

**Office of the Auditing and
Assurance Standards Board**

**Entity resources and planned
performance**

Office of the Auditing and Assurance Standards Board

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Office of the Auditing and Assurance Standards Board

Section 1: Entity overview and resources

1.1 Strategic direction statement

The Office of the Auditing and Assurance Standards Boards (AUASB) is an Australian Government entity under the *Australian Securities and Investments Commission Act 2001* (ASIC Act).

The strategic directions of the AUASB are:

- develop and issue Australian Auditing and Assurance Standards that are in the public interest and meet the needs of stakeholders based on International Auditing and Assurance Standards Board (IAASB) equivalents in accordance with AUASB functions and our direction from the Financial Reporting Council (FRC)
- develop and maintain Australian specific Standards and/or Guidance for topics not specifically addressed by IAASB Standards where required
- influence international standards and guidance to achieve public interest outcomes and serve as the most effective base possible for Australian auditing and assurance standards
- in conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia
- demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance
- partner with the Australian Accounting Standards Board (AASB) and others to reform the Australian external reporting and assurance frameworks
- monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards.

The purpose, vision and mission of the AUASB is to contribute to stakeholder confidence and enhance the credibility of external reporting in the Australian economy and capital markets by:

- developing, issuing and maintaining in the public interest, Australian auditing and assurance standards and guidance that aid in reducing the cost of capital and enable Australian entities to compete effectively, domestically and internationally through enhancing audit and assurance consistency and quality
- contributing to the development of a single set of auditing and assurance standards and guidance for worldwide use.

1.2 Entity resource statement

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity’s operations) classification.

For more detailed information on special accounts and special appropriations, please refer to the *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the ‘Budgeted expenses by Outcome 1’ tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Office of the Auditing and Assurance Standards Board resource statement – Budget estimates for 2023–24 as at Budget May 2023

	2022-23 <i>Estimated actual</i> \$'000	2023-24 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	1,068	909
Departmental appropriation (b)	2,553	2,407
Departmental capital budget (c)	24	25
Total departmental annual appropriations	3,645	3,341
Total departmental resourcing	3,645	3,341
Total resourcing for AUASB	3,645	3,341
	2022-23	2023-24
Average staffing level (number)	8	8

All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis.

- a) Appropriation Bill (No. 1) 2023–24.
- b) Excludes Departmental Capital Budget (DCB).
- c) Departmental Capital Budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a ‘contribution by owner’.

1.3 Budget measures

Office of the Auditing and Assurance Standards Board has no new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The AUASB's outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth Performance Framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure described in Portfolio Budget Statements will be read with broader information provided in an entity's Corporate Plans and annual performance statements – included in Annual Reports – to provide a complete picture of an entity's planned and actual performance.

The most recent Corporate Plan for AUASB can be found at:

https://www.transparency.gov.au/sites/default/files/reports/2022-23_office_of_the_australian_accounting_standards_board_and_office_of_the_auditing_and_assurance_standards_board_corporate_plan_1_0.pdf.

The most recent annual performance statement can be found at:

https://www.auasb.gov.au/media/cvmppdhr/aasb-auasb_annualreport2021-22.pdf.

2.1 Budgeted expenses and performance for Outcome 1

Outcome 1: The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or other auditing and assurance engagements.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Program 1.1: Office of the Auditing and Assurance Standards Board					
Departmental expenses					
Departmental appropriation	2,553	2,407	2,465	2,203	2,271
Expenses not requiring appropriation in the Budget year (a)	134	140	145	138	138
Departmental total	2,687	2,547	2,610	2,341	2,409
Total expenses for program 1.1	2,687	2,547	2,610	2,341	2,409
Total expenses for Outcome 1	2,687	2,547	2,610	2,341	2,409
	2022-23	2023-24			
Average staffing level (number)	8	8			

a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses, audit fees and services received free of charge.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Table 2.1.2: Performance measure for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current Corporate Plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of the 2023–24 Budget measures that have created new programs or materially changed existing programs are provided.

Outcome 1 – The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or other auditing and assurance engagements.		
Program 1.1 – Office of the Auditing and Assurance Standards Board		
The key strategies to achieve Outcome 1 are:		
<ul style="list-style-type: none"> Developing, issuing and maintaining in the public interest, Australian auditing and assurance standards and guidance that aid in reducing the cost of capital and enable Australian entities to compete effectively domestically and internationally through enhancing audit and assurance consistency and quality. Contributing to the development of a single set of auditing and assurance standards and guidance for world-wide use. 		
Key Activities	Key activities reporting in the current Corporate Plan that relates to the program. <ul style="list-style-type: none"> Develop and issue Australian Auditing and Assurance Standards that are in the public interest and meet the needs of stakeholders based on IAASB equivalents in accordance with AUASB functions and our direction from the Financial Reporting Council. Develop and maintain Australian specific Standards and/or Guidance for topics not specifically addressed by IAASB Standards where required. Influence international standards and guidance to achieve public interest outcomes and serve as the most effective base possible for Australian auditing and assurance standards. In conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia. Demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance. Partner with the AASB and others to reform the Australian external reporting and assurance frameworks. Monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards. 	
Year	Performance measures	Expected performance results
Current Year 2022–23	<ul style="list-style-type: none"> Issue all IAASB-based AUASB standards and guidance in a timely manner with accompanying implementation materials and communications that are tailored for Australian stakeholders. 	<ul style="list-style-type: none"> Issue all Australian IAASB equivalent Standards and Exposure Drafts within 3 months of Public Interest Oversight Board (PIOB) clearance or 1 month of AUASB approval. Release Exposure Drafts/Discussion Papers via the AUASB Website within two weeks of approval by AUASB. AUASB implementation support materials and activities for all new IAASB/AUASB standards in place before effective date.

Table 2.1.2: Performance measure for Outcome 1 (continued)

Year	Performance measures	Expected performance results
<p>Current Year 2022–23 (Continued)</p>	<ul style="list-style-type: none"> • Seek feedback on relevance, effectiveness and public interest of these standards through stakeholder feedback, outreach programs and post-implementation reviews. • Issue Australian-specific AUASB standards and guidance in a timely manner with accompanying implementation materials and communications that are tailored for Australian stakeholders. • Seek feedback on relevance, effectiveness and public interest of Australian-specific standards and guidance through stakeholder feedback, outreach programs and post-implementation reviews. • Identify gaps in the AUASB Framework where guidance is required and issued Guidance Statements or Bulletins to address these. • Build and maintain strong international relationships with the IAASB and likeminded Global and National Auditing Standard Setters, particularly New Zealand and Canada. 	<ul style="list-style-type: none"> • Communications plan developed and implemented for each new IAASB pronouncement. • Responses to each IAASB Exposure Draft or Discussion Paper developed with appropriate AUASB input and sent to the IAASB by the closing date. • Obtain evidence appropriately evaluating implementation of IAASB equivalent issued AUASB Standards in Australia. • Issue all Australian-specific Pronouncements and Exposure Drafts within one month of AUASB approval. • Complete and publish conforming amendments and compilation standards arising from changes to AUASB standards in accordance with legislative timeframes and in advance of effective dates. • Communications plan developed and implemented for each new AUASB pronouncement. • Conduct post-implementation reviews of Australian specific AUASB Standards, within 2–3 years of their operative date. • Review and update other AUASB Framework Pronouncements, as required. • Collaborate with the IAASB and likeminded National Auditing Standards Setters (“NSS”, particularly New Zealand and Canada) on common global and other projects relevant to the AUASB work program.

Table 2.1.2: Performance measure for Outcome 1 (continued)

Year	Performance measures	Expected performance results
Current Year 2022–23 (Continued)	<ul style="list-style-type: none"> • Demonstrate the AUASB’s influence on major international auditing and assurance developments by implementing the AUASB’s International Strategy. • Provide input to the international standard setting process through responding to international pronouncements using input from Australian stakeholders. • Maintain harmonisation of auditing and assurance standards in Australia and New Zealand in accordance with relevant agreements and protocols. • With the Financial Reporting Council, devise and complete activities to implement the Financial Reporting Council’s Audit Quality Action Plan and contribute to improved audit quality outcomes in the Australian auditing environment. • Work with ASIC, the AASB, practitioners and other stakeholders to identify and address significant inspection findings associated with accounting and auditing standards. 	<ul style="list-style-type: none"> • Identify and implement initiatives to collaborate on international auditing and assurance focus areas with other key standard-setters. • AUASB Chair and Technical Team member to attend all IAASB meetings and participate in relevant IAASB Task Forces/Working Groups. • IAASB papers reviewed and responded to by AUASB staff ahead of each AUASB and IAASB meeting. • Summary of main IAASB outcomes shared with the AUASB after each IAASB meeting. • Responses to each IAASB Exposure Draft or Discussion Paper developed with appropriate AUASB input and sent to the IAASB by the closing date. • Engagement with Australian Stakeholders on all IAASB Projects. • Attend and contribute to NZAuASB meetings as required. • Identification and prioritisation of joint AUASB/NZAuASB projects, with AUASB and NZAuASB staff to ensure appropriate levels of collaboration in accordance with the AUASB Policy on Harmonisation of Standards. • Contribute to the development of the Financial Reporting Council Audit Quality Plan and deliver all AUASB Audit Quality activities as required. • AUASB staff to develop auditing and assurance related papers for FRC meetings. • Undertake consultation with ASIC and practitioners to identify improvements needed to auditing standards and develop relevant guidance materials addressing common inspection findings in key audit areas. • Monitor and respond to recommendations arising from Parliamentary Inquiries or other external reviews that are relevant to the AUASB.

Table 2.1.2: Performance measure for Outcome 1 (continued)

Year	Performance measures	Expected performance results
Current Year 2022–23 (Continued)	<ul style="list-style-type: none"> • Develop thought leadership and implement strategic projects to improve auditing and assurance practice in priority areas such as Extended External Reporting (EER), Audit of Less Complex Entities (LCEs) and the use of Technology in the Audit. • Support the development and publishing of relevant and high-quality auditing and assurance evidence-based research in accordance with the AUASB Evidence Informed Standard Setting (EISS) Strategy. • Seek feedback on proposed changes to assurance requirements to ensure they are fit for the intended purpose and support change to the external reporting framework. • Support initiatives that promote consistency and understanding of the nature and extent of assurance required for external reporting requirements in Australia. 	<ul style="list-style-type: none"> • Project plans are developed with key outputs identified for each AUASB strategic priority area including outreach plans with subject matter experts and key stakeholders. • AUASB board members or staff to publish or contribute to articles or publications on selected strategic thought leadership project areas. • Promote research opportunities in strategic priority areas through academic networks and conferences in accordance with the EISS strategy. • Work with AUSAB Research Scholars and other researchers to develop relevant and timely research reports on AUSAB strategic priority areas. • Communicate benefits of EISS Strategy to and encourage broader participation from academic community at conferences and technical forums. • Engage with AASB and relevant stakeholders to determine assurance issues related to changes to the external reporting framework. • Work with the AASB to conduct outreach and develop appropriate guidance materials on any changes to assurance requirements related to changes to the external reporting framework. • Share and collaborate with the AASB on common areas of focus for Reporting and Assurance Frameworks, including relevant research reports and discussion papers. • Issue AUASB publications and guidance that support and promote consistency and understanding of the AUASB's Assurance Framework. • Maintain and update the AUASB Digital Standards Portal.

Table 2.1.2: Performance measure for Outcome 1 (continued)

Year	Performance measures	Expected performance results
Current Year 2022–23 (Continued)	<ul style="list-style-type: none"> Increase engagement with stakeholders through new and existing AUASB communications activities and events. 	<ul style="list-style-type: none"> Develop various AUASB publications and guidance for stakeholders based on evidence and existing AUASB requirements, including quarterly AUASB Update Newsletters. Promote availability of AUASB guidance through various communication channels, including greater use of online tools to communicate AUASB outputs and activities. Develop and maintain technical content for the AUASB Website. For all AUASB Meetings ensure board papers are available on the AUASB website a week in advance. Highlights are available within two working days after each AUASB meeting, and draft Board Minutes are sent to AUASB members within two weeks of each AUASB meeting.
Year	Performance measures	Planned performance results
Budget Year 2023–24	As per 2022–23	As per 2022–23
Forward Estimates 2024–27	As per 2023–24	As per 2023–24

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2023–24 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 Budgeted financial statements

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The AUASB and the Office of the Australian Accounting Standards Board (AASB) have an arrangement where the AASB provides corporate services for both entities. Under the arrangement, AASB charges AUASB a management fee for providing corporate support.

The comprehensive income statement is comprised mainly of employee expenses relating to technical staff and supplier expenses relating to AASB management fee. These items are projected to be steady over the budget and forward years.

The balance sheet is predominantly comprised of receivables and provisions relating to the accounting of unspent appropriation and employees.

Other financial items are immaterial in movements.

3.2 Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
EXPENSES					
Employee benefits	1,781	1,682	1,729	1,572	1,653
Suppliers	882	840	856	744	731
Depreciation and amortisation (a)	24	25	25	25	25
Total expenses	2,687	2,547	2,610	2,341	2,409
Gains					
Other	110	115	120	113	113
Total gains	110	115	120	113	113
Total own-source income	110	115	120	113	113
Net (cost of)/contribution by services	(2,577)	(2,432)	(2,490)	(2,228)	(2,296)
Revenue from Government	2,553	2,407	2,465	2,203	2,271
Surplus/(deficit) attributable to the Australian Government	(24)	(25)	(25)	(25)	(25)
Total comprehensive income/(loss)	(24)	(25)	(25)	(25)	(25)
Total comprehensive income/(loss) attributable to the Australian Government	(24)	(25)	(25)	(25)	(25)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)**Note: Impact of net cash appropriation arrangements**

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Total comprehensive income/(loss) – as per statement of Comprehensive Income	(24)	(25)	(25)	(25)	(25)
plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) (a)	24	25	25	25	25
Net Cash Operating Surplus/ (Deficit)	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

- a) From 2010–11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget (DCB)) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	51	51	51	51	51
Trade and other receivables	1,068	1,068	1,068	1,068	1,068
Total financial assets	1,119	1,119	1,119	1,119	1,119
Non-financial assets					
Property, plant and equipment	-	-	24	24	24
Intangibles	105	105	81	81	81
Other non-financial assets	43	43	43	43	43
Total non-financial assets	148	148	148	148	148
Total assets	1,267	1,267	1,267	1,267	1,267
LIABILITIES					
Payables					
Suppliers	341	341	341	341	341
Total payables	341	341	341	341	341
Provisions					
Employee provisions	282	282	282	282	282
Total provisions	282	282	282	282	282
Total liabilities	623	623	623	623	623
Net assets	644	644	644	644	644
EQUITY*					
Parent entity interest					
Contributed equity	350	375	400	425	450
Retained surplus (accumulated deficit)	294	269	244	219	194
Total parent entity interest	644	644	644	644	644
Total equity	644	644	644	644	644

Prepared on Australian Accounting Standards basis.

*'Equity' is the residual interest in assets after the deduction of liabilities

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2023–24)

	Retained earnings \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2023			
Balance carried forward from previous period	294	350	644
Adjusted opening balance	294	350	644
Comprehensive income			
Surplus/(deficit) for the period	(25)	-	(25)
Total comprehensive income	(25)	-	(25)
Transactions with owners			
Contributions by owners			
Departmental Capital Budget (DCB)	-	25	25
Sub-total transactions with owners	-	25	25
Estimated closing balance as at 30 June 2024	269	375	644
Closing balance attributable to the Australian Government	269	375	644

Prepared on Australian Accounting Standards basis

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,553	2,407	2,465	2,203	2,271
Total cash received	2,553	2,407	2,465	2,203	2,271
Cash used					
Employees	1,781	1,682	1,729	1,572	1,653
Suppliers	772	725	736	631	618
Total cash used	2,553	2,407	2,465	2,203	2,271
Net cash from/(used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	24	25	25	25	25
Total cash used	24	25	25	25	25
Net cash from/(used by) investing activities	(24)	(25)	(25)	(25)	(25)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	24	25	25	25	25
Total cash received	24	25	25	25	25
Net cash from/(used by) financing activities	24	25	25	25	25
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	51	51	51	51	51
Cash and cash equivalents at the end of the reporting period	51	51	51	51	51

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget – Bill 1 (DCB)	24	25	25	25	25
Total new capital appropriations	24	25	25	25	25
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	24	25	25	25	25
Total items	24	25	25	25	25
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	24	25	25	25	25
TOTAL	24	25	25	25	25
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	24	25	25	25	25
Total cash used to acquire assets	24	25	25	25	25

Prepared on Australian Accounting Standards basis.

a) Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

Table 3.6: Statement of departmental asset movements (Budget year 2023–24)

	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2023		
Gross book value	188	188
Accumulated depreciation/ amortisation and impairment	(83)	(83)
Opening net book balance	105	105
Capital asset additions		
Estimated expenditure on new or replacement assets		
By purchase – appropriation equity (a)	25	25
Total additions	25	25
Other movements		
Depreciation/amortisation expense	(25)	(25)
Total other movements	(25)	(25)
As at 30 June 2024		
Gross book value	213	213
Accumulated depreciation/ amortisation and impairment	(108)	(108)
Closing net book balance	105	105

Prepared on Australian Accounting Standards basis.

a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2023–24.