financial reporting, auditing, ethics, and business risks.

Let the GAAP Consulting experts begin dissecting the topics you need to know about. We are providing the latest, considered info on:

Subject	Session
Financial reporting	<ul style="list-style-type: none"> • Lessons from first-year reporting under AASB 16 Leases • Date and rules set for removal of SPFRs • NFP lessons from first-year reporting revenue standards and SPFS disclosures • Latest NFP and ACNC developments and insights
Audit	<ul style="list-style-type: none"> • Another look at auditing accounting estimates and related disclosures through illustrative examples • Getting compliant with laws and regulations right • Implementing the revised auditing standard on a review of a financial report • The latest on identifying and assessing the risks of material misstatement
Business risks	<ul style="list-style-type: none"> • What's new with accounting, auditing and ethical standards and the regulators? • COVID-19 – the ongoing financial reporting, auditing and regulatory developments • The latest legal developments affecting accountants, auditors and their clients • Reporting and auditing considerations for 31 December

Topics are especially aimed at auditors, finance-team members, and accounting firms' business advisers.

Auditors will find all of our topics relevant. (Accountants will be mostly interested in our GAAPinars on financial-reporting and business risks.)

That's 18 CPD hours – just in time for 31 December's reporting season. Recordings are available if the dates don't suit.

Register online at www.gaaptraining.com.au or download the editable brochure. Questions? Contact andrew@gaaptraining.com.au.

Latest NFP Risks and Compliance newsletter

GAAP Consulting's September-quarter edition of its *NFP Risks and Compliance* newsletter has been circulated to accounting-firm subscribers.

The newsletter aims to help accounting firms keep their current and potential NFP clients informed. It helps enormously when auditors can demonstrate expertise, knowledge and experience.

Topics covered in the latest newsletter were:

NFP governance

- COVID-governance report released
- Court clarifies casual-employment rules
- Uniting back-pays more than \$3.3m
- Minimum wage increased from 1 July
- JobKeeper payment extended
- Super-guarantee amnesty expires
- DGRs to be registered as charities
- Have you completed your annual review?
- New guidance on reporting COVID-19 impacts
- New guide offers 'damn good' advice
- Uniform fundraising proposals gather pace
- New factsheet outlines core internal audit principles
- New risk-management queries
- Townsville disabled corporation to be wound up

Financial reporting insights

- Wage underpayment FAQs
- AASB answers government-support intricacies
- AASB releases staff FAQs on subsequent events
- FAQ on NFPs' concessionary loans
- New accounting standard on leases – factsheet updated

ACNC

- Charity register to be improved
- ACNC focuses on DGR reforms
- Red tape further shortened
- Millions viewed ACNC website

Governments

- Fundraising reforms to aid Vic charities
- Major fundraising reforms cut WA red tape
- ACNC welcomes WA associations reforms
- Queensland co-operatives legislation revised

At last count, there were about 600,000 NFPs in Australia, including more than 58,700 charities ... a great market for accountants and auditors. Use our content provision service to showcase your knowledge and expertise.

Please contact me if you would like to know more – colin@gaap.com.au or 0421-088-611.



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