

ARE THE ENGINEERS TELLING ACCOUNTANTS HOW TO DO THEIR JOB?

THE IPWEA AUSTRALIAN FINANCIAL MANAGEMENT GUIDELINES

NO!

Part C of the Guidelines deals with Financial Reporting and covers topics such as the *Financial Reporting Framework, Accounting for Property, Plant & Equipment, Accounting for Impairment and Auditing*.

The principal author of Part C is Jim Dixon who is a Fellow of CPA Australia, and has MBA (Melbourne University) B.Comm (Melbourne University) and B.Ed (La Trobe University), together with a heap of accounting and business experience<sup>1</sup>. The drafts were reviewed by a number of reference groups and other contributors (11 are named) and a number of other local government accounting practitioners (including myself) who had the opportunity to comment on the draft, but are not named.

The most important part is Part D – Application, which takes the principles discussed in the earlier parts of the Guidelines, and translates them into practical procedures for the engineering profession to follow, both to ensure that the data developed for asset management is appropriate from the engineering point of view, and is usable from the accounting point of view.

***It is in the pronouncement of the appropriate professional engineering procedures that will interface with accounting requirements that IPWEA (the Institute of Public Works Engineering Australia) has acted entirely within its professional responsibilities.*** In doing so, they have consulted widely with the accounting profession.

Since the advent of AAS 27 in 1993, one of the major accounting problems associated with the recognition of assets has been the generally unsatisfactory standard of engineering data passed to the accounting system relating to the description, condition and useful lives of infrastructure assets.

The Guidelines now give accountants access to a professional engineering standard that I am confident will effectively ensure that the engineering data passed to the accounting system will meet appropriate accounting standards, and further, be auditable.

And importantly, it is not the accountants trying to push an accounting requirement on the engineers, it is the engineer's own professional body that is setting out the standards.

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<sup>1</sup> Full details are available from [www.gaap.com.au](http://www.gaap.com.au)