

## 2006-07 - FINANCIAL REPORTING COUNCIL (FRC) - ACTIVITY STOCKTAKE AGAINST AGREED FUNCTIONS

(‘Section’ refers to provisions in the *Australian Securities and Investments Commission Act 2001*)

Functional requirement	Section	Point	How addressed
<b>1. General functions</b>			
Providing broad oversight of the process for setting accounting and auditing standards.	s225 (1) (a)(b)	1.1	During the year, the FRC has overseen the accounting and auditing standard setting arrangements by (i) appointing members (other than the Chairs, who are appointed by the Treasurer) to the Australian Accounting Standards Board (AASB) and the Australian Auditing and Assurance Standards Board (AUASB); (ii) approving and monitoring AASB and AUASB priorities, business plans, budget and staffing arrangements; (iii) determining the broad strategic directions of the AASB and the AUASB; (iv) providing directions, advice or feedback on matters of general policy and its procedures to the AASB and the AUASB; and (v) monitoring the effectiveness of the AASB and the AUASB consultative arrangements.
Monitoring the effectiveness of auditor independence requirements in Australia	s225(1)(c)	1.2	To facilitate the performance of its auditor independence functions, the FRC has an Auditor Independence Committee (AIC) which met on nine occasions during 2006-07. In addition, the consultant appointed by the FRC in December 2004, Mr William Bartlett, continued to assist the FRC perform this function. The three short-term consultants engaged during 2005-06 to provide consultancy services in the areas of quality review, disciplinary procedures and teaching of ethics provided their reports to the FRC during 2006-07. During 2006-07, two further short-term consultants were engaged to review the recommendations made by the quality review and disciplinary procedures consultancies and to evaluate how professional and business ethics are applied in practice by accounting firms.
		1.3	The arrangements with the FRC’s ‘MOU bodies’ continued to work well in 2006-07. The MOU bodies are the three professional accounting bodies, ASX, APRA and ASIC. The FRC has a Memorandum of Understanding (MOU) in place with these bodies for the purpose of facilitating the exchange of information between the MOU bodies and the FRC. The FRC also has a letter of understanding with the CALDB concerning the exchange of information.
		1.4	During 2006-07 the consultants and representatives of the AIC met with the MOU bodies, the four major audit firms and other significant firms to obtain information about the manner in which they are regulating, or ensuring compliance with, the requirements of the <i>Corporations Act 2001</i> .
Giving the Minister reports and advice about the matters referred to in paragraphs (a), (b) and (c) of section 225(1) of the ASIC Act; and	s225(1)(d)	1.5	The FRC/AASB annual report for 2005-06 containing a comprehensive overview of the main operations and achievements of the FRC, AASB and AUASB, was approved by the FRC on 26 September 2006, delivered to the Minister by the 15 October 2006 deadline and tabled on 31 October 2006. In conjunction with the tabling of the report, the FRC issued a media release highlighting its key

			achievements during the reporting period.
Establishing appropriate consultative mechanisms	s225(1)(f)	1.7	During 2006-07, the FRC Chairman had an active role in conveying to the public key FRC decisions, including by approving bulletins and the minutes of meetings for publication and speaking at various fora including conferences and meetings. The FRC Chairman also engaged in discussions with a range of organisations including the professional accounting bodies and accounting firms.
		1.8	The FRC Chairman met with the professional accounting bodies, regulatory bodies including ASIC and APRA, other stakeholders including the Group of 100 (G100) and the newly-established Audit Quality Review Board (AQRB). Following these meetings, the FRC Chairman conveyed the results of those meetings to the Council.
		1.9	The FRC Chairman met with the Financial Reporting Panel in early 2007. During the year he also met with the Financial Sector Advisory Council.
		1.10	The FRC Chairman attended the IASC Foundation Trustees' meetings held in Washington DC during October 2006 and in Tokyo during January 2007.
		1.11	Consultation by FRC members with stakeholders is facilitated by receiving copies of FRC agenda papers one week prior to the meeting. At FRC meetings members are able to provide regular updates on issues of interest to their respective stakeholders via a standing agenda item.
		1.12	Guests are invited to attend FRC meetings, for the full meeting or relevant agenda items only. Guests may come from stakeholder organisations that are not directly represented on the Council, such as APRA. The Presidents and Chief Executives of the professional accounting bodies met with the FRC in September 2006 while meetings were held with the AICD and G100 in March 2007 and June 2007 respectively. Members of the AUASB also met with the Council in February 2007.
		1.13	Bulletins reporting on the main outcomes of each of the five FRC meetings held in 2006-07 were posted on the FRC website within a few days of the meeting. The cleared minutes from the previous FRC meeting were also posted on the FRC website at the same time.
		1.14	Consultants employed by the FRC to undertake work on auditor independence issues met with a range of stakeholders. Formal meetings are convened with stakeholders with whom the FRC has a Memorandum of Understanding to exchange information on auditor independence issues.



- Required business plan content		2.8	The AASB business plan for 2007-08 describes how the AASB intends to address set priorities with a detailed work programme. The FRC Finance Committee reviewed the AASB's annual business plan for 2007-08 prior to its consideration and approval by the Council at its meeting in 1 June 2007.
- Budget and staffing process		2.9	The 2007-08 AASB business plan outlines the number and composition of AASB staff and secondments. The FRC is satisfied that the AASB has adopted responsible commercial business techniques in preparing the Board's budget and staffing arrangements.
Determining the AASB's broad strategic direction	s225(2)(c)	2.10	On 28 June 2002, the FRC issued a strategic direction that formally endorsed the planned adoption of IASB standards (ie IFRS) and IFRIC interpretations from 1 January 2005. The FRC considered on 19 February 2007 under advice of the AASB the appropriateness of differential accounting standards in relation to the application of IFRS for SMEs.
		2.11	On 12 December 2002, the FRC issued a strategic direction to the AASB to pursue, as an urgent priority, the harmonisation of accounting standards for whole of government financial reporting between Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) reporting.
		2.12	At its 8 December 2006 meeting the FRC directed and endorsed the AASB's proposal to undertake additional work on harmonising accounting standards for whole of government financial reporting by government and entities within the General Government Sector and consulting with stakeholders.
		2.13	In November 2005 the FRC appointed a consultant, Mr Kevin Simpkins, to advise it on the merits of accounting standards that were 'sector neutral' in relation to incorporated entities, public sector and not-for-profit entities. On 19 February 2007 the FRC considered issues raised in public consultations regarding Mr Simpkins' report, received by the FRC in 2006, such as the need for sector specific guidance in addressing financial reporting of public benefit entities. The FRC also noted the AASB's 2006-07 priorities include continuing to contribute to the International Public Sector Accounting Standards Board's (IPSASB) project to further provide international comparability for Australian public and not-for-profit sectors.
Giving the AASB direction or feedback on general policy or procedures	s225(2)(d)	2.14	The AASB annual business plan and forward work programmes reflect the strategic policy directions set by the FRC. The AASB Chairman provided reports at each FRC meeting, allowing the FRC to provide feedback on general policy and procedures.
		2.15	The FRC monitored the AASB's procedures for transparency, appropriate consultation and due process for developing accounting standards.
Monitoring international accounting standards, further a single set of international standards, promote best practice in Australia	s225(2)(e)(f)(g)	2.16	The resource allocation for the adoption of the Australian equivalents of IFRS is outlined in the AASB business plan and budget for 2007-08, which was reviewed and approved by the FRC on 1 June 2007. Significant projects which the AASB is running on behalf of the IASB, or participating in, are indicated in the business plan. The FRC encouraged the AASB to continue to influence the development

		2.17	internationally of a single set of accounting standards.  The FRC Chairman attended an IASC Foundation Trustees' meeting in Washington DC during October 2006 and in Toyko in January 2007. The Australian representative on the IASB, Mr Warren McGregor has a standing invitation to all FRC and AASB Meetings.
Monitoring the operation and effectiveness of Australian accounting standards and consultative arrangements	s225(2)(h)(i)(ii)	2.18	The AASB Chairman reported on the operation and effectiveness of Australian accounting standards and consultative arrangements at FRC meetings, and in the AASB's Annual Report for 2006-07.
		2.19	The FRC Secretariat reported to the FRC on communications received from the business community, public sector and not-for-profit sector about the impact and effectiveness of accounting standards in meeting the objectives of Part 12 of the ASIC Act. The major issue reported was implementation of the Australian standards based on IFRS.
		2.20	The FRC Chairman and members consulted with their constituent bodies on this matter, and a standing item for FRC meetings, 'stakeholder issues', provided an opportunity to convey the information gained from these consultations to other FRC members.
		2.21	The FRC encouraged the AASB to have extensive consultation and communication processes with stakeholders. The AASB reports on its consultation measures and due process on its website, at FRC meetings and in its annual report.
Seeking contributions for the cost of Australian accounting standard setting	s225(2)(i)	2.22	For a number of years, the FRC employed a tri-partite funding model which has included contributions from the Commonwealth, State and Territory Governments, the professional accounting bodies, and the corporate sector. As a result of the extra responsibilities endowed to the FRC under CLERP 9, the Commonwealth announced substantial extra funding for the FRC and standard setting activities in the 2004-05 Budget, the appeal for voluntary contributions from the corporate sector is not proceeding. Firm commitments for funding support have been received from the professional accounting bodies and the States and Territories through to 2008-09. After 2008-2009, The FRC will seek to receive total Australian government funding.
Monitoring and reviewing the level of funding and funding arrangements for the AASB	s225(2)(j)	2.23	The AASB budget and business plan was prepared by the AASB Chairman and Administration Director and reviewed by both the AASB Audit Committee and the FRC Finance Committee. At its meeting on 1 June 2007 the FRC agreed to approve the AASB budget and business plan for 2007-08 out-of-session.
<b>3. Specific auditing standards functions</b>			
Appointing of AUASB members	s225(2A)(a)	3.1	The FRC Nominations Committee held three formal meetings during 2006-07, and conducted interviews with a number of candidates for membership to the AUASB. On the recommendation of the Nominations Committee the FRC agreed to the reappointment of two existing members to the AUASB.

		3.2	The Nominations Committee reported on the peer evaluations of AUASB members at the FRC meeting held on 26 September 2006.
Approving and monitor AUASB priorities, business plan, budget and staffing arrangements.	s225(2A)(b)	3.3	At the FRC meeting on 22 June 2006 the priorities, business plan, budget and staffing arrangements of the AUASB for 2006-07 were endorsed and later formally approved out of session
		3.4	The FRC Finance Committee met five times during 2006-07. On the recommendation of the Finance Committee, the FRC: <ul style="list-style-type: none"> <li>• approved the AUASB's Financial Statements for 2005-06 ( 26 September 2006 meeting);</li> <li>• approved the revised AUASB and AASB Budget for 2006-07 (22 December 2006 meeting); and</li> <li>• approved the draft priorities, business plan, budget and staffing arrangements of the AUASB for 2007-08 at the 1 June 2007 meeting.</li> </ul>
- Standing FRC item on AUASB		3.5	The AUASB Chairman provided an update on the progress of AUASB activities and work priorities at each FRC meeting.
- Half-yearly report from AUASB		3.6	A mid-year review by the AUASB was considered by the FRC Finance Committee on 17 November 2006, and reported to the FRC meeting on 6 March 2007 via the FRC Finance Committee Chairman's report.
- Priority setting and feedback		3.7	The AUASB's priorities in 2006-07 were amendments to the auditing standards to require auditors to refer to compliance with IFRS standards.
		3.8	The 2006-07 annual report, approved by the FRC out -of- session after a draft reports were endorsed at its meeting on 5 September 2007, outlined progress on the AUASB's work programme in 2005-06, and set out its work programme for 2006-07. Feedback on progress with making legally-binding auditing standards and related policy issues was sought via the regular reports to FRC meetings by the AUASB Chairman.
- Required business plan content		3.9	The AUASB business plan for 2007-08 describes how the AUASB intends to address set priorities with a detailed work programme. The FRC Finance Committee reviewed the AUASB's annual business plan for 2007-08 prior to its consideration and approval by the Council at its meeting on 1 June 2007.
- Budget and staffing process		3.10	The AUASB business plan outlines the number and composition of AUASB staff. The FRC is satisfied that the AUASB has adopted responsible commercial business techniques in preparing the Board's budget and staffing arrangements.

Determining AUASB's broad strategic direction	s225(2A)(c)	3.11  3.12	<p>The AUASB in 2007-08 is undertaking a review of selected guidance statements to support the ASAs, standards for reissue on ASAE, ASRE &amp; ASRS</p> <p>The AUASB for 2006-07 wherever possible used as a base the International Standards on Auditing developed by the International Auditing and Assurance Standards Board. The AUASB also actively engaged with and monitored the activities of other national standard setters.</p> <p>Monitoring the impact of the new legally enforceable Australian Auditing Standards under the <i>Corporations Act 2001</i> is required for 2007-08.</p>
Giving AUASB direction or feedback on general policy or procedures	s225(2A)(d)	3.13  3.14	<p>The AUASB annual business plan and forward work programmes reflect the strategic policy directions set by the FRC on 1 June 2007. The AUASB Chairman provided reports at each FRC meeting, allowing the FRC to provide feedback on general policy and procedures.</p> <p>The FRC monitored the AUASB's procedures for transparency, appropriate consultation and due process for developing auditing standards.</p>
Monitoring international auditing standards, further a single set of international standards, promote best practice in Australia	s225(2A)(e) (f)(g)	3.15  3.16  3.17  3.18	<p>The resource allocation for the development of Australian auditing standards is outlined in the AUASB business plan and budget for 2006-07, which was reviewed and approved by the FRC on 22 June 2006. The AUASB budget allows it to actively liaise with the International Auditing and Assurance Standards Board (IAASB), to assist in adopting international best practice. The FRC encouraged the AUASB to continue to influence the development internationally of a single set of auditing standards.</p> <p>The FRC has allocated funds to enable it to meet the costs of overseas travel by FRC representatives attending official international meetings and other Australians attending IAASB related activities where their travel costs are not met by stakeholder groups.</p> <p>The FRC Chairman led a visit for discussions with a range of standard setting, regulatory and professional accounting bodies in North America and Europe in July 2006 and April 2007.</p> <p>The FRC Secretariat provided a regular mailout on international developments to FRC members and an agenda paper on international developments at each FRC meeting.</p>
Monitoring the operation and effectiveness of Australian auditing standards and consultative arrangements	s225(2A)(h) (i)(ii)	3.19  3.20	<p>The AUASB Chairman reported on progress in re-making Australian auditing standards at FRC meetings. A comprehensive 'stocktake' of progress is included in each AUASB annual report. In May 2006, the AUASB Chair announced the issue of the AUASB's set of revised Australian Auditing Standards, which will be legally enforceable under the <i>Corporations Act 2001</i>.</p> <p>The FRC Chairman and members consulted with their constituent bodies on this matter, and a standing item for FRC meetings, 'stakeholder issues', provided an opportunity to convey the information gained</p>

		3.21	<p>from these consultations to other FRC members.</p> <p>The FRC encourages the AUASB to have extensive consultation and communication processes with stakeholders. The AUASB uses its website for consultation on exposure drafts, and reports on its consultation arrangements in its annual reports.</p>
Seeking contributions to cost of Australian audit standard setting	s225(2A)(i)	3.22	<p>For a number of years, the FRC employed a tri-partite funding model which has included contributions from the Commonwealth, State and Territory Governments, the professional accounting bodies, and the corporate sector. As a result of the extra responsibilities endowed to the FRC under CLERP 9, the Commonwealth announced substantial extra funding for the FRC and standard setting activities in the 2004-05 Budget, and there is no longer an appeal for voluntary contributions from the corporate sector. Firm commitments for funding support have been received from the professional accounting bodies and from the States and Territories through to 2008-09. The FRC has decided to advise the Government that it would prefer to rely on total Commonwealth Government funding after 2008-2009.</p>
Monitoring and review the level of funding and funding arrangements for the AUASB	s225(2A)(j)	3.23	<p>The AUASB budget and business plan was prepared by the AUASB Chairman and Principal Executive and reviewed by both the AUASB Audit Committee and the FRC Finance Committee. At its meeting on 1 June 2007, the FRC approved the AUASB budget and business plan for 2008-09.</p>

4. Specific auditor independence functions			
<p>Monitoring and assessing the nature and overall adequacy of:</p> <ul style="list-style-type: none"> <li>- the systems and processes used by Australian auditors to ensure compliance with auditor independence requirements;</li> <li>- the systems and processes used by professional accounting bodies for planning and performing quality assurance reviews of audit work undertaken by Australian auditors to the extent to which those reviews relate to auditor independence requirements;</li> <li>- the action that Australian auditors who have been subject to such quality assurance reviews have taken in response to the reports prepared as a result of those reviews;</li> <li>- the action taken by professional accounting bodies ensure that Australian auditors who have been subject to such quality assurance reviews respond appropriately to the reports prepared as a result of those reviews.</li> <li>- the investigation and disciplinary procedures of professional accounting bodies as those procedures apply to Australian auditors;</li> </ul>	s225(2B)(a)	<p>4.1</p> <p>4.2</p> <p>4.3</p> <p>4.4</p> <p>4.5</p> <p>4.6</p>	<p>To facilitate the performance of its auditor independence functions, the FRC has an Audit Independence Committee which met on nine occasions during 2006-07. In addition, the consultant appointed by the FRC in December 2004 (Mr William Bartlett) continued to assist the FRC to perform this function.</p> <p>At the start of 2004-05, the FRC signed MOUs with the three professional accounting bodies, ASX, APRA and ASIC and exchanged letters of understanding with the CALDB for the purpose of facilitating the exchange of information between the bodies and the FRC. These arrangements were continued during 2006-07 and either meetings were held with or information was obtained from all bodies during the year.</p> <p>On 18 June 2004, the FRC decided that it would perform its auditor independence functions by obtaining high level information from the parties with which its has entered into MOUs and by conducting tests through selective contacts with individual accounting firms. This approach was re-affirmed by the Committee during 2005-06 and was continued during 2006-07.</p> <p>In keeping with this decision, information was obtained from ASIC about the systems and processes used by Australian auditors. In addition, representatives of the FRC (including consultants) met with the four major accounting firms and a number of other significant firms about the manner in which the firms operated and the systems and processes they had in place to ensure compliance with the auditor independence requirements.</p> <p>For the purpose of monitoring and assessing the nature and overall adequacy of the systems and processes of Australia's professional accounting bodies, representatives of the FRC met with the three bodies for the purpose of obtaining information about the bodies' quality review and disciplinary processes, as well as other matters coming within the scope of the FRC's auditor independence functions. The bodies provided the FRC with written material concerning their quality review and disciplinary procedures. In addition, in January 2007 the FRC engaged a short-term consultant to review the recommendations about the quality review programmes and disciplinary procedures of the professional accounting bodies made by the FRC's initial consultants.</p> <p>The FRC's assessment of the systems and processes used by Australian auditors and the professional accounting bodies will be included in the audit independence reporting being prepared pursuant to section 235BA of the ASIC Act.</p>
Monitoring the overall compliance by companies, registered schemes and disclosing entities with the audit-related disclosure	s225(2B)(b)	4.7	The FRC's MOUs with ASIC and ASX provides for these bodies to give the FRC regular reports identifying matters arising from its financial reporting or auditor surveillance activities in relation to compliance by companies and auditors with the independence disclosure requirements in Part 2M.3 of

requirements of the Corporations Act and the accounting standards;			the Corporations Act. During 2006-07, the FRC received information from each body.
Giving the Minister reports and advice about the matters referred to in paragraphs (a) and (b) of section 225(2B) of the ASIC Act; and	s225(2B)(c)	4.8	For 2006-07, the FRC's reports and advice to the Minister are contained in the audit independence report prepared under section 235BA. The FRC did not note any independence issues requiring the preparation of supplementary reports or advice.
Giving professional accounting bodies reports and advice about the matters referred to in subparagraphs (a)(ii)(iii)(iv) and (v).	s225(2B)(d)	4.9	On 3 November 2006, the FRC provided feedback and advice to the professional accounting bodies during 2005-06 in the context of the regular MOU meetings established with them and as referred to in the FRC report on auditor independence for 2005-06.
Monitoring international developments in auditor independence, assessing the adequacy of the Australian auditor independence requirements provided for in:  - the Corporations Act; and  - codes of professional conduct;  in the light of those developments and giving the Minister, and professional accounting bodies, reports and advice on any additional measures needed to enhance the independence of Australian auditors; and	s225(2B)(e)	4.10  4.11  4.12	The FRC monitored international developments through consideration of publicly-available inspection reports issued by overseas oversight bodies, other material placed on the internet websites of these bodies and general media reports about audit independence issues.  At the FRC's request, the Australian Treasury undertook during 2006-07 a comparative study of Australia's auditor independence requirements and the equivalent requirements in a number of major overseas jurisdictions. The FRC identified from the review a number of areas in which some aspects of the Australian independence requirements differed from the requirements applicable in some of the other jurisdictions. After consultation with key stakeholders, the Government made a number of amendments to the legislative requirements.  During the year the FRC did not become aware of any other international developments in the area of audit independence that suggested Australia's new requirements are in need of revision or further enhancement.
Promoting, and monitoring the adequacy of, the teaching of professional and business ethics by, or on behalf of, professional accounting bodies to the extent to which the teaching of those subjects relates to auditor independence.	s225(2B)(f)	4.13  4.14	In April 2006 the FRC engaged a short-term consultant to provide consultancy services in respect of the teaching of professional and business ethics or, or on behalf of, the professional accounting bodies. The consultant's report was delivered to the FRC during the first half of 2006-07 and the recommendations are currently under consideration.  In April 2007 an additional short-term consultant was engaged to evaluate how professional and business ethics are applied in practice by accounting firms. This report will be considered in 2007-08.
FRC's information gathering powers	S225A	4.15  4.16	The ASIC Act enables the FRC Chairman, acting on behalf of the FRC, to give a professional accounting body a written notice requiring the body to provide the FRC with information concerning its professional codes of conduct, quality assurance reviews, or investigation and disciplinary procedures. Information can also be sought from an Australian auditor with respect to auditor independence matters.  The FRC's formal information gathering powers were not used during 2006-07. However, the FRC did gather information from the MOU bodies in accordance with the terms of the respective MOUs.

<b>5. Annual reports</b>			
<p>As soon as practicable after 30 June in each year, and in any event before 31 October, the FRC must give the Minister a report on:</p> <ul style="list-style-type: none"> <li>- the operations of: the FRC and its committees and advisory groups; the AASB and AUASB and its committees, advisory panels, and consultative groups.</li> <li>- the achievement of the objects set out in section 224; during the year that ended on 30 June in that year.</li> </ul>	s235B(1)(a) (i)(ii)(iii)(b)	5.1  5.2  5.3	<p>The FRC / AASB / AUASB annual report for 2005-06 contained a comprehensive overview of the main operations and achievements of the FRC, AASB and AUASB.</p> <p>The FRC approved the draft FRC / AASB / AUASB annual report, incorporating the financial accounts, for 2005-06 at its meeting on 26 September 2006..</p> <p>In accordance with the requirements under subsection 9(1) of the <i>Commonwealth Authorities and Companies Act 1997</i> (CAC Act) the directors of the AASB and AUASB provided the 2005-06 annual report to the Minister by 15 October 2006.</p>
The annual report must include details of any changes to the AASB's or AUASB's priorities or business plans that were made as a result of action taken by the FRC.	s235B(2) and (2A)	5.4	The FRC / AASB / AUASB annual report for 2005-06 included an up-to-date work programme for the AASB and AUASB that outlined amendments to their priorities.
<p>As soon as practicable after 30 June in each year, and in any event before 31 October, the FRC must give the Minister a report on:</p> <ul style="list-style-type: none"> <li>-the performance by the FRC, during the year that ended on 30 June in that year, of its functions under subsection 225(2B) of the ASIC Act (the auditor independence functions);</li> <li>- the findings and conclusions that the FRC reached in performing those functions; and</li> <li>- the actions (if any) that were taken by the FRC in respect of those findings and conclusions.</li> </ul> <p>The report may be given to the Minister separately or included in the report given to the Minister under section 235B.</p>	s235BA(1)	5.5  5.6  5.7	<p>The report on the FRC's auditor independence functions was provided to the Minister in conjunction with the annual reports for the FRC, AASB and AUASB in accordance with the required timetable under the legislation.</p> <p>The FRC decided that the 2005-06 auditor independence report should be given to the Minister as a separate document from the annual report of the FRC, AASB and AUASB.</p> <p>The report was given to the Minister by the 31 October 2007 deadline.</p>
<b>6. Confidentiality</b>			
FRC, AASB and AUASB must take all reasonable measures to protect from unauthorised use or disclosure information	s237	6.1	The FRC complied with the confidentiality requirements in its Rules of Procedure. The FRC Secretariat was bound by the Commonwealth Department of Treasury security guidelines, which requires the evoking of security classifications for all sensitive material.

given to it in confidence			
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