

# **Financial Management and Accountability Amendment Regulations 1998 (No. 6) 1998 No. 333**

## EXPLANATORY STATEMENT

### STATUTORY RULES 1998 No. 333

Issued by the authority of the Minister for Finance and Administration

*Financial Management and Accountability Act 1997*

Financial Management and Accountability Amendment Regulations 1998 (No. 6)

The proposed Statutory Rules make regulations under subsection 65(1) of the *Financial Management and Accountability Act 1997* (the Act) to amend the Financial Management and Accountability Regulations.

The amendments insert two new regulations to specify the requirements for the preparation and audit of the annual financial statements as required by sections 55 and 56 of the Act.

Subsection 55(1) of the Act provides that, as soon as practicable after the end of the financial year, the Finance Minister must prepare the annual financial statements required by the regulations.

Subsection 56(1) of the Act provides that, the Auditor-General must prepare an audit report on the financial statements in accordance with the regulations.

The amending regulations specify, having regard to Australian Accounting Standard AAS 31 "Financial Reporting by Governments" and generally accepted accounting principles, the form of the consolidated financial statements of the Commonwealth Government of Australia and the audit report to be prepared by the Auditor-General on those financial statements.

Details of the Regulations are as follows:

#### Regulations 1 and 2

These regulations cover the citation and commencement of the regulations. Commencement is on gazettal.

#### Regulation 3

Regulation 3 provides that the Financial Management and Accountability Regulations are amended as set out in these regulations.

#### Regulation 4

Regulation 4 provides for a new "Part 7A - Reporting and Audit" to be included in the Financial Management and Accountability Regulations.

The new part 7A consists of the following.

\* A new regulation 22A which:

- specifies the Statements and Notes to be included in the Commonwealth Government of Australia financial statements, which are required to be prepared by the Finance Minister under

subsection 55(1) of the Act; this does not preclude the inclusion of additional information which, from time to time, the Minister considers would better inform the users of the financial statements;

- requires that the financial statements give a true and fair view of the financial position, operating results and the cash flows of the Commonwealth Government for the financial year;

- requires the Finance Minister to certify that in his or her opinion the financial statements give a true and fair view of the financial position, operating results and the cash flows of the of the Commonwealth Government for the financial year; and

- requires the Finance Minister to provide information and an explanation, if the financial statements would not otherwise give a true and fair view.

\* A new Regulation 22B which requires that the Auditor-General must state in the audit report on the financial statements:

- whether the financial statements have been prepared in accordance with the regulations and whether in the Auditor-General's opinion they give a true and fair view of those matters referred to in regulation 22A; and

- the reasons if, in his or her opinion, the financial statements are not prepared in accordance with the regulations and do not give a true and fair view of those matters referred to in regulation 22A.