

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Budget Estimates Hearings 2003-04 – 28 & 29 May 2003

Question: F7

Outcome 2

Topic: Legal requirements for Commonwealth entities to comply with accounting standards.

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Senator Conroy asked:

Since the introduction of the FMA there has been no legal requirement. You only went back a couple of years. Before FMA, was there a legal requirement (to comply with accounting standards)?

Answer:

Section 49 of the *Financial Management and Accountability Act 1997* requires that entities prepare financial statements in accordance with guidelines (known as the Finance Minister's Orders (FMOs)). Section 50 of the *Audit Act 1901* contained a similar provision.

Since 1995 the guidelines (and FMOs) issued by the Finance Minister have required compliance with Australian Accounting Standards including *AAS 29 Financial Reporting by Government Departments*.