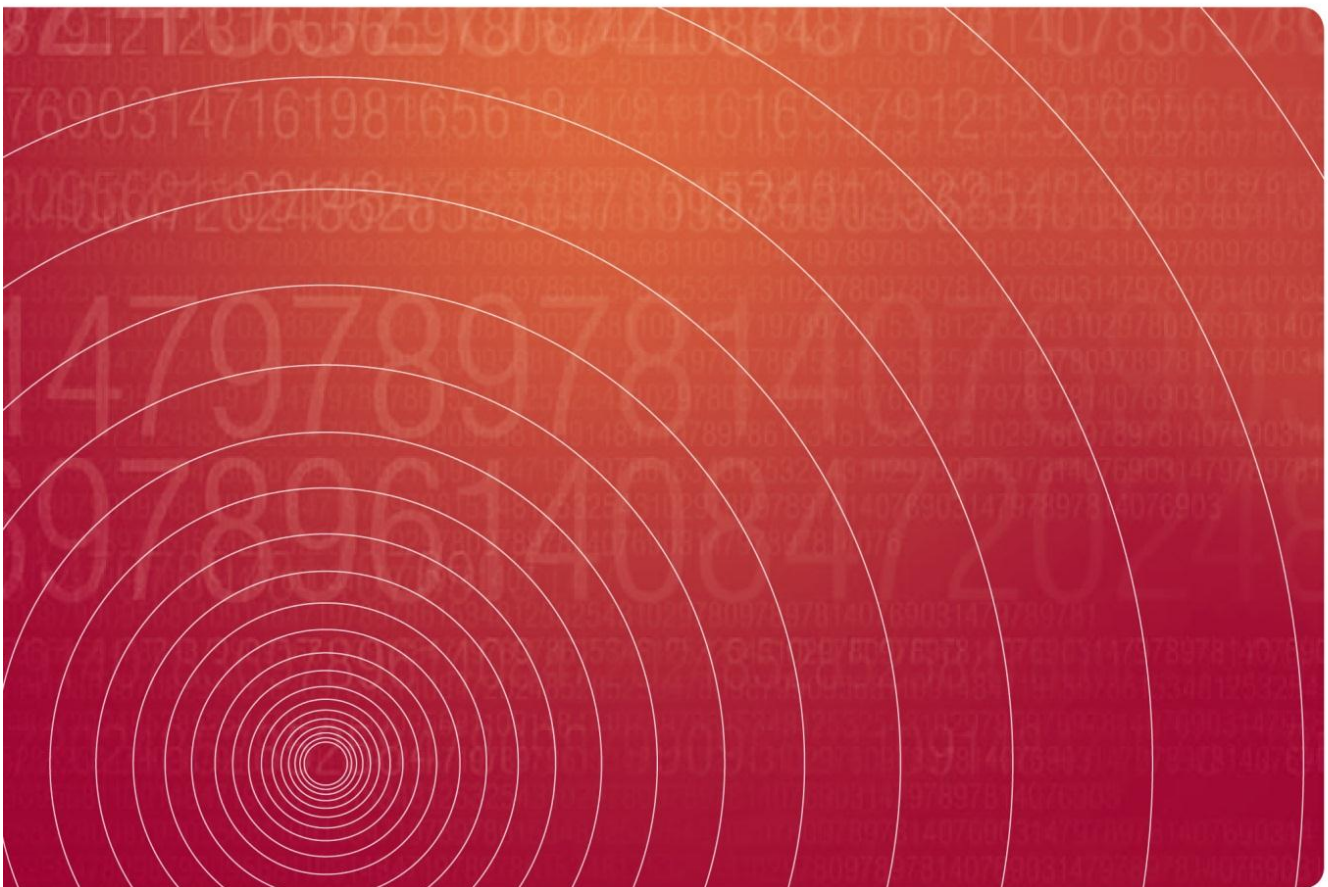




Australian Government
Auditing and Assurance Standards Board

2012-13

Annual Report



Auditing and Assurance Standards Board

Annual Report 2012–13

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Media Liaison
AUASB
Level 7, 600 Bourke Street MELBOURNE 3000
Email: enquiries@auasb.gov.au

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LETTER OF TRANSMITTAL

3 October 2013

The Honourable Joe Hockey, MP
Treasurer
Parliament House
Canberra ACT 2600

Dear Treasurer

I have pleasure in presenting the annual report of the Auditing and Assurance Standards Board (AUASB) and the Office of the Auditing and Assurance Standards Board for the year ended 30 June 2013.

The report has been prepared in accordance with Part 12 Division 3 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act) and the *Financial Management and Accountability Act 1997* (FMA Act).

Section 236DG of the ASIC Act requires me to prepare a report of the operations of the AUASB and the Office of the AUASB during the year, and on the achievement of the objects of Part 12 of the ASIC Act relating to auditing standards. The report is required to be tabled in each House of the Parliament as soon as practicable.

Yours sincerely



Merran Kelsall
Chairman, Auditing and Assurance Standards Board
CEO, Office of the Auditing and Assurance Standards Board

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ABBREVIATIONS

The following abbreviations are used throughout this report:

AASB	Australian Accounting Standards Board
AICD	Australian Institute of Company Directors
ACNC	Australian Charities and Not-for-Profits Commission
ANAO	Australian National Audit Office
APRA	Australian Prudential Regulation Authority
ASA	Australian Auditing Standard
ASAE	Australian Standard on Assurance Engagements
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
ASRE	Australian Standard on Review Engagements
AUASB	Auditing and Assurance Standards Board
AuASB	Auditing and Assurance Standards Board (to 30 June 2004)
CDS	Commonwealth Disability Strategy
CPAA	CPA Australia
DCCEE	Department of Climate Change and Energy Efficiency
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FMO	Finance Minister's Orders
FRC	Financial Reporting Council
GST	Goods and Services Tax
IAASB	International Auditing and Assurance Standards Board
ICAA	The Institute of Chartered Accountants in Australia
ISA	International Standard on Auditing
NGER Act	<i>National Greenhouse and Energy Reporting Act 2007</i>
NSS	National Standard Setters
NZAuASB	New Zealand Auditing and Assurance Standards Board
OBPR	Office of Best Practice Regulation

ABBREVIATIONS (CONTINUED)

OHSC	Occupational Health and Safety Committee
PCAOB	Public Company Accounting Oversight Board (United States)
SBR	Standard Business Reporting
SMEs	Small and Medium Enterprises
TTAASAG	Trans-Tasman Accounting and Auditing Standards Advisory Group
WASB	Water Accounting Standards Board
XBRL	Extensible Business Reporting Language
XRB	External Reporting Board – New Zealand

CONTACT DETAILS

Auditing and Assurance Standards Board

Street Address:

Level 7, 600 Bourke Street
MELBOURNE VIC 3000

Postal Address:

PO Box 204
Collins Street West
Victoria 8007

Tel: 03 8080 7400

Email: enquiries@auasb.gov.au

Fax: 03 8080 7450

Web: www.auasb.gov.au

Internet homepage:

<http://www.auasb.gov.au/About-the-AUASB/Annual-reports.aspx>



CHAIRMAN'S REVIEW

INTRODUCTION



High quality, robust, and independent audits and assurance services provide an important basis to sound corporate reporting, thereby enhancing the credibility of financial reports and other published reports requiring independent assurance and promoting confidence in capital markets. Over the past twelve months international regulators and standard setters have continued to advance proposals to improve audit quality, enhance auditor reporting, increase audit transparency and heighten auditor independence.

The main efforts of the Auditing and Assurance Standards Board (AUASB) over the past year, have included promoting audit quality and enhanced auditor reporting, as well as other initiatives to promote high quality independent audit and assurance services.

The key mandate of the AUASB is to develop in the public interest, high-quality auditing and assurance standards and related guidance, and to contribute to a single set of global auditing standards. Accordingly, to achieve our objectives during the past year, the AUASB agenda concentrated on:

- keeping pace with international and local developments on key areas such as audit quality, improvements in auditor reporting, and new initiatives, such as integrated reporting;
- promoting the AUASB's influence internationally by membership of the International Auditing and Assurance Standards Board (IAASB) and participation in IAASB meetings and task forces;
- continuing to obtain direct input from Australian stakeholders via round table discussions and by making submissions on IAASB exposure drafts and discussion papers;
- continuing to work closely with the New Zealand Auditing and Assurance Standards Board (NZAuASB) to promote harmonised Australian and New Zealand auditing and assurance standards;
- developing and revising standards and guidance to address specific local industry and regulatory requirements not addressed by international standards;

- ensuring the AUASB's processes are open and transparent with its stakeholders and receptive to their input and feedback;
- monitoring the implementation of the Australian Auditing Standards (ASAs); and
- facilitating the implementation of auditing and assurance standards via presentations and articles in professional journals.

During the 2012-13 year, the AUASB issued new assurance standards on engagements involving corporate fundraisings including prospective information and engagements to report on the compilation of pro-forma information, a revised standard on related services and two revised review engagement standards. The AUASB also issued four exposure drafts and two guidance statements on various topics, and made ten formal submissions to the IAASB and other regulators.

The AUASB held roundtable discussions on international submissions and presented to outside groups on numerous occasions, particularly on the topics of audit quality and improving the auditor's report. Considerable development also went into new or revised standards on using the work of internal auditors, assurance on internal controls, monitoring the use of assurance standards relating to compliance and performance engagements, and assurance on water accounting reports. In addition, the AUASB issued bulletins to assist practitioners on Auditing Considerations in a Prolonged Uncertain Economic Environment and Professional Scepticism in an audit of a financial report, and issued a revised edition of *Audit Committees: A Guide to Good Practice* (issued jointly with the Institute of Company Directors and the Institute of Internal Auditors - Australia).

The current suite of auditing standards is considered to be robust and comprehensive, yet we believe that it is still capable of continuing improvement. Accordingly, we will continue to actively participate in the various forums addressing any relevant issues, and to revise and release auditing standards and guidance that enhance and promote quality audits and assurance services.

GLOBAL DEVELOPMENTS

Auditor Reporting

Over the past two years *Auditor Reporting* has been the IAASB's top priority project. The project aims at enhancing the relevance and usefulness of auditors' reports and auditor reporting more broadly. This project has arisen following calls by a number of regulators including the European Commission and the PCAOB in the United States, as well as other regulators and institutional investor groups who have called for more meaningful information to be contained in the auditor's report and have influenced the IAASB to act accordingly.

In October 2012, the AUASB made a detailed formal submission to the IAASB's consultative document, *Invitation to Comment – Improving the Auditor's Report*. The paper features a revised auditor's report that illustrates the application of the IAASB's suggested improvements resulting from users' demands for greater transparency about the financial statements and audit.

The AUASB hosted various roundtables and forums in Australia during the public comment period, to obtain the views and comments of Australian constituents on the IAASB consultation document. The roundtables provided an impetus for useful input to the AUASB's formal submission to the IAASB. In addition, Prof. Arnold Schilder (IAASB Chairman) visited Australia on 1-4 October and spoke at several events in Melbourne and Sydney on this and other relevant IAASB related topics.

Prof. Schilder participated at two roundtables hosted by The Institute of Chartered Accountants in Australia (ICAA) and CPA Australia (CPAA), jointly with the AUASB, in Melbourne on 1 October 2012 and Sydney on 3 October 2012. Prof. Schilder also attended a special meeting of the AUASB and gave a lecture on 2 October to invited stakeholders, including Financial Reporting Council (FRC) members, outlining the IAASB's vision and major initiatives. Following his visit to Australia, Prof. Schilder visited New Zealand and then chaired an international IAASB roundtable on Auditor Reporting, held in Kuala Lumpur, Malaysia on 8 October. I also attended the Kuala Lumpur IAASB roundtable and presented on going concern issues.

Audit Quality

Considerable international debate continues to revolve around the subject of audit quality. Governments, regulators and standard-setting bodies are actively engaged in enhancing the utility and robustness of the audit as a safeguard for financial stability.

In April, 2013 the AUASB made a submission on the IAASB Consultation Paper – *A Framework for Audit Quality*. The stated objectives of the Framework are to:

- raise awareness of the key elements of audit quality;
- encourage stakeholders to consider ways to improve audit quality; and
- facilitate greater dialogue between stakeholders on the topic.

In formulating its response, the AUASB sought input from its constituents via two roundtable meetings with stakeholders that represented a broad range of backgrounds including assurance providers from all sized firms, audit regulators, professional accounting bodies, board audit committee members, preparers (CFOs) and institutional investors, formal discussion by the AUASB members and an open invitation to comment placed on the AUASB website. Throughout the year, I also met on different occasions, with The Treasury, the FRC Chairman, and others, and participated in the FRC Taskforce on Audit Quality, to focus on the appropriateness of

the system of auditor regulation and consider how AUASB and the FRC might best support and improve Audit Quality in Australia.

Professional Scepticism

The AUASB issued a Bulletin titled, *Professional Scepticism in an Audit of a Financial Report* in August 2012, intended to alert practitioners to the continuing need to operate with a challenging mindset.

Auditing Considerations in a Prolonged Uncertain Economic Environment

In August 2012 the AUASB issued a revision of its Bulletin – *Auditing Considerations in a Prolonged Uncertain Economic Environment*, aimed at reminding auditors to remain alert to issues associated with prolonged economic uncertainty that may impact on the audit approach.

Audit Committees – A guide to good practice

In September 2012 the AUASB, the Australian Institute of Company Directors and the Institute of Internal Auditors - Australia published the second edition of *Audit Committees: A guide to good practice* to provide boards and audit committees with essential guidance for financial reporting, corporate governance, risk management and internal control.

Using the Work of Internal Auditors

In March 2013 the IAASB issued a revised *International Standard on Auditing (ISA) 610 Using the Work of Internal Auditors* which now includes new provisions to allow direct assistance by internal auditors on external audit engagements.

After extensive discussions, the AUASB approved the issue of an Exposure Draft of the proposed revised ASA 610 *Using the Work of Internal Auditors*, which included provisions to explicitly prohibit the use of internal auditors to provide direct assistance in an audit or review conducted in accordance with the Australian Auditing Standards. This reinforces and strengthens the existing Australian position whereby direct assistance is effectively prohibited by the independence requirements contained in APES 110 Code of Ethics for Professional Accountants. Compliance with the proposed revised standard supports the independence of the external auditor and should provide further confidence to stakeholders in the integrity of the audit.

LOCAL DEVELOPMENTS AND ISSUES

Regulatory liaison and assistance

The AUASB staff and I liaised with relevant regulatory bodies during the year on various matters, including:

- Australian Charities and Not-for-Profits Commission (ACNC) – in relation to auditing and review requirements for financial reports to be submitted in 2013 under the new ACNC regulatory framework;
- Business Reporting Leaders Forum – regarding assurance considerations for integrated reporting;
- Australian Prudential Regulation Authority (APRA) regarding audit requirements of various prudential standards for APRA-regulated entities;
- ASIC in relation to its audit inspection regime and audit requirements of the *Corporations Act 2001* and various regulatory guides;
- Treasury, regarding the Standard Business Reporting and XBRL program, Audit and Corporate Reporting Reform program; and
- Financial Reporting Council (FRC) in relation to Nominations and Audit Quality Committees and Integrated Reporting and Financial Reporting taskforces.

Assurance on water accounting reports

The Water Accounting Standards Board (WASB), an independent advisory board to the Australian Government's Bureau of Meteorology, is working with the water industry to develop consistent standards for water accounting. During the year, the AUASB continued working with the WASB on the development of an assurance standard for water accounting reports. An exposure draft of the proposed assurance standard was released in December 2012, and the final assurance standard is expected to be released in December 2013.

Climate change

The AUASB issued a new Guidance Statement GS 021 which explains how the AUASB Standards are to be applied by assurance practitioners conducting engagements under the *Greenhouse and Energy Reporting Scheme, the Carbon Pricing Mechanism and Related Schemes* effective for reporting periods commencing on or after 1 July 2012 which coincides with the first reporting period for emitters liable for carbon units under the previous Australian Government's Clean Energy Scheme (CES).

The AUASB has undertaken extensive liaison with the Department of Climate Change and Energy Efficiency (DCCEE), regarding assurance on sustainability matters relating to the CES and NGERs reports and audit requirements. The AUASB continues to have significant discussions with DCCEE in relation to the application of the new standard.

Auditing Standards

The current suite of ASAs became operative for financial reporting periods that commenced on or after 1 January 2010. These standards conform with the equivalent International Standards on Auditing (ISAs) issued by the IAASB, thereby promoting the consistent application of auditing standards globally.

With the issue of these ASAs, the AUASB's primary initiative has shifted to contributing to their successful implementation. To this end, the AUASB has undertaken and will continue to undertake significant work to communicate to auditors and other assurance practitioners the key changes in the ASAs that resulted from their redrafting and revision. This work includes making various presentations in informational sessions in various cities, which occurred in the prior year and continued throughout 2012–2013.

In view of the above, the AUASB undertook the following activities in the year ended 30 June 2013:

- development of articles, that highlighted key principles and major changes in the revised and redrafted ASAs, for publication in the professional accounting body journals; and
- presentations at a number of conferences in conjunction with the professional accounting bodies and various firms monitoring the implementation of the revised and redrafted ASAs, including providing feedback to the IAASB through its *Clarity* ISA Implementation Monitoring project task force.

Other Standards and Guidance

The AUASB's work during the year included the release of:

Amending standards and compilations:

- review of a financial report by a practitioner who is not the auditor of the entity - ASRE 2400;
- going concern - ASA 570;
- review of a financial report – company limited by guarantee or an entity reporting under the ACNC Act or other applicable legislation or regulation - ASRE 2415; and
- agreed-upon procedures to report factual findings – minor amendments to ASRS 4400.

New assurance engagement standards:

- reporting on the compilation of pro forma historical information included in a prospectus or other document –ASAE 3420, and
- engagements involving corporate fundraising and/or prospective financial information – ASAE 3450.

New and revised guidance statements on:

- audit implications of prudential reporting requirement for general insurers and insurance groups – GS 004; and
- engagements under the National Greenhouse and Energy Reporting Scheme, Carbon Pricing Mechanism and Related Schemes – GS 021.

Compliance

The AUASB ensured that in all instances, it complied with the Australian Government's Best Practice Regulation requirements, administered through the Office of Best Practice Regulation (OBPR).

CONTRIBUTE TO AND INFLUENCE INTERNATIONAL STANDARD SETTING

Participation in the IAASB and international taskforces

I have participated as a member of the IAASB and subsequently on the IAASB task forces on *Audit Quality* and *ISA Implementation Monitoring* projects. I also was appointed to lead the Integrated Reporting segment of the IAASB's Innovation, Future Needs and Opportunities (*INFO*) Working Group during 2012-13. The Executive Director of the AUASB, Mr Richard Mifsud, also attended IAASB meetings as my technical advisor.

Furthermore, the AUASB has participated in the work of the ISA Implementation Monitoring project by facilitating IAASB surveys of audit committees and small practitioners in Australia.

Submissions to the IAASB

The AUASB actively monitors IAASB activities and provides submissions on IAASB exposure drafts and requests for comments. Submissions were made on the following key topics:

- Improving the Auditor's Report (issued 12 October 2012);

- ISA Implementation Monitoring Project (Part B)- International Survey of Implementation of the Clarity ISAs by Small and Medium Practices (23 November 2012);
- Post Implementation Review of the Clarified International Standards on Auditing (issued 10 January 2013);
- Proposed ISA 720 *The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon* (issued 14 March 2013); and
- *A Framework for Audit Quality* (issued 30 April 2013).

National Standard Setters Meeting

In late May 2013, the AUASB Executive Director, Mr Richard Mifsud and I attended a meeting of the IAASB and National Standard Setters (NSS) in New York, USA where delegates from a wide range of nations met to discuss international audit and assurance standard setting issues. Attendance at this key global forum ensures that Australia remains at the forefront of important developments in auditing and assurance practice at the international level and has an opportunity to influence the IAASB strategic agenda.

Harmonisation of Australian and New Zealand Auditing Standards

The strategy for the AUASB to work more closely with the NZAuASB to facilitate harmonisation of auditing and assurance standards in Australia and New Zealand is well underway. Cross-appointment of the Chairmen of the AUASB and NZAuASB to the respective Boards from 1 July 2011, and other improvements in communications have enhanced the relationship and we are endeavouring to progress certain joint initiatives on auditing and assurance matters.

The Boards worked together on the following projects:

- developing a joint trans-Tasman policy statement on standards that outlines the principles of convergence with international auditing standards and harmonisation with the standards of the respective Boards (issued 26 November 2012); and
- preparing a paper that demonstrates the Auditing Standards can be used in an efficient and effective manner to achieve quality audits of small entities commensurate to the size and complexity of the engagement. The AUASB issued this document as an AUASB Bulletin – *Applying the Auditing Standards on Audits of Smaller Entities in Australia and New Zealand* (issued 13 July 2012).

During the year, I also participated in meetings of the Trans-Tasman Accounting and Auditing Standards Advisory Group (TTAASAG), which brings together government representatives and other stakeholders to work towards harmonisation of requirements and structures in financial reporting and assurance between Australia and New Zealand.

COMMUNICATE AND CONSULT WITH CONSTITUENTS

Speaking engagements

Senior AUASB staff members and I participated in various speaking engagements during the year, focusing on the implications of the auditing and assurance standards for the profession and the current and future direction of the AUASB. These engagements included presentations at conferences run by the accounting bodies and various firms.

Consultative Meeting

The annual Consultative Meeting with stakeholders was very successful in gaining valuable input from constituents on the AUASB's initiatives. The 2012-13 Consultative Meeting was held in Melbourne on 27 November 2012.

Other Submissions

In addition to submissions made to the IAASB, submissions were also made to various external organisations on matters of relevance to audit and assurance. These included responses to the following:

- Accounting Professional & Ethical Standards Board – Exposure Draft 05/12: *Proposed Amendments to APES 305 Terms of Engagement* (December 2012);
- Australian Prudential Regulation Authority – *APRA Prudential standards on Superannuation* (July 2012);
- Australian Securities and Investments Commission – Consultation Paper 187 – *Effective disclosure in an operating and financial review* (December 2012);
- Public Consultation on the Governance of the Monitoring Group and Public Interest Oversight Board (July 2013); and
- the International Integrated Reporting Council – *Consultation Draft of the International IR Framework* (June 2013).

Communication

AUASB *Meeting Highlights* and *Minutes* that report the outcomes of each Board meeting are published on the AUASB website. The *International Update* is also published for each Board meeting summarising the significant news and activities of various standard-setting bodies. In addition, the AUASB's electronic newsletter, *Independence*, continues to be published on a quarterly basis.

OUTLOOK

The AUASB will continue to monitor the implementation of the *Clarity* standards, with a view to determining whether the new standards, with their revised format, are being understood and applied consistently by auditors, and providing auditors with the tools to perform their work efficiently and effectively in an ever changing and increasingly complex market place. Australian feedback on issues arising from implementation will be provided to the IAASB. The AUASB will participate in and monitor other IAASB projects for any implications on the Australian auditing standards and guidance.

The AUASB will also continue to issue new and revised auditing standards and guidance statements, which provide industry guidance.

Other major projects in progress, or to be undertaken in the coming year, include:

Revised assurance standards on -

- using the work of internal auditors
- internal control and the effectiveness of control procedures
- assurance engagements other than audits or reviews of historical financial information
- compliance engagements and performance engagements.

New assurance standards on -

- water accounting reports – in conjunction with the WASB.

New and revised guidance statements on -

- APRA related guidance statements including:
 - authorised deposit-taking institutions
 - life insurance entities

- registrable superannuation entities
- auditing self-managed superannuation funds
- auditing compliance plans of managed investment schemes
- audit and review requirements of Australian financial services licensees
- composite auditing and assurance engagements (including grant acquittals, probity considerations and prescribed government agencies auditor reports).

Other emerging issues will be monitored and responded to in a timely manner as we move further into the new financial year.

ACKNOWLEDGEMENTS

I would like to thank the members of the AUASB for their considerable contributions over the past year. I especially would like to thank Ms Diane Azoor Hughes, Ms Elizabeth Johnstone and Mr David Simmonds, all of whom retired from the AUASB on 31 December 2012. Ms Valerie Clifford and I were re-appointed as members of the AUASB following expiration of our previous terms.

Ms Jo Cain, Mr Chris George and Ms Jane Meade were appointed for a term of three years commencing 1 January 2013.

Particular thanks go to the FRC and its Chairman, Ms Lynn Wood, for providing strategic oversight and support of the AUASB.

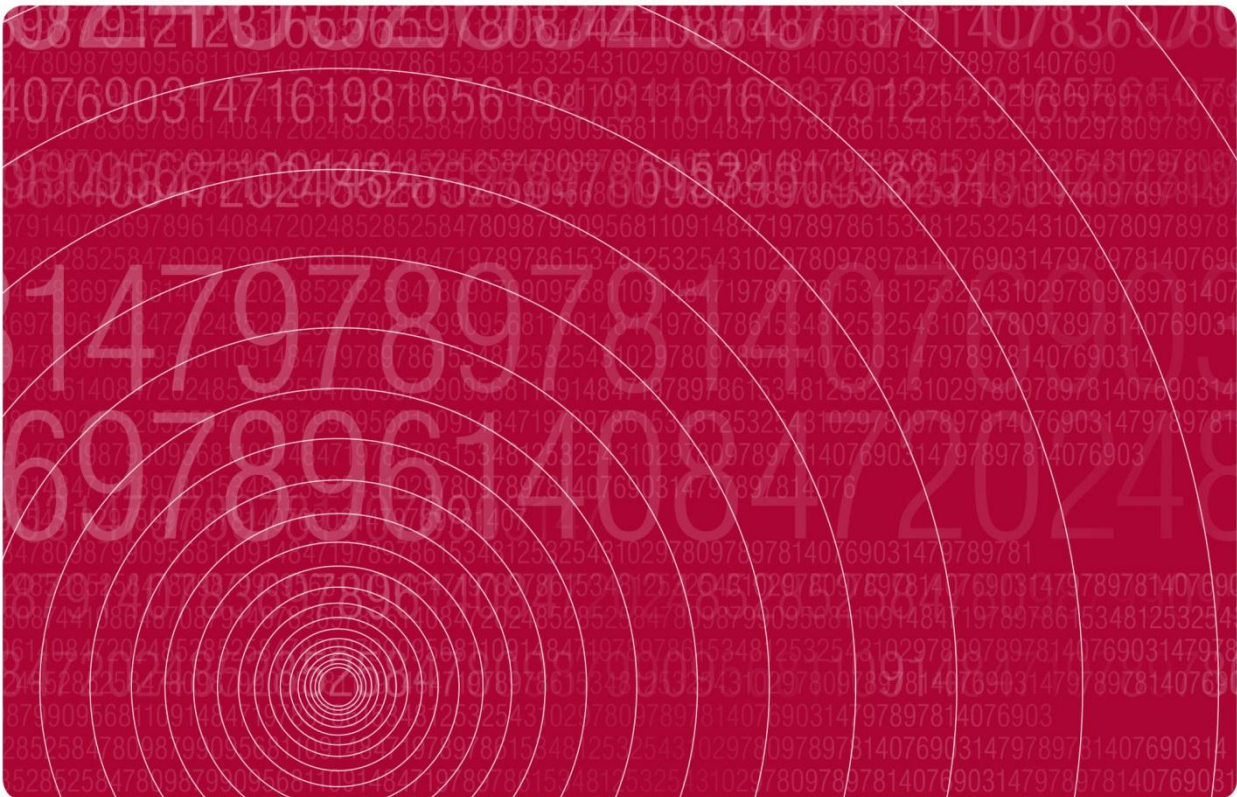
My thanks also go to our constituents, who respond to exposure drafts and make time to participate in consultative meetings and project advisory groups.

I would also like to express my appreciation to Mr Richard Mifsud, Executive Director, and to the staff of the Office of the AUASB, which comprised Anna Cooshna, Susan Fraser, Claire Grayston, Rene Herman Alan Marrone, Marina Michaelides, Howard Pratt, Christine Purtell and Patricia Wales, for their work in supporting the AUASB.



Merran H Kelsall
Chairman
20 September 2013

AUASB Overview





AUASB OVERVIEW

The AUASB is an Australian Government Agency under the *Australian Securities and Investments Commission Act 2001* (ASIC Act).

Under section 227B (1) of the ASIC Act, the functions of the AUASB are:

- (a) to make auditing standards under section 336 of the *Corporations Act 2001*, for the purposes of the corporations legislation;
- (b) to formulate auditing and assurance standards for other purposes;
- (c) to formulate guidance on auditing and assurance matters;
- (d) to participate in and contribute to the development of a single set of auditing standards for worldwide use; and
- (e) to advance and promote the main objects of Part 12 of the ASIC Act. Section 224 (aa) of the ASIC Act states the objectives of Part 12, which include:

“To facilitate the development of auditing and assurance standards and related guidance materials that:

- (i) provide Australian auditors with relevant and comprehensive guidance in forming an opinion about, and reporting on, whether financial reports comply with the requirements of the *Corporations Act 2001*; and
- (ii) require the preparation of auditors’ reports that are reliable and readily understandable by the users of financial reports to which they relate.”

Other relevant objectives of Part 12 are summarised below:

- to facilitate the Australian economy by having (accounting and) auditing standards that are clearly stated and easy to understand; and
- to maintain investor confidence in the Australian economy (including its capital markets).

MISSION OF THE AUASB

The mission of the AUASB is to develop, in the public interest, high-quality auditing and assurance standards and related guidance, as a means to enhance the relevance, reliability and timeliness of information provided to users of audit and assurance services.

Sound public-interest oriented auditing and assurance standards are necessary to reinforce the credibility of the auditing process for those who use audited financial and other related information.

The AUASB contributes to public confidence in the financial reporting and corporate governance frameworks by issuing auditing standards, which are legally enforceable for audits and reviews of financial reports required under the *Corporations Act 2001*, other auditing and assurance pronouncements and related guidance.

The role of the AUASB also extends to liaison with other national standard setters and participating in standard setting initiatives of the IAASB to develop a single set of auditing standards for worldwide use. Such involvement seeks to contribute ultimately to the quality of AUASB pronouncements.

PORTFOLIO OUTCOME AND OUTPUT STRUCTURE

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

The key strategies to achieve Outcome 1 are:

- making auditing standards under section 336 of the *Corporations Act 2001* for use by Australian auditors who are undertaking audit engagements for the purpose of Corporations legislation, including facilitating and monitoring the implementation of the revised *Clarity* Australian Auditing standards;
- formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing and assurance engagements for purposes other than the purposes of the Corporations legislation;
- providing Australian participation in, and contribution to, the development of a single set of auditing standards for worldwide use; and
- the AUASB continuing its role in the development of auditing and assurance standards guidance, identifying emerging auditing and assurance issues and contributing to and influencing the development of international auditing standards, including key International Auditing and Assurance Standards Board (IAASB) projects on auditor reporting, audit quality, and monitoring implementation of international auditing standards.



REPORT ON PERFORMANCE

This section outlines the outputs of the Board during 2012-13, as well as the progress made on the 2012-13 Work Program.

The AUASB operations are based on a three-year Strategic Plan and an Annual Work Program. Outcomes against the strategic plan and work program are monitored monthly.

The Office of the AUASB had no significant changes in financial results from the previous year, or from the budgeted financial statements for the financial year as set out in the Portfolio Budget Statement/Portfolio Additional Estimate Statement.

Agency Resource Statement

	Actual Available Appropriations \$	Payments Made \$	Balance Remaining \$
Ordinary annual services			
Departmental			
Prior year departmental appropriation	1,454,717	232,524	1,222,193
Departmental appropriation	2,202,000	1,965,142	236,858
Section 31 relevant agency receipts	32,011	32,011	-
Total ordinary annual services	3,688,728	2,229,677	1,459,051
Departmental non-operating			
Equity injection	92,449	90,079	2,370
Total other services	92,449	90,079	2,370
Special accounts			
Opening balance	-	-	-
Appropriation receipts	-	-	-
Total special accounts	-	-	-
Total resourcing and payments	3,781,177	2,319,756	1,461,421

Agency Summary Resource Table by Outcomes

Office of the AUASB: Resources for outcomes 2012-13

	Budget \$	Actual Expenses \$	Variation \$
Outcome 1:			
The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements			
Output Group 1.1:			
AUASB			
Departmental expenses			
Ordinary annual services (Appropriation Bill No. 1)	2,212,000	2,166,841	45,159
Revenues from independent sources (section 31)	37,000	32,011	4,989
Special accounts	-	-	-
Expenses not requiring appropriation	93,000	94,554	(1,554)
Less revenue to be carried forward	-	-	-
Total for Outcome 1	2,342,000	2,293,406	48,594

OUTPUTS

Output Groups	2012–13 Target	Output to 30 June 2013
Develop appropriate high quality Australian auditing and assurance standards and guidance to promote audit quality systemically and at the engagement level	<p>Formulate and maintain Australian auditing standards including:</p> <ul style="list-style-type: none"> • monitoring the implementation of the ASAs • developing articles that will highlight key principles 	<p>The AUASB monitored the implementation of the Australian Auditing Standards :</p> <p>Published four articles in media and journals of the accounting bodies</p> <p>Presented at various seminars and information sessions</p>
Be recognised as the auditing and assurance standards setting body in Australia for the private and public sectors	<p>presenting at various information sessions;</p> <p>Considering Australian legislation and international developments in auditing that may require amendments to the ASAs</p>	<p>The AUASB issued:</p> <ul style="list-style-type: none"> - Amending Auditing Standard ASA 2012-1 which amended ASA 570 <i>Going Concern</i> (issued July 2012) -Amending Auditing Standard ASA 2013-3 which amended eight auditing standards and ASRS 4400 <i>Agreed-upon Procedures to Report Factual Findings (formally issued 1 July 2013)</i> - Revised framework pronouncements: <ul style="list-style-type: none"> <i>Foreword to AUASB Pronouncements</i> (issued 30 November 2012) <i>Framework for Assurance Standards</i> (issued 30 November 2012) <p>Revision of standards in progress:</p> <ul style="list-style-type: none"> - Auditor Reporting (ASA 700, ASA 705, ASA 706) - Using the Work of Internal Auditors (ASA 610) - Consideration of Other Information accompanying financial statements (ASA 720) - Audit implications of disclosures in financial reports
	Issue new and revised standards on assurance and review engagements	<p>The AUASB issued:</p> <p>Standards on Assurance Engagements:</p> <ul style="list-style-type: none"> - ASAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or Other Document (30 November 2012) - ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information (30 November 2012) <p>Standards on Review Engagements:</p> <ul style="list-style-type: none"> - ASRE 2400 Review of a Financial Report Performed by an Assurance Practitioner who is Not the Auditor of the Entity (28 March 2013) <p>ASRE 2415 Review of a Financial Report: Company Limited by Guarantee or an Entity Reporting Under the ACNC Act or Other Applicable Legislation or Regulation (28 March 2013)</p>

Auditing and Assurance Standards Board Annual Report 2012–13

Output Groups	2012–13 Target	Output to 30 June 2013
		<p>Projects in progress include:</p> <ul style="list-style-type: none"> • internal control • assurance on water accounting reports (Joint Exposure Draft with the Water Accounting Standards Board – Proposed Standard on: Assurance Engagements for Water Accounting Reports issued 17 December 2012) • Compliance Engagements and Performance Engagements (ASAE 3100/3500) • Standards on Review Engagements (ASREs 2400/2405/2415)
	Issue new and revised guidance statements	<p>New or revised guidance statements were issued on the following:</p> <ul style="list-style-type: none"> • GS 021 Engagements Under the National Greenhouse and Energy Reporting Scheme, the Carbon Pricing and Related Schemes (issued 20 December 2012) • GS 004 Audit Implications Prudential Reporting Requirements for General Insurers and Insurance Groups (Issued 17 May 2013) <p>Projects in progress include revision of guidance statements on:</p> <ul style="list-style-type: none"> • APRA related guidance statements on <ul style="list-style-type: none"> - authorised deposit-taking institutions - life insurance - superannuation funds • composite engagements (including grant acquittals, probity considerations and prescribed government agencies) • privity letter requests • superannuation <p>Bulletins issued; Auditing Considerations in a Prolonged Uncertain Economic Environment (issued 8 August 2012) Professional Scepticism in an Audit of a Financial Report)</p>
Contribute to the development of and converge with one set of robust international auditing standards	<p>Contribute to IAASB meetings and annual IAASB-NSS meeting</p> <p>Participate in IAASB projects:</p>	<p>The Chairman and Executive Director participated in all IAASB meetings and the annual IAASB NSS meeting held 29-30 May 2013</p> <p>AUASB members participated in IAASB task forces on:</p> <ul style="list-style-type: none"> • auditor reporting • audit quality • ISA implementation monitoring <p>The Chairman also chaired the “<i>building blocks</i>” <i>sub-committee</i> of the <i>Auditor Reporting Task Force</i></p> <p>Updates on these projects were provided at all AUASB meetings</p>

Output Groups	2012–13 Target	Output to 30 June 2013
	Monitor IAASB and other international projects for influence on AUASB work program	<p>The Chairman and Executive Director reported back to the Board on all IAASB meetings during the year</p> <p>Key IAASB agenda items were discussed at AUASB meetings</p>
	Provide comment on IAASB exposure drafts and discussion papers	<p>Formal submissions were made on all IAASB exposure drafts and invitations to comment papers, including:</p> <ul style="list-style-type: none"> • Improving the Auditor's Report (12 October 2012) • ISA Implementation Monitoring Project (Part B)- International Survey of Implementation of the Clarity ISAs by Small and Medium Practices (23 November 2012) • Post Implementation Review of the Clarified International Standards on Auditing (10 January 2013) • Proposed ISA 720 The Auditor's Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor's Report Thereon (14 March 2013) • A Framework for Audit Quality (30 April 2013) <p>The AUASB received and considered the views of stakeholders in formulating the above submissions via:</p> <ul style="list-style-type: none"> • AUASB website releases • roundtable discussions with key stakeholders • individual meetings with stakeholders on various topics
	Monitor international developments on auditing and assurance	<p>The AUASB monitored international developments from the IAASB, other national standard setters and other international regulatory bodies including those from Canada, France, Germany, New Zealand, South Africa, USA and UK.</p> <p>AUASB comments on consultation papers were issued including:</p> <ul style="list-style-type: none"> • IOSCO – Public Consultation on the Governance of the Monitoring Group and Public Interest Oversight Board (issued 12 July 2013) • International Integrated Reporting Council – Consultation Draft of the International IR Framework (approved June 2013) <p>An International Update on key developments, including IAASB matters, was provided to AUASB at all Board meetings and was published on the AUASB website</p>

Auditing and Assurance Standards Board Annual Report 2012–13

Output Groups	2012–13 Target	Output to 30 June 2013
Harmonise Australian and New Zealand auditing Standards	Harmonise Australian and New Zealand auditing Standards and work actively with the NZAuASB	<p>The AUASB continues to work closely with the NZAuASB to facilitate greater convergence and harmonisation of auditing and assurance matters in Australia and New Zealand.</p> <p>Both Boards issued a joint publication that seeks to answer some common questions about applying the Auditing Standards on audits of small to medium-sized entities and for use by small and medium practices. In Australia this publication was issued as a Bulletin - <i>Applying the Auditing Standards on Audits of Smaller Entities in Australia and New Zealand</i> on 13 July 2012.</p> <p>The AUASB is working jointly with the NZAuASB on the project to revise AUS 810 <i>Special Purpose Reports on the Effectiveness of Control Procedures</i> and reissue as a new Standard on Assurance Engagements</p> <p>The Chairman attended NZAuASB meetings as part of the cross board appointments of the respective Chairmen</p> <p>Participate in periodic TAASAG meetings</p> <p>All TTAASAG meetings attended by the Chairman</p>

Output Groups	2012–13 Target	Output to 30 June 2013
Promote thought leadership and engage with stakeholders on topical and emerging issues	Identify and respond to significant auditing and assurance issues of public interest on a timely basis	<p>Significant auditing and assurance issues of public interest were addressed including:</p> <ul style="list-style-type: none"> • audit quality • standard business reporting and XBRL • assurance on NGERs • assurance on water reporting • assurance considerations in integrated reporting <p>Revision of Audit Committees: A Guide to Good Practice (joint issue with the Institute of Company Directors and Institute of Internal Auditors (5 September 2012)</p> <p>Four articles on audit and assurance related issues were prepared for the Institute of Chartered Accountants in Australia publications.</p> <p>Emerging issues addressed promptly via</p> <ul style="list-style-type: none"> • website media releases • annual Consultative Meeting • roundtable discussions with key stakeholders <p>Issues raised at the annual AUASB Consultative meeting held 27 November 2012 were addressed in the work plan to June 2013 and in the Business Plan for 2013–2014</p> <p>Media releases were issued for all new standards and guidance</p> <p>The AUASB website was updated regularly</p> <p>The Chairman participated in FRC meetings and the FRC taskforces on:</p> <ul style="list-style-type: none"> • Audit quality • Integrated reporting <p>The Chairman also participated in meetings of the ASIC Standing Chairs Advisory Committee on Accounting and Auditing</p> <p>Regular liaison meetings with APRA and ASIC and periodic meetings with Treasury and other constituents on relevant auditing and assurance matters</p> <p>Assisted and provided technical advice to regulators and other standard-setters including:</p> <ul style="list-style-type: none"> • DCCEE and CER on audit requirements under NGERs • WASB • APRA
	Actively engage with Australian y bodies, professional accounting bodies, practitioners, preparers, users and other stakeholders	

Auditing and Assurance Standards Board Annual Report 2012–13

Output Groups	2012–13 Target	Output to 30 June 2013
		<p>AUASB issued comments on consultation papers including:</p> <ul style="list-style-type: none">• Accounting Professional & Ethical Standards Board – Exposure Draft 05/12: <i>Proposed Amendments to APES 305 Terms of Engagement</i> (issued 5 December 2012)• Australia Prudential Regulation Authority – <i>APRA Prudential standards on Superannuation</i> (issued 19 July 2012)• Australian Securities and Investment Commission – Consultation Paper 187 – <i>Effective disclosure in an operating and financial review</i> (issued 5 December 2012)



MANAGEMENT AND ACCOUNTABILITY

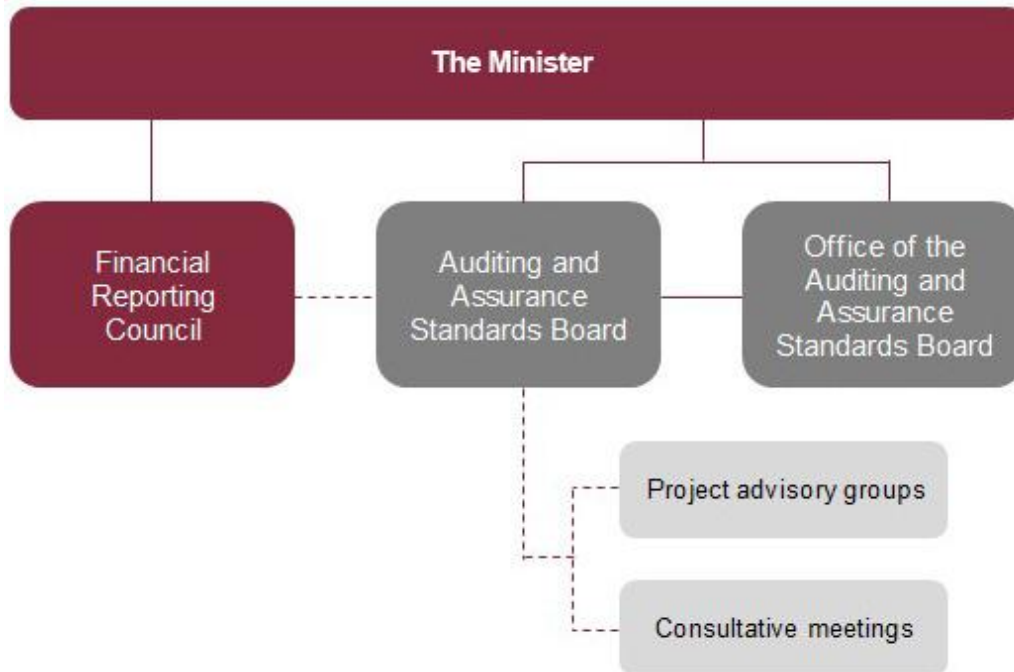
CORPORATE GOVERNANCE

The corporate governance practices of the AUASB and the Office of the AUASB comply with statutory and other external requirements, and aim to achieve sound administrative and financial management practice. They are designed to ensure the efficient, effective and ethical use of resources.

As part of its ongoing focus on effective governance arrangements, the Office of the AUASB periodically considers a range of issues, including:

- clear accountability mechanisms;
- its leadership, culture and communication;
- appropriate governance and committee structures;
- the effectiveness of its work with its stakeholders;
- comprehensive risk management, compliance and assurance systems; and
- strategic planning, performance monitoring and evaluation.

ORGANISATIONAL STRUCTURE



The Chairman is appointed by the Minister, while other Board members are appointed by the FRC.

Appointments may be made for a period of up to five years and retiring members are eligible for reappointment.

The Board met seven times during the year. Attendance of members at these meetings is set out in Appendix A.

The Minister

The Minister appoints the Chairman of the AUASB. The Chairman of the AUASB is accountable to the Minister regarding the operations of the AUASB and the Office of the AUASB.

Financial Reporting Council

The FRC provides broad strategic direction and advice to the AUASB and has oversight of the process for setting auditing and assurance standards in Australia. The FRC appoints Board members to the AUASB for various terms.

The AUASB provides periodic reports to the FRC on the AUASB's activities, including reports in relation to the setting of the Board's business plan priorities and its progress against the plan, for consideration at FRC meetings.

Auditing and Assurance Standards Board

The AUASB is an agency of the Australian Government responsible for making auditing standards under section 336 of the *Corporations Act 2001* for the purposes of the corporations legislation. The AUASB also formulates auditing and assurance standards for other purposes and participates in and contributes to the development of a single set of international auditing standards for worldwide use.

The Chairman of the AUASB reports to the Minister regarding the organisation's operations.

Office of the AUASB

The Office of the AUASB provides technical support and administrative services, information and advice to the AUASB. Responsible to the Minister for the financial management of the Office of the AUASB, the Chairman of the AUASB is also the Chief Executive Officer of the Office of the AUASB.

Membership

The AUASB comprises an independent part-time Chairman (appointed by the Minister) and 12 part-time members (appointed by the FRC).

The members during 2012–13 were:

Merran Kelsall, Chairman

Initially appointed Chairman by the Federal Treasurer 10 August 2004 until 9 August 2007, Merran Kelsall was re-appointed from 10 August 2007 until 9 August 2010, again until 9 August 2013 and again until 9 August 2016.

Ms Kelsall has a portfolio of independent directorships and considerable directorship, audit committee and corporate governance experience.

Jon Tyers, Deputy Chairman

Initially appointed 1 January 2005 until 31 December 2007, Jon Tyers was re-appointed until 31 December 2010 and again until 31 December 2013.

Mr Tyers is the Deputy Chairman of the AUASB and is General Manager, Internal Audit at Perpetual Limited in the Risk Group – Internal Audit.

Dianne Azoor Hughes

Initially appointed 1 January 2005 until 31 December 2006, Dianne Azoor Hughes was re-appointed until 31 December 2009, and again until 31 December 2012.

Ms Azoor Hughes is a partner of Pitcher Partners. Ms Azoor-Hughes retired from the AUASB on 31 December 2012.

Jo Cain

Ms Jo Cain was appointed from 1 January 2013 until 31 December 2015.

Ms Jo Cain is Business Director-Sustainability, BECA.

Neil Cherry

Mr Neil Cherry was appointed from 1 July 2011 until 30 June 2014.

Mr Cherry is also the Chairman of the New Zealand Auditing and Assurance Standards Board.

Valerie Clifford

Initially appointed 1 January 2008 until 31 December 2010, Valerie Clifford was re-appointed until 31 December 2012 and again until 31 December 2015.

Ms Clifford is a partner of PricewaterhouseCoopers Australia.

John Gavens

Initially appointed 1 January 2008 until 31 December 2010, John Gavens was re-appointed until 31 December 2013.

Mr Gavens is a partner at Crowe Horwath.

Chris George

Mr Chris George was appointed from 1 January 2013 until 31 December 2015.

Mr George is a partner at Ernst and Young.

Elizabeth Johnstone

Initially appointed from 1 January 2006 until 31 December 2008, Elizabeth Johnstone was re-appointed until 31 December 2011 and again until 31 December 2014.

Ms Johnstone has a portfolio of independent directorships and considerable directorship, audit committee and corporate governance experience.

Ms Johnstone retired from the AUASB on 31 December 2012.

Nonna Martinov-Bennie

Prof. Nonna Martinov-Bennie was appointed from 1 January 2012 until 31 December 2014.

Prof. Martinov-Bennie is Professor of Accounting and Director of The International Governance and Performance Research Centre at Macquarie University.

Jane Meade

Ms Jane Meade was appointed from 1 January 2013 until 31 December 2015.

Ms Meade is a partner at RSM Bird Cameron.

Colin Murphy

Initially appointed from 1 January 2009 until 31 December 2011, Colin Murphy was re-appointed until 31 December 2014.

Mr Murphy is the Auditor-General for Western Australia.

Greg Pound

Initially appointed from 1 January 2006 until 31 December 2008, Greg Pound was re-appointed until 31 December 2011 and again until 31 December 2014.

Mr Pound is an independent consultant on auditing and financial reporting matters.

David Simmonds

Initially appointed from 1 January 2006 until 31 December 2008, David Simmonds was re-appointed until 31 December 2011 and again until 31 December 2012.

Mr Simmonds is a partner at Ernst & Young. Mr Simmonds retired from the AUASB on 31 December 2012.

Bernie Szentirmay

Initially appointed from 1 January 2011 to 31 December 2012 Bernie Szentirmay was re-appointed until 31 December 2015.

Mr Szentirmay is a partner at KPMG.

Kristen Wydell

Ms Kristen Wydell was appointed from 1 January 2011 to 31 December 2013.

Ms Wydell is a partner at Deloitte Touche Tohmatsu.

AUDIT COMMITTEE

The AUASB Chairman, as Chief Executive of the Office of the AUASB, has established an audit committee, with the functions and responsibilities required by the Finance Minister's Orders, in compliance with section 46 of the FMA Act.

During 2012–13, the Audit Committee membership was:

- Mr Stuart Alford, Chairman
- Ms Sue Tait
- Mr Kevin Stevenson, Chairman and CEO of the Australian Accounting Standards Board (AASB).

During the financial year, the Audit Committee:

- reviewed the AUASB 2012–13 financial statements and recommended that they be adopted by the Chairman of the AUASB; and

- reviewed a report from the ANAO, which stated that there were no matters arising from the 2012–13 audit that should be brought to the attention of management or the Audit Committee.

FRAUD

The Office of the AUASB adopted a Fraud Control Plan in July 2010. Currently, the Office of the AUASB has adequate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet its needs and comply with the Commonwealth Fraud Control Guidelines (including the reporting aspects of those guidelines).

ETHICS

The staff of the Office of the AUASB are employed under individual employment contracts.

The AUASB has established a Code of Conduct that provides a guidance framework and principles for all staff undertaking their responsibility to the Office of the AUASB and Government, which include:

- respect for people;
- integrity and diligence;
- economy and efficiency; and
- managing conflicts of interest.

EXTERNAL SCRUTINY

The AUASB accounting records and financial statements are audited each year by the ANAO.

During the financial year, there were no judicial decisions or decisions of administrative tribunals or reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman concerning the performance of the AUASB.

MANAGEMENT OF HUMAN RESOURCES

As at 30 June 2013, the Office of the AUASB had three full-time and seven part-time staff based in Melbourne (three males and seven females), comprising:

- 1 Chairman;
- 1 Executive Director; and
- 8 Technical Group staff.

Certain support services are provided by the administration staff of the AASB.

The Chairman is employed pursuant to a contract for services with the AUASB, with her salary and other entitlements linked to salary scales and other entitlements determined by the Commonwealth Remuneration Tribunal.

The nature and amount of the remuneration of the Executive Director has been determined by the Chairman, having regard to comparable market levels of remuneration. The salaries and other entitlements of employees of the Office of the AUASB are linked to comparable market levels of remuneration. Employees of the Office of the AUASB do not receive performance bonuses.

Formal performance appraisal meetings are held annually and regular informal feedback is encouraged to facilitate productive staff management.

Staff members attend seminars, conferences and training programs as required on topics related to the technical, policy or administrative work of the AUASB.

The AUASB has the capacity to employ staff under the ASIC Act, as well as under the *Public Service Act 1999*.

PURCHASING

The AUASB's general policy is that the purchase of any major capital items follow the Commonwealth Procurement Guidelines.

Information on expenditure on contracts and consultancies is also available on the AusTender website, www.tenders.gov.au.

CONSULTANTS

During the 2012–13 financial year, the AUASB did not engage any consultants as defined by the FMA Act.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

The AUASB has not entered into any contract of \$100,000 or more during the reporting period that does not provide for the Auditor-General to have access to the contractor's premises.

DISABILITY REPORTING

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. Those reports are available on the Australian Public Service Commission website (www.apsc.gov.au). From 2010–11, departments and agencies are no longer required to report on those functions.



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INDEPENDENT AUDITOR'S REPORT

To the Parliamentary Secretary to the Treasurer

I have audited the accompanying financial statements of the Office of the Auditing and Assurance Standards Board for the year ended 30 June 2013, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes to and forming part of the Financial Report including a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Office of the Auditing and Assurance Standards Board is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office of the Auditing and Assurance Standards Board's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Auditing and Assurance Standards Board's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the

Chief Executive of the Office of the Auditing and Assurance Standards Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Office of the Auditing and Assurance Standards Board:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Office of the Auditing and Assurance Standards Board's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Carla Jago

Executive Director

Delegate of the Auditor-General

Canberra

2 September 2013

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Merran Kelsall
Chief Executive Officer
2 September 2013



Litsa Pillios
Chief Financial Officer
2 September 2013

Statement of Comprehensive Income
for the period ended 30 June 2013

	Notes	2013 \$	2012 \$
EXPENSES			
Employee benefits	3A	1,548,492	1,485,315
Supplier expenses	3B	671,849	666,277
Depreciation and amortisation	3C	70,554	61,577
Finance costs	3D	2,511	2,437
Total expenses		2,293,406	2,215,606
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	-	195
Rental income	4B	32,011	31,093
Total own-source revenue		32,011	31,288
GAINS			
Other gains	4C	24,000	24,000
Total gains		24,000	24,000
Total own-source income		56,011	55,288
Net cost of services		2,237,395	2,160,318
Revenue from Government	4D	2,202,000	2,270,000
Surplus / (deficit) attributable to the Australian Government		(35,395)	109,682
OTHER COMPREHENSIVE INCOME			
Revaluation of infrastructure, plant and equipment		17,477	-
Restatement of make-good provision		-	(8,793)
Remeasurements of net defined liability		92,000	(209,000)
Total other comprehensive income		109,477	(217,793)
Total comprehensive income attributable to the Australian Government		74,082	(108,111)

The above statement should be read in conjunction with the accompanying notes.

Balance Sheet
as at 30 June 2013

	Notes	2013	2012
		\$	\$
ASSETS			
Financial assets			
Cash and cash equivalents	5A	189,879	172,524
Trade and other receivables	5B	1,277,464	1,377,652
Total financial assets		1,467,343	1,550,176
Non-financial assets			
Infrastructure, plant and equipment	6A,C	227,263	195,704
Intangibles	6B,C	15,895	10,452
Other non-financial assets	6D	4,107	5,246
Total non-financial assets		247,265	211,402
Total assets		1,714,608	1,761,578
LIABILITIES			
Payables			
Suppliers	7A	62,744	64,312
Other payables	7B	248,299	295,337
Total payables		311,043	359,649
Provisions			
Employee provisions	8A	421,723	533,680
Other provisions	8B	85,118	82,607
Total provisions		506,841	616,287
Total liabilities		817,884	975,936
Net assets		896,724	785,642
EQUITY			
Contributed equity		127,000	90,000
Asset revaluation reserve		38,995	21,518
Retained surplus		730,729	674,124
Total equity		896,724	785,642

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the period ended 30 June 2013

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2013	2012	2013	2012	2013	2012	2013	2012
Opening balance								
Balance carried forward from previous period	674,124	773,442	21,518	30,311	90,000	45,000	785,642	848,753
Adjustment for errors (see note 7B)								
Adjusted opening balance	674,124	773,442	21,518	30,311	90,000	45,000	785,642	848,753
Comprehensive income								
Other comprehensive income,								
Revaluation of infrastructure, plant and equipment	-	-	17,477	-	-	-	17,477	-
Restatement of make-good provision	-	-	-	(8,793)	-	-	-	(8,793)
Actuarial gains/(losses)	92,000	(209,000)	-	-	-	-	92,000	(209,000)
Surplus / (deficit) for the period	(35,395)	109,682	-	-	-	-	(35,395)	109,682
Total comprehensive income	56,605	(99,318)	17,477	(8,793)			74,082	(108,111)
of which:								
Attributable to the Australian Government	56,605	(99,318)	17,477	(8,793)			74,082	(108,111)
Transactions with owners								
Contribution by owners								
Departmental capital budget	-	-	-	-	37,000	45,000	37,000	45,000
Closing balance as at 30 June	730,729	674,124	38,995	21,518	127,000	90,000	896,724	785,642
Closing balance attributable to the Australian Government	730,729	674,124	38,995	21,518	127,000	90,000	896,724	785,642

The above statement should be read in conjunction with the accompanying notes.

Cash Flow Statement
for the period ended 30 June 2013

	Notes	2013 \$	2012 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		2,257,033	2,087,259
Goods and services		-	-
Net GST received		80,404	60,478
Other cash received		59,927	41,962
Total cash received		2,397,364	2,189,699
Cash used			
Employees		1,568,449	1,431,903
Suppliers		775,720	751,178
Net GST paid		3,829	18,404
Section 31 receipts transferred to Official Public Account		32,011	-
Total cash used		2,380,009	2,201,485
Net cash flows from (used by) operating activities	9	17,355	(11,786)
INVESTING ACTIVITIES			
Cash used			
Purchase of infrastructure, plant and equipment		90,079	1,913
Total cash used		90,079	1,913
Net cash flows from (used by) investing activities		(90,079)	(1,913)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		90,079	1,913
Total cash received		90,079	1,913
Net cash flows from (used by) financing activities		90,079	1,913
Net increase / (decrease) in cash held		17,355	(11,786)
Cash and cash equivalents at the beginning of the reporting period		172,524	184,310
Cash and cash equivalents at the end of the reporting period	5A	189,879	172,524

The above statement should be read in conjunction with the accompanying notes.

Schedule of Commitments

as at 30 June 2013

	2013 \$	2012 \$
BY TYPE		
Commitments receivable		
Sublease rental income ¹	119,219	154,908
GST recoverable on commitments	93,992	122,182
Total commitments receivable	213,211	277,090
Commitments payable		
Operating leases ²	(1,033,908)	(1,343,999)
GST payable on commitments	(10,839)	(14,083)
Total commitments payable	(1,044,747)	(1,358,082)
Net commitments by type	(831,536)	(1,080,992)
BY MATURITY		
Commitments receivable		
Operating lease income		
One year or less	37,116	35,689
From one to five years	82,102	119,219
Over five years	-	-
Total operating lease income	119,219	154,908
Other commitments receivable		
One year or less	29,306	28,190
From one to five years	64,686	93,992
Over five years	-	-
Total commitments receivable	93,992	122,182
Commitments payable		
Operating lease commitments payable		
One year or less	(322,362)	(310,091)
From one to five years	(711,546)	(1,033,908)
Over five years	-	-
Total operating lease commitments payable	(1,033,908)	(1,343,999)
GST payable on commitments		
One year or less	(3,375)	(3,245)
From one to five years	(7,464)	(10,838)
Over five years	-	-
Total GST payable on commitments	(10,839)	(14,083)
Net commitments by maturity	(831,536)	(1,080,992)

NB: Commitments are GST inclusive where relevant.

(1) Part of the leased area is sub-let and this represents the revenue from the sub-lease.

(2) Operating leases are effectively non-cancellable and comprise:

Nature of lease	General description of leasing arrangement
Lease for office accommodation	Lease payments are subject to increase of 4 percent per annum as per lease agreement.
Lease for photocopier	The lessor provides a photocopier for 48 months at a fixed instalment rate.

The above schedule should be read in conjunction with the accompanying notes.

Schedule of Contingencies

as at 30 June 2013

There are no known contingencies as at 30 June 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

Objectives of AUASB

The Office of the Auditing and Assurance Standards Board (Office of the AUASB) is an Australian Government agency, which provides technical and administrative support to the AUASB. The Office of the AUASB is the financial entity and is governed by the *Financial Management and Accountability Act 1997* (FMA Act), whilst the AUASB is a statutory committee under the *ASIC Act*.

The Office of the AUASB supports the AUASB in meeting its objective, which is to develop, in the public interest, high quality auditing and assurance standards and related guidance as a means to enhance the relevance, reliability and timeliness of information provided to users of audit and assurance services.

The Office of the AUASB is structured to meet one outcome: the formulation and making of auditing and assurance standards and guidance that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements.

Note 1: Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Report

The financial report of the Office of the AUASB is required by section 49 of the FMA Act and is a general purpose financial report.

The financial report has been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial report has been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial report is presented in Australian dollars.

1.2 Significant Accounting Judgements and Estimates

The following judgement has a significant impact on the amounts recorded in the financial statements:

The AUASB contributes, for some long- serving employees, to a closed defined benefit superannuation plan. The accounting for that plan involves assumptions and estimates (including those relating to expected periods of service, salary changes and rates of return on plan assets) by the plan’s actuaries which the AUASB assesses and, when satisfied, accepts. Those assumptions and estimates do, as for most such plans, change over time as better information becomes available. The changes can affect the expense and liability for superannuation benefits.

There are no other accounting assumptions or estimates identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

1.3 Changes in Australian Accounting Standards

(a) Adoption of New Australian Accounting Standards Requirements

The Office of the AUASB has adopted AASB 119 Employee Benefits (2011) early. The impact to the 2011-12 financial statements of this adoption has been an increase in expense (\$15,000) and a decrease in Other Comprehensive Income (\$15,000).

No other new accounting standards, amendments to standards and interpretations issued, that are applicable in the current period, have had a material financial effect on the Office of the AUASB.

(b) Future Australian Accounting Standard Requirements

New standards, amendments to standards, and interpretations that are applicable to future periods have been issued by the AASB. It is estimated that adopting these pronouncements, when effective, will have no material impact on future reporting periods. The AUASB plans to adopt these pronouncements when they become effective.

Pronouncement Number	Pronouncement Title	Effective on or after
AASB 13	Fair Value Measurement	1/1/2013
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13	1/1/2013
AASB 1055	Budgetary Reporting - March 2013 (Principal)	1/7/2014

1.4 Revenue

Revenue from Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Office of the AUASB gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

1.5 Gains

(a) Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

1.6 Transactions with the Government as Owner

(a) Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets are recognised directly in contributed equity in that year.

1.7 Leases

The Office of the AUASB has no finance leases.

Operating lease payments are expensed on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets.

1.8 Financial Assets

The Office of the AUASB's financial assets comprise 'loans and receivables'.

Financial assets are recognised and derecognised upon 'trade date'.

1.9 Financial Liabilities

The Office of the AUASB's financial liabilities comprise 'suppliers and other payables'.

Financial liabilities are recognised and derecognised upon 'trade date'.

1.10 Infrastructure, Plant and Equipment

(a) Asset Recognition

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site. These costs are included in the Office of the AUASB's other non-financial assets with a corresponding provision for restoration obligations recognised.

(b) Revaluations

Fair values for each class of asset are determined as shown below:

	2013	2012
Leasehold Improvements	Depreciated replacement cost or market selling price	Depreciated replacement cost or market selling price
Plant and Equipment	Depreciated replacement cost or market selling price	Depreciated replacement cost or market selling price

Following initial recognition at cost, infrastructure, plant and equipment is carried at fair value less accumulated depreciation. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Any accumulated depreciation, as at the revaluation date, is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

(c) Depreciation

Depreciable infrastructure, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Office of the AUASB using, in all cases, the straight line method of depreciation.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2013	2012
Leasehold Improvements	Lease term — ten years	Lease term — ten years
Plant and Equipment	Three to ten years	Three to ten years

(d) Impairment

All assets are assessed for impairment at the balance sheet date. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Office of the AUASB was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.11 Intangibles

The Office of the AUASB's intangible assets comprises of purchased software and licences for internal use. These assets are carried at cost, less accumulated amortisation.

Software and licences are amortised on a straight-line basis over their anticipated useful life. The useful life of the Office of the AUASB's software and licences is three to five years (2011-12: three to five years).

All software assets were assessed for indications of impairment at 30 June 2013.

1.12 Taxation

The Office of the AUASB is exempt from all forms of taxation except fringe benefits tax and the GST.

Note 2: Events After the Balance Sheet Date

The Parliamentary Secretary wrote to the Treasurer on 25 June 2013 seeking a determination to reduce the departmental appropriation. In accordance with this request the Finance Minister made an Instrument which reduced the Office of the AUASB's departmental item in Appropriation Act (No. 1) 2012-2013 by \$10,000.

The *Instrument to Reduce Appropriations (No. 1 of 2013-2014)* was issued after 30 June 2013 and legally takes effect on 13 August 2013.

Appropriation Note 13 has not been adjusted in the 2012 – 2013 financial statements as the appropriation had not been legally reduced as at 30 June 2013.

Note 3: Expenses

	2013 \$	2012 \$
Note 3A: Employee benefits		
Wages and salaries	1,349,401	1,292,216
Superannuation:		
Defined contribution plan	126,781	107,910
Defined benefit plan	57,000	37,000
Leave and other entitlements	15,310	48,189
Total employee benefits	1,548,492	1,485,315
Note 3B: Suppliers		
Goods and services		
Board Member Services	63,539	58,523
International Travel	26,023	24,797
Publications/Subscriptions	23,908	17,846
Administration	280,939	246,060
Other	49,242	91,920
Total goods and services expenses	443,651	439,146
Goods and services are made up of:		
Provision of goods — related entities	-	1,636
Provision of goods — external parties	23,016	24,879
Rendering of services — related entities	222,666	184,513
Rendering of services — external parties	197,969	228,118
Total goods and services expenses	443,651	439,146
Other supplier expenses		
Operating lease rentals – external parties:		
Minimum lease payments	222,693	222,400
Workers compensation premiums	5,505	4,731
Total other supplier expenses	228,198	227,131
Total supplier expenses	671,849	666,277
Note 3C: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment	61,766	54,283
Total depreciation	61,766	54,283
Amortisation:		
Intangibles:		
Computer software	8,788	7,294
Total amortisation	8,788	7,294
Total depreciation and amortisation	70,554	61,577
Note 3D: Finance costs		
Unwinding of discount on leasehold restoration obligation (see 8B)	2,511	2,437
Total finance costs	2,511	2,437

Note 4: Income

	2013	2012
	\$	\$
REVENUE		
Note 4A: Sale of goods and rendering of services		
Provision of goods — external parties	-	-
Rendering of services – related entities	-	195
Total sale of goods and rendering of services	-	195
Note 4B: Rental income		
Operating lease:		
Sub-lease	32,011	31,093
Total rental income	32,011	31,093
GAINS		
Note 4C: Other gains		
Resources received free of charge in relation to audit services	24,000	24,000
Total other gains	24,000	24,000
REVENUE FROM GOVERNMENT		
Note 4D: Revenue from Government		
Appropriations:		
Departmental appropriation	2,202,000	2,270,000
Total revenue from Government	2,202,000	2,270,000

Note 5: Financial Assets

	2013 \$	2012 \$
Note 5A: Cash and cash equivalents		
Cash on hand or on deposit	189,879	172,524
Total cash and cash equivalents	189,879	172,524
Note 5B: Trade and other receivables		
Goods and Services:		
Goods and services – related entities	-	434
Goods and services – external parties	-	14,367
Total receivables for goods and services	-	14,801
Appropriations receivable:		
For existing programs	1,261,541	1,337,642
Total appropriations receivable	1,261,541	1,337,642
Other receivables:		
GST receivable from the Australian Taxation Office	15,923	25,209
Total other receivables	15,923	25,209
Total trade and other receivables (gross)	1,277,464	1,377,652
Receivables are expected to be recovered in:		
No more than 12 months	363,299	798,652
More than 12 months	914,165	579,000
Total trade and other receivables (gross)	1,277,464	1,377,652
Receivables are aged as follows:		
Not overdue	1,277,464	1,371,699
Overdue by:	-	-
31 to 60 days	-	-
More than 90 days	-	5,953
Total receivables (gross)	1,277,464	1,377,652

Note 6: Non-Financial Assets

	2013	2012
	\$	\$
Note 6A: Infrastructure, plant and equipment		
Infrastructure, plant and equipment:		
Gross carrying value (at fair value)	590,859	506,078
Accumulated depreciation	(363,596)	(310,374)
Total infrastructure, plant and equipment (non-current)	227,263	195,704

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2013, the Australian Valuation Office, an independent valuer, conducted a valuation. A revaluation increment of \$17,477 for infrastructure, plant and equipment was recognised in the statement of comprehensive income and transferred to the asset revaluation reserve. No indicators of impairment were found for infrastructure, plant and equipment.

Note 6B: Intangibles

	2013	2012
	\$	\$
Computer software at cost:		
Purchased	57,965	43,734
Accumulated amortisation	(42,070)	(33,282)
Total computer software	15,895	10,452

No indicators of impairment were found for intangible assets.
No intangibles are expected to be sold or disposed of within the next 12 months.

Note 6C: Analysis of infrastructure, plant and equipment and intangibles

Table A — Reconciliation of the opening and closing balances of infrastructure, plant and equipment and intangibles (2012-13)

	Infrastructure, plant and equipment \$	Computer software purchased \$
As at 1 July 2012		
Gross book value	506,078	43,734
Accumulated depreciation/amortisation and impairment	(310,374)	(33,282)
Net book value 1 July 2012	195,704	10,452
Additions:		
By purchase	75,848	14,231
Revaluations recognised in other comprehensive income	17,477	-
Depreciation/amortisation expense	(61,766)	(8,788)
Disposals:		
Write-down of assets	-	-
Net book value 30 June 2013	227,263	15,895
Net book value as of 30 June 2013 represented by:		
Gross book value	590,859	57,965
Accumulated depreciation/amortisation and impairment	(363,596)	(42,070)
	227,263	15,895

Table B — Reconciliation of the opening and closing balances of infrastructure, plant and equipment and intangibles (2011-12)

	Infrastructure, plant and equipment \$	Computer software purchased \$
As at 1 July 2011		
Gross book value	504,165	43,734
Accumulated depreciation/amortisation and impairment	(256,091)	(25,987)
Net book value 1 July 2011	248,074	17,747
Additions:		
By purchase	1,913	-
Revaluations recognised in other comprehensive income		
Depreciation/amortisation expense	(54,283)	(7,295)
Disposals:		
Write-down of assets	-	-
Net book value 30 June 2012	195,704	10,452
Net book value as of 30 June 2012 represented by:		
Gross book value	506,078	43,734
Accumulated depreciation/amortisation and impairment	(310,374)	(33,282)
	195,704	10,452

	2013	2012
	\$	\$
Note 6D: Other non-financial assets		
Prepayments	4,107	5,246
Total other non-financial assets	4,107	5,246
Total other non-financial assets are expected to be recovered in:		
No more than 12 months	4,107	5,246
Total other non-financial assets	4,107	5,246

No indicators of impairment were found for other non-financial assets.

Note 7: Payables

	2013	2012
	\$	\$
Note 7A: Suppliers		
Trade creditors and accruals	62,744	64,312
Total supplier payables	62,744	64,312
Supplier payables are made up of:		
Related entities	39,682	32,404
External parties	23,062	31,908
Total supplier payables	62,744	64,312

Note 7B: Other payables

Lease commitments	212,642	265,120
Other	35,657	30,217
Total other payables	248,299	295,337
Other payables are expected to be settled within:		
No more than 12 months	95,897	82,695
More than 12 months	152,402	212,642
Total other payables	248,299	295,337

Note 8: Provisions

	2013	2012
	\$	\$
Note 8A: Employee provisions		
Leave [Note 8A (i)]	276,723	268,680
Superannuation [Note 8A (ii)]	145,000	265,000
Total employee provisions	421,723	533,680
Employee provisions are expected to be settled in:		
No more than 12 months	91,335	101,906
More than 12 months	330,388	431,774
Total employee provisions	421,723	533,680

Note 8A (i): Leave

The liability for employee benefits includes provision for annual leave and long-service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Office of the AUASB is estimated to be less than the annual entitlement for sick leave.

Note 8A (ii): Superannuation provisions

The Office of the AUASB sponsors the AASB Superannuation Plan.

One Office of the AUASB staff is a member of a defined benefit plan sponsored by the Office. The defined benefit plan is closed to new members.

Other Office of the AUASB staff are defined contribution members of the Office's default superannuation plan or are members of superannuation plans of their own choosing.

Defined benefit plan members receive lump sum benefits based on final average salary on meeting a condition of release, such as retirement.

Based on the demographic profile of the defined benefit plan member, expected salaries and other factors affecting member benefits, and in order to best manage the risks (particularly investment risk) to the Office of the AUASB as employer-sponsor, the defined benefit plan invests wholly in the Optimax Australian Fixed Interest Fund for which Onepath is the investment manager.

Funding arrangements, including contribution rates, are set based on actuarial advice and take into account the risks associated with both under-funding and over-funding. In recent years the contribution rate has generally been 9%, and from 1 July 2013 is planned to be 9.25% (in line with the Superannuation Guarantee amounts that apply to defined contribution members).

The defined benefit plan is subject to regulation by the Australian Prudential Regulation Authority under the *Superannuation Industry (Supervision) Act 1993*

The following tables summarise the components of net benefit expense recognised in the Statement of Comprehensive Income and the funded status and amounts recognised in the Balance Sheet for the plan:

Balance sheet 30 June 2013

As at 30 June	2013	2012
	\$	\$
Defined Benefit obligation [^]	841,000	808,000
(-) Fair value of AASB Plan assets	696,000	543,000
Deficit/(Surplus)	145,000	265,000
(+) Adjustment for limitation on net asset	-	-
Net superannuation liability/(asset)	145,000	265,000

[^] includes contributions tax provision

Statement of Comprehensive Income 2012-13

Financial year ending	2013	2012
	\$	\$
Current service cost	51,000	36,000
Net interest on net defined liability / (asset)	6,000	1,000
Superannuation expense/(income)	57,000	37,000

Other Comprehensive Income 2012-13

Financial year ending	2013	2012
	\$	\$
Remeasurements of net defined liability/asset:		
Actuarial (gains)/losses on DBO	(38,000)	168,000
(-) Return on Assets, excl amounts already recognised	(54,000)	41,000
(+) Adjustment for limitation on net asset	-	-
Superannuation expense/(income)	(92,000)	209,000

Progression in Net defined Benefit Liability

Financial year ending	2013	2012
	\$	\$
Net superannuation liability(asset) at start of year	265,000	44,000
(+) Expense recognised in statement of comprehensive income	57,000	37,000
(+) Remeasurements of net defined liability recognised in other comprehensive income	(92,000)	209,000
(-) Employer contributions	85,000	25,000
Net superannuation liability(asset) at end of year	145,000	265,000

Reconciliation of the defined benefit obligation – 2012-13

Financial year ending	2013	2012
	\$	\$
Present value of DBO at start of year	808,000	568,000
(+) Current service cost	51,000	36,000
(+) Interest cost	21,000	26,000
(+) Contributions by AUASB members	17,000	16,000
(-) Benefits paid	-	-
(-) Taxes, premiums and expenses paid	18,000	6,000
(+) Actuarial (gains)/losses - expenses	(17,000)	11,000
(+) Actuarial (gains)/losses – financial assumptions	(21,000)	157,000
(+) Actuarial (gains)/losses – demographic assumptions	-	-
Present value of DBO at end of year	841,000	808,000

Reconciliation AASB Plan assets

Financial year ending	2013	2012
	\$	\$
Fair value of AASB Plan assets at start of year	543,000	524,000
(+) Expected return on AASB Plan assets	15,000	25,000
(+) Employer Contributions	85,000	25,000
(+) Contributions by AUASB members	17,000	16,000
(-) Benefits paid	-	-
(-) Taxes, premiums and expenses paid	18,000	6,000
(+) Actuarial gains/(losses)	54,000	(41,000)
Fair value of AASB Plan assets at end of year	696,000	543,000

AASB Plan assets – para 120A(j)

As at 30 June	2013	2012
	%	%
Australian equities	-	34
International equities	-	17
Fixed income	98	11
Property	-	7
Alternatives/other	-	4
Cash	2	27
	100	100

Sensitivity Analysis

Discount rate (% p.a.)	DBO	Sensitivity
2.4	887	+46
2.9	841	-
3.4	797	-44
Salary growth (% p.a.)	DBO	Sensitivity
2.0	803	-38
2.5	841	-
3.0	878	+37
Retirement age	DBO	Sensitivity
58	848	+7
60	841	-
62	832	-9

Summary of membership

Financial year ending	2013	2012
	\$	\$
Number of active defined benefit members	1	1
Number of deferred members	-	-
Total annual salaries	288,000	282,000

Actuarial assumptions

As at	30 June 2013 %	30 June 2012 %	Comments
Discount rate	2.7	2.7	Based on 6-year Government bond rate, less allowance for investment tax
Salary inflation	2.5	2.5	
Expected return on assets	n/a	7.5	Based on Plan's mix of asset classes
Contributions tax rate	15	15	
Method of recognising actuarial gains and losses	Immediate recognition of actuarial gains and losses through retained earnings (now as a AASB119 requirement)		

	2013 \$	2012 \$
Note 8B: Other provisions		
Leasehold restoration obligations	85,118	82,607
Total other provisions	85,118	82,607
Other provisions are expected to be settled within:		
More than 12 months	85,118	82,607
Total other provisions	85,118	82,607
	Provision for restoration 2013	Provision for restoration 2012
Carrying amount 1 July	82,607	71,377
Unwinding of discount	2,511	2,437
Change in discount rate	-	8,793
Closing balance 30 June	85,118	82,607

The Office of the AUASB currently has one agreement for the leasing of premises, which has a provision requiring the Office of the AUASB to restore the premises to their original condition at the conclusion of the lease. A provision has been made to reflect the present value of this obligation.

Note 9: Cash Flow Reconciliation

	2013	2012
	\$	\$
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash equivalents as per:		
Cash flow statement	189,879	172,524
Balance sheet	189,879	172,524
Difference	-	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(2,237,395)	(2,160,318)
Add revenue from Government	2,202,000	2,270,000
Other movement in retained surplus – superannuation actuarial gain and losses	92,000	(209,000)
Adjustments for non-cash items:		
Depreciation/amortisation	70,554	61,577
Lease incentive – amortisation	(42,973)	(42,973)
Lease – straight-line of lease	(9,506)	(1,903)
Provision for required restoration of premises ¹	2,511	2,437
Changes in assets/liabilities:		
(Increase)/decrease in net receivables	47,109	(214,471)
(Increase)/decrease in prepayments	1,139	(1,790)
Increase/(decrease) in superannuation provision	(120,000)	221,000
Increase/(decrease) in other employee provisions	8,043	41,412
Increase/(decrease) in supplier payables	(1,423)	19,731
Increase/(decrease) in other payables	5,296	2,512
Net cash from/(used by) operating activities	17,355	(11,786)

Note 10: Executive Remuneration

	2013	2012
	\$	\$
Note 10A: Senior executive remuneration expense for the reporting period		
Short-term employee benefits:		
Salary	473,000	420,525
Annual leave accrued	39,068	34,556
Total short-term employee benefits	512,068	455,081
Post-employment benefits:		
Superannuation	45,709	40,431
Total post-employment benefits	45,709	40,431
Other long-term benefits:		
Long-service leave	9,989	25,210
Total other long-term benefits	9,989	25,210
Total	567,766	520,722

Note 10B: Average annual reportable remuneration paid to senior executives during the reporting period**Average annual reportable remuneration**

	As at 30 June 2013				As at 30 June 2012			
	Senior executives No.	Reportable salary	Contributed superannuation	Total	Senior executives No.	Reportable salary	Contributed superannuation	Total
\$180,000 to \$209,999					1	175,431	15,789	191,220
\$240,000 to \$269,999	1	225,867	20,328	246,195				
\$270,000 to \$299,999	1	248,254	42,302	290,556	1	230,518	41,070	271,588
Total	2				2			

Notes:

- This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable salary' includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - exempt foreign employment income.
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips.
- Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.
- The difference in total Reportable salary for one of the above executives is due to a difference in reportable fringe benefits between years.

Note 10C: Other highly paid staff

Average annual reportable remuneration

	As at 30 June 2013				As at 30 June 2012			
	Senior executives No.	Reportable salary	Contributed superannuation	Total	Senior executives No.	Reportable salary	Contributed superannuation	Total
\$150,000 to \$179,999								
\$180,000 to \$209,999	1	166,096	14,949	181,045				
Total	1							

Notes:

1. This table reports staff:
 - a) who were employed by the entity during the reporting period;
 - b) whose reportable remuneration was \$180,000 or more for the financial period; and
 - c) were not required to be disclosed in Tables A, B or director disclosures.

Each row is an averaged figure based on headcount for individuals in the band.

2. 'Reportable salary' includes the following:
 - a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - c) exempt foreign employment income.
3. The 'contributed superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips.
4. Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.

Note 11: Remuneration of Auditors

	2013	2012
	\$	\$
The fair value of the services provided:		
Remuneration to the ANAO for auditing the financial statements for the reporting period	24,000	24,000
	24,000	24,000

No other services were provided by the ANAO

Note 12: Financial Instruments

	2013	2012
	\$	\$
Note 12A: Categories of financial instruments		
Financial assets		
Loans & receivables not held to maturity		
Cash and cash equivalents	189,879	172,524
Trade receivables	-	14,801
Total financial assets	189,879	187,325
Carrying amount of financial assets	189,879	187,325
Financial liabilities		
At amortised cost		
Trade creditors	62,744	64,312
Carrying amount of financial liabilities	62,744	64,312

Note 12B: Fair value of financial instruments**Financial assets**

The net fair values of cash and cash equivalents and trade receivables approximate their carrying amounts.

Financial liabilities

The net fair value of trade creditors approximates their carrying amounts.

Note 12C: Credit risk

The Office of the AUASB’s maximum exposure to credit risk, at reporting date, in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in the balance sheet.

The economic entity has no significant exposures to any concentrations of credit risk.

The Office of the AUASB has assessed the risk of default on payment and has not identified any impairment.

The following table illustrates the entity’s gross exposure to credit risk, excluding any collateral or credit enhancements

	2013	2012
	\$	\$
Cash and cash equivalents	189,879	172,524
Trade receivables	-	14,801
Total	189,879	187,325

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2013	2012	2013	2012
	\$	\$	\$	\$
Trade receivables	-	8,848	-	5,953
Total	-	8,848	-	5,953

Ageing of financial assets that were past due but not impaired for 2013

	90+ days	Total
	\$	\$
Trade receivables	-	-
Total	-	-

Ageing of financial assets that were past due but not impaired for 2012

	90+ days	Total
	\$	\$
Trade receivables	5,953	5,953
Total	5,953	5,953

Note 12D: Liquidity risk

The exposure to liquidity risk is based on the probability that the Office of the AUASB will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to government funding and mechanisms available to the Office of the AUASB and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

All financial liabilities are expected to be settled within 30 days.

Note 12E: Market risk

The Office of the AUASB holds basic financial instruments that do not expose the AUASB to certain market risks. The Office of the AUASB is not exposed to 'currency risk' or 'other price risk'.

Note 13: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

	2012 Appropriations				Appropriation applied in 2013 (current and prior years)	Variance ^(a)
	Appropriation Act		FMA Act	Total appropriation		
	Annual Appropriation	Appropriations reduced	Section 31			
	\$	\$	\$	\$	\$	
DEPARTMENTAL						
Ordinary annual services	2,249,000	-	32,011	2,281,011	2,434,249	(153,238)
Total departmental	2,249,000	-	32,011	2,281,011	2,434,249	(153,238)

- A voluntary contribution of \$60,000 from prior year appropriations was made to the DB Super fund in 2012-2013.
- Prior year departmental capital Appropriation was drawn down for IT infrastructure upgrades.
- The Finance Minister made an Instrument which reduced the Office of the AUASB's departmental item in Appropriation Act (No. 1) 2012-2013 by \$10,000. As a result Table A has not been adjusted as at 30 June 2013.
- Section 31 Appropriations are funds received from outside sources and transferred to the Official Public Account (OPA).

	2012 Appropriations				Appropriation applied in 2012 (current and prior years)	Variance ^(b)
	Appropriation Act		FMA Act	Total appropriation		
	Annual Appropriation	Appropriations reduced	Section 31			
	\$	\$	\$	\$	\$	
DEPARTMENTAL						
Ordinary annual services	2,315,000	-	-	2,315,000	2,184,994	130,006
Total departmental	2,315,000	-	-	2,315,000	2,184,994	130,006

- Material variances were due to travel savings and staff movements.

Table B: Departmental capital budgets ('Recoverable GST exclusive')

	2013 Capital Budget Appropriations			Capital budget appropriations applied in 2013		Variance ^(a)
	Appropriation Act		Total capital budget appropriations	Payments for non-financial assets	Total payments	
	Annual Capital Budget	Appropriations reduced				
	\$	\$	\$	\$	\$	\$
DEPARTMENTAL						
Ordinary annual services – Departmental capital budget	37,000	-	37,000	90,079	90,079	(53,079)

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.
 - a. Variance due to IT infrastructure upgrades still in progress.

	2012 Capital Budget Appropriations			Capital budget appropriations applied in 2012		Variance ^(b)
	Appropriation Act		Total capital budget appropriations	Payments for non-financial assets	Total payments	
	Annual Capital Budget	Appropriations reduced				
	\$	\$	\$	\$	\$	\$
DEPARTMENTAL						
Ordinary annual services – Departmental capital budget	45,000	-	45,000	1,913	1,913	43,087

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.
 - b. Variance due to IT infrastructure upgrades still in progress.

Table C: Unspent Annual Appropriations ('Recoverable GST exclusive')

Authority	2013	2012
Act 4 - Non Operating - Equity Injection	-	579,000
Appropriation Act 1 2008/09	-	153,981
Appropriation Act 1 2009/10	-	241,184
Appropriation Act 1 2010/11	128,028	128,028
Appropriation Act 1 2011/12	1,125,258	352,524
Appropriation Act 1 2012/13	205,764	
Appropriation Act 1 2010/11 - capital budget	-	12,362
Appropriation Act 1 2011/12 - capital budget	-	43,087
Appropriation Act 1 2012/13 - capital budget	2,370	-
Total	1,461,420	1,510,166

The Office of the AUASB re-allocated the following prior year appropriation balances to Appropriation (Act 1) 2011/12 to cover forward estimates period potential cash shortfalls:

Act 4 - Non Operating - Equity Injection – 579,000
 Appropriation Act 1 2008/09 – 153,981
 Appropriation Act 1 2009/10 – 241,184

Note 14: Special Accounts**Office of the Auditing and Assurance Standards Board Special Account**

Legal Authority: Minister for Finance and Deregulation. Determination under subsection 20(1) of the FMA Act 1997. Special Account established 2008.
This account has been closed under the Financial Management and Accountability Determination 2012/02 – Abolition of 24 Special Accounts.

Appropriation: FMA Act 1997, section 20

Purpose: The purpose of this Special Account was to enable the Office of the AUASB to manage moneys received primarily from the professional accounting bodies.

	2013	2012
	\$	\$
Balance carried from previous period	-	-
Contributions from external bodies for reporting period (Departmental)	-	-
Total increase	-	-
Available for payments	-	-
Payments made	-	-
Total decrease	-	-
Total balance carried to the next period	-	-

Note 15: Reporting of Outcomes

The Office of the AUASB has one outcome and therefore all items relate to the sole outcome.

Note 15A: Net Cost of Outcome Delivery

Outcome 1	2013	2012
	\$	\$
Expenses		
Departmental	2,293,406	2,215,606
Total expenses	2,293,406	2,215,606
Income from non-government sector:		
Departmental	32,011	31,288
Total departmental	32,011	31,288
Other own-source income		
Other revenue	-	-
Gains	24,000	24,000
Total other own-source income	24,000	24,000
Net cost/(contribution) of outcome delivery	2,237,395	2,160,318

Note 16: Compensation and Debt Relief

	2013	2012
	\$	\$
No 'Act of Grace payments' were expended during the reporting period (2011: nil expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997 (2011: nil waivers).	-	-
No ex-gratia payments were provided for during the reporting period (2011: nil payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period (2011: nil payments).	-	-

Note 17: Net cash appropriation arrangements

	2013	2012
	\$	\$
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriation ¹	144,636	(46,534)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(70,554)	(61,577)
Total comprehensive income (loss) as per Statement of Comprehensive Income	74,082	(108,111)

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

Other Mandatory Information





OTHER MANDATORY INFORMATION

OCCUPATIONAL HEALTH AND SAFETY

The AUASB has fewer than 50 employees and is therefore not required to establish an Occupational Health and Safety Committee under section 34 of the *Occupational Health and Safety Act 2001*.

The function of the OHSC is to provide the mechanism for continuing consultation between management and staff on OHS matters. All employees, and Board members, when attending meetings, are covered under Comcare and Comcover. No accidents or dangerous occurrences, or relevant investigations, took place during the 2012-13 financial year.

FREEDOM OF INFORMATION

Statement covering the period from 1 July 2012 to 30 June 2013

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report.

No matter involving freedom of information arose during the 2012-13 financial year. No applications under the *Freedom of Information Act 1982* were received by the AUASB in 2012-13.

Requests under the *Freedom of Information Act 1982* for access to other documents in the possession of the AUASB can be directed to the FOI Contact Officer.

ADVERTISING AND MARKET RESEARCH

The AUASB did not carry out any advertising or market research during the 2012-13 financial year.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE REPORTING

The AUASB seeks to use the minimum resources necessary to perform its functions.

DISCRETIONARY GRANTS

The AUASB did not administer any discretionary grant programs in the 2012–13 financial year.

INFORMATION PUBLICATION SCHEME

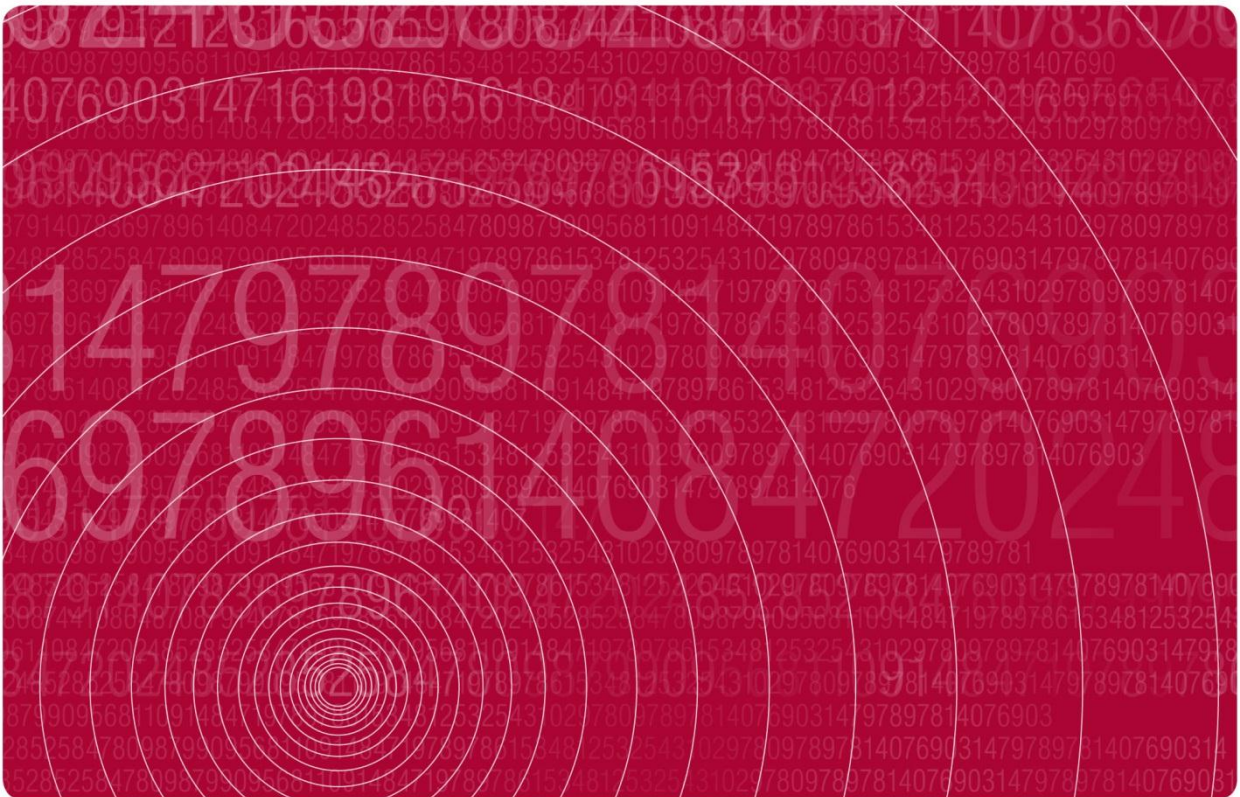
The Information Publication Scheme (IPS) aims to transform the freedom of information framework from one that responds to individual requests for access to documents to one that requires Australian Government agencies to take a proactive approach to publishing information. The scheme commenced on 1 May 2011.

The IPS:

- requires Australian Government agencies to publish information publication plans;
- specifies categories of information that must be published; and
- provides a means for agencies to proactively publish other government information.

Further information on the IPS is available from the Office of the Australian Information Commissioner (OAIC) website at www.oaic.gov.au

Appendices





APPENDIX A

ATTENDANCE AT AUASB MEETINGS

The AUASB held seven meetings during 2012–13 for a total of eight meeting days. Member attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Apologies (days)
M Kelsall (Chairman)	8	8	0
J Tyers (Deputy Chairman)	8	8	0
D Azoor Hughes*	5	4	1
J Cain#	3	3	0
N Cherry	8	6	2
V Clifford	8	6	2
J Gavens	8	7	1
C George##	3	3	0
E Johnstone**	5	4	1
N Martinov-Bennie	8	8	0
J Meade###	3	3	0
C Murphy	8	7	1
G Pound	8	8	0
D Simmonds***	5	3	2
B Szentirmay	8	7	1
K Wydell	8	7	1

* Ms D Azoor-Hughes retired from the AUASB on 31 December 2012

Ms Jo Cain commenced on the AUASB 1 January 2013

##Mr C George commenced on the AUASB 1 January 2013

** Ms E Johnstone retired from the AUASB on 31 December 2012

Ms J Meade commenced on the AUASB 1 January 2013

*** Mr D Simmonds retired from the AUASB on 31 December 2012

APPENDIX B

PRONOUNCEMENTS (30 June 2013)

The following pronouncements have been issued by the AUASB.

Foreword, glossary and framework

Title	Reissued
<i>Foreword to AUASB Pronouncements</i>	30 Nov 2012
<i>AUASB Glossary</i>	27 Oct 2009
<i>Framework for Assurance Engagements</i>	30 Nov 2012

Auditing Standards – issued as legislative instruments (current series)

The AUASB has made the following Auditing Standards, pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003* and are operative for financial reporting periods that commenced on or after 1 January 2010.

Standard	Title	Issued
ASA 101	<i>Preamble to Australian Auditing Standards</i>	27 Oct 2009
ASA 102	<i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i>	27 Oct 2009
ASQC 1	<i>Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements</i>	27 Oct 2009
ASA 200	<i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards</i>	27 Oct 2009
ASA 210	<i>Agreeing the Terms of Audit Engagements</i>	27 Oct 2009
ASA 220	<i>Quality Control for an Audit of a Financial Report and Other Historical Financial Information</i>	27 Oct 2009
ASA 230	<i>Audit Documentation</i>	27 Oct 2009
ASA 240	<i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report</i>	27 Oct 2009
ASA 250	<i>Consideration of Laws and Regulations in an Audit of a Financial Report</i>	27 Oct 2009
ASA 260	<i>Communication with Those Charged with Governance</i>	27 Oct 2009
ASA 265	<i>Communicating Deficiencies in Internal Control to Those Charged with Governance and Management</i>	27 Oct 2009
ASA 300	<i>Planning an Audit of a Financial Report</i>	27 Oct 2009
ASA 315	<i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment</i>	27 Oct 2009
ASA 320	<i>Materiality in Planning and Performing an Audit</i>	27 Oct 2009
ASA 330	<i>The Auditor's Responses to Assessed Risks</i>	27 Oct 2009
ASA 402	<i>Audit Considerations Relating to an Entity Using a Service Organisation</i>	27 Oct 2009

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Standard	Title	Issued
ASA 450	<i>Evaluation of Misstatements Identified during the Audit</i>	27 Oct 2009
ASA 500	<i>Audit Evidence</i>	27 Oct 2009
ASA 501	<i>Audit Evidence—Specific Considerations for Inventory and Segment Information</i>	27 Oct 2009
ASA 502	<i>Audit Evidence—Specific Considerations for Litigation and Claims</i>	27 Oct 2009
ASA 505	<i>External Confirmations</i>	27 Oct 2009
ASA 510	<i>Initial Audit Engagements—Opening Balances</i>	27 Oct 2009
ASA 520	<i>Analytical Procedures</i>	27 Oct 2009
ASA 530	<i>Audit Sampling</i>	27 Oct 2009
ASA 540	<i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures</i>	27 Oct 2009
ASA 550	<i>Related Parties</i>	27 Oct 2009
ASA 560	<i>Subsequent Events</i>	27 Oct 2009
ASA 570	<i>Going Concern</i>	27 Oct 2012
ASA 580	<i>Written Representations</i>	27 Oct 2009
ASA 600	<i>Special Considerations – Audits of a Group Financial Report (including the Work of Component Auditors)</i>	27 Oct 2009
ASA 610	<i>Using the Work of Internal Auditors</i>	27 Oct 2009
ASA 620	<i>Using the Work of an Auditor's Expert</i>	27 Oct 2009
ASA 700	<i>Forming an Opinion and Reporting on a Financial Report</i>	27 Oct 2009
ASA 705	<i>Modifications to the Opinion in the Independent Auditor's Report</i>	27 Oct 2009
ASA 706	<i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i>	27 Oct 2009
ASA 710	<i>Comparative Information – Corresponding Figures and Comparative Financial Reports</i>	27 Oct 2009
ASA 720	<i>The Auditor's Responsibility in Relation to Other Information in Documents Containing an Audited Financial Report</i>	27 Oct 2009
ASA 800	<i>Special Considerations - Audits of Financial Reports Prepared in accordance with Special Purpose Frameworks</i>	27 Oct 2009
ASRE 2410	<i>Review of a Financial Report Performed by the Independent Auditor of the Entity</i>	27 Oct 2009
ASA 2011-1	<i>Amendments to Australian Auditing Standards</i>	27 Jun 2011
ASA 2012-1	<i>Amending Standard to ASA 570 Going Concern</i>	31 Aug 2012
ASA 2013-1	<i>Amending Standard to ASRE 2415 Review of a Financial Report – Company Limited by Guarantee</i>	26 Mar 2013

Auditing Standards – not issued as legislative instruments

The following Auditing Standards are not legislative instruments and became operative for financial reporting periods that commenced on or after 1 January 2010.

Standard	Title	Issued
ASA 805	<i>Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>	27 Oct 2009
ASA 810	<i>Engagements to Report on Summary Financial Statements</i>	27 Oct 2009

Compiled Auditing Standards issued by the AUASB (current series)

Following the issue of various amending standards the AUASB has prepared the following compiled versions of affected Auditing Standards. These compiled versions incorporate the amendments contained in the amending standards.

Standard	Title	Approval Date
ASQC 1	<i>Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements (Compiled)</i>	27 Jun 2011
ASA 101	<i>Preamble to Australian Auditing Standards (Compiled)</i>	27 Jun 2011
ASA 102	<i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements (Compiled)</i>	27 Jun 2011
ASA 210	<i>Agreeing the Terms of Audit Engagements (Compiled)</i>	27 Jun 2011
ASA 220	<i>Quality Control for an Audit of a Financial Report and Other Historical Financial Information (Compiled)</i>	27 Jun 2011
ASA 240	<i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report (Compiled)</i>	27 Jun 2011
ASA 250	<i>Consideration of Laws and Regulations in an Audit of a Financial Report (Compiled)</i>	27 Jun 2011
ASA 260	<i>Communication with Those Charged with Governance (Compiled)</i>	27 Jun 2011
ASA 300	<i>Planning an Audit of a Financial Report (Compiled)</i>	27 Jun 2011
ASA 315	<i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment (Compiled)</i>	27 Jun 2011
ASA 320	<i>Materiality in Planning and Performing an Audit (Compiled)</i>	27 Jun 2011
ASA 402	<i>Audit Considerations Relating to an Entity Using a Service Organisation (Compiled)</i>	27 Jun 2011
ASA 500	<i>Audit Evidence (Compiled)</i>	27 Jun 2011
ASA 501	<i>Audit Evidence—Specific Considerations for Inventory and Segment Information (Compiled)</i>	27 Jun 2011
ASA 502	<i>Audit Evidence—Specific Considerations for Litigations and Claims (Compiled)</i>	27 Jun 2011
ASA 540	<i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures (Compiled)</i>	27 Jun 2011
ASA 550	<i>Related Parties (Compiled)</i>	27 Jun 2011
ASA 560	<i>Subsequent Events (Compiled)</i>	27 Jun 2011
ASA 570	<i>Going Concern (Compiled)</i>	31 Aug 2012
ASA 580	<i>Management Representations (Compiled)</i>	27 Jun 2011
ASA 700	<i>Forming an Opinion and Reporting on a Financial Report (Compiled)</i>	27 Jun 2011
ASA 705	<i>Modifications to the Opinion in the Independent Auditor's Report (Compiled)</i>	27 Jun 2011
ASA 706	<i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report (Compiled)</i>	27 Jun 2011
ASA 710	<i>Comparative Information—Corresponding Figures and Comparative Financial Reports (Compiled)</i>	27 Jun 2011
ASA 800	<i>Special Considerations—Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks (Compiled)</i>	27 Jun 2011

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Standard	Title	Approval Date
ASRE 2410	<i>Review of a Financial Report Performed by the Independent Auditor of the Entity (Compiled)</i>	27 Jun 2011
ASRE 2415	<i>Review of a Financial Report – Company Limited by Guarantee or an Entity reporting Under the ACNC Act or Other Applicable Regulation or Legislation (Compiled)</i>	26 Mar 2013

Auditing Standards – issued as legislative instruments (2006 series)

The AUASB made the following Auditing Standards pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*. These Auditing Standards are legislative instruments under the *Legislative Instruments Act 2003* and were operative for financial reporting periods that commenced on or after 1 January 2006. They have been superseded by the auditing standards released 27 October 2009 and are planned to be withdrawn from legislation in 2016.

Standard	Title	Issued
ASA 100	<i>Preamble to AUASB Standards</i>	28 Apr 2006
ASA 200	<i>Objective and General Principles Governing an Audit of a Financial Report</i>	28 Apr 2006
ASA 210	<i>Terms of Audit Engagements</i>	28 Apr 2006
ASA 220	<i>Quality Control for Audits of Historical Financial Information</i>	28 Apr 2006
ASA 230	<i>Audit Documentation</i>	28 Apr 2006
ASA 240	<i>The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report</i>	28 Apr 2006
ASA 250	<i>Consideration of Laws and Regulations in an Audit of a Financial Report</i>	28 Apr 2006
ASA 260	<i>Communication of Audit Matters with Those Charged with Governance</i>	28 Apr 2006
ASA 300	<i>Planning an Audit of a Financial Report</i>	28 Apr 2006
ASA 315	<i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i>	28 Apr 2006
ASA 320	<i>Materiality and Audit Adjustments</i>	28 Apr 2006
ASA 330	<i>The Auditor's Procedures in Response to Assessed Risks</i>	28 Apr 2006
ASA 402	<i>Audit Considerations Relating to Entities Using Service Organisations</i>	28 Apr 2006
ASA 500	<i>Audit Evidence</i>	28 Apr 2006
ASA 501	<i>Existence and Valuation of Inventory</i>	28 Apr 2006
ASA 505	<i>External Confirmations</i>	28 Apr 2006
ASA 508	<i>Enquiry Regarding Litigation and Claims</i>	28 Apr 2006
ASA 510	<i>Initial Engagements — Opening Balances</i>	28 Apr 2006
ASA 520	<i>Analytical Procedures</i>	28 Apr 2006
ASA 530	<i>Audit Sampling and Other Means of Testing</i>	28 Apr 2006
ASA 540	<i>Audit of Accounting Estimates</i>	28 Apr 2006
ASA 545	<i>Auditing Fair Value Measurements and Disclosures</i>	28 Apr 2006

Standard	Title	Issued
ASA 550	<i>Related Parties</i>	28 Apr 2006 [Re-issued 9 Oct. 2006]
ASA 560	<i>Subsequent Events</i>	28 Apr 2006
ASA 570	<i>Going Concern</i>	28 Apr 2006
ASA 580	<i>Management Representations</i>	28 Apr 2006
ASA 600	<i>Using the Work of Another Auditor</i>	28 Apr 2006
ASA 610	<i>Considering the Work of Internal Audit</i>	28 Apr 2006
ASA 620	<i>Using the Work of an Expert</i>	28 Apr 2006
ASA 700	<i>The Auditor's Report on a General Purpose Financial Report</i>	27 Jun 2007
ASA 701	<i>Modifications to the Auditor's Report</i>	27 Jun 2006
ASA 710	<i>Comparatives</i>	27 Jun 2007
ASA 720	<i>Other Information in Documents Containing Audited Financial Reports</i>	28 Apr 2006
ASA 800	<i>The Auditor's Report on Special Purpose Audit Engagements</i>	27 Jun 2007
ASRE 2410	<i>Review of an Interim Financial Report Performed by the Independent Auditor of the Entity</i>	21 Aug 2008
ASA 2007-1	<i>Amendments to Australian Auditing Standards</i>	27 Jun 2007
ASA 2008-1	<i>Amendments to Australian Auditing Standards</i>	21 Aug 2008

Compiled Auditing Standards issued in prior years (2006 series)

Following the issue of ASAs 2007-1 and 2008-1 *Amendments to Australian Auditing Standards*, the AUASB has prepared the following compiled versions of affected Auditing Standards. These compiled versions incorporate the amendments contained in ASA 2007-1 and ASA 2008-1.

Standard	Title	Issued
ASA 200	<i>Objective and General Principles Governing an Audit of a Financial Report (Compiled)</i>	27 Jun 2007
ASA 210	<i>Terms of Audit Engagements (Compiled)</i>	27 Jun 2007
ASA 510	<i>Initial Engagements — Opening Balances (Compiled)</i>	27 Jun 2007
ASA 570	<i>Going Concern (Compiled)</i>	27 Jun 2007
ASA 700	<i>The Auditor's Report on a General Purpose Financial Report (Compiled)</i>	27 Jun 2007
ASA 701	<i>Modifications to the Auditor's Report (Compiled)</i>	27 Jun 2007
ASA 710	<i>Comparatives (Compiled)</i>	27 Jun 2007
ASA 800	<i>The Auditor's Report on Special Purpose Audit Engagements (Compiled)</i>	27 Jun 2007
ASRE 2410	<i>Review of an Interim Financial Report Performed by the Independent Auditor of the Entity (Compiled)</i>	27 Jun 2007
ASRE 2410	<i>Review of an Interim Financial Report Performed by the Independent Auditor of the Entity (Compiled)</i>	21 Aug 2008

Standards on Assurance Engagements

The following Standards on Assurance Engagements were issued or reissued by the AUASB:

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Standard	Title	Issued
ASAE 3000	<i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>	9 Jul 2007
ASAE 3100	<i>Compliance Engagements</i>	9 Sep 2008
ASAE 3402	<i>Assurance Reports on Controls at a Service Organisation</i>	29 Jun 2010
ASAE 3410	<i>Assurance on Greenhouse Gas Statements</i>	28 Jun 2012
ASAE 3420	<i>Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document</i>	30 Nov 2012
ASAE 3450	<i>Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information</i>	30 Nov 2012
ASAE 3500	<i>Performance Engagements</i>	30 Oct 2008

Standards on Review Engagements

The following Standards on Review Engagements were issued or reissued by the AUASB:

Standard	Title	Issued
ASRE 2400	<i>Review of a Financial Report Performed by an Assurance Practitioner Who is not the Auditor of the Entity</i>	28 Mar 2013
ASRE 2405	<i>Review of Historical Financial Information Other than a Financial Report</i>	21 Aug 2008

Standards on Related Services

The following Standards on Related Services were issued by the AUASB:

Standard	Title	Issued
ASRS 4400	<i>Agreed-Upon Procedures Engagements to Report Factual Findings</i>	8 Jun 2011 (Reissued 28 Mar 2013)
ASRS 4450	<i>Comfort Letter Engagements</i>	30 May 2012

Explanatory Guides

The following Explanatory Guides were issued by the AUASB:

Title	Issued
<i>Explanatory Guide to Review Engagements</i>	Apr 2008
<i>Explanatory Guide: Auditor's Reports</i>	Feb 2010
<i>Explanatory Guide: ASRE 2415</i>	Jun 2010
<i>Explanation of the Impact on the Auditor's Report of Changes the Financial Reporting Framework</i>	Sep 2010
<i>Explanation of the Applicability of AUASB pronouncements when conducting Internal Control Engagements</i>	26 Oct 2011
<i>Explanatory Guide: Opening Balances</i>	May 2012

Auditing Standards – Other

The following Auditing Standard (AUS) was issued by the former AuASB of the Australian Accounting Research Foundation prior to 1 July 2004, and remains current:

Standard	Title	Issued
AUS 810	<i>Special Purpose Reports on the Effectiveness of Control Procedures</i>	Jul 2002

Auditing and Assurance Guidance Statements

The following Auditing and Assurance Guidance Statements were issued or reissued by the AUASB:

Guidance	Title	Issued
GS 001	<i>Concise Financial Reports Under the Corporations Act 2001</i>	Dec 2008 [Reissued Mar 2010]
GS 002	<i>Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees</i>	Jul 2007 [Reissued Sep 2010]
GS 003	<i>Audit and Review Requirements for Australian Financial Services Licensees under the Corporations Act 2001</i>	Oct 2007
GS 004	<i>Audit Implications of Prudential Reporting Requirements for General Insurers and Insurance Groups</i>	Oct 2007 (Reissued May 2013)
GS 005	<i>Using the Work of an Actuary</i>	Oct 2007
GS 006	<i>Electronic Publication of the Auditor's Report</i>	Mar 2010
GS 007	<i>Audit Implications of the Use of Service Organisations for Investment Management Services</i>	Oct 2011
GS 008	<i>The Auditor's Report on a Remuneration Report Under Section 300A of the Corporations Act 2001</i>	Mar 2010
GS 009	<i>Auditing Self -Managed Superannuation Funds</i>	Aug 2011
GS 010	<i>Responding to Questions at an Annual General Meeting</i>	Mar 2009
GS 011	<i>Third Party Access to Audit Working Papers</i>	Apr 2009
GS 012	<i>Prudential Reporting Requirements for Authorised Deposit-taking Institutions</i>	Jun 2009
GS 013	<i>Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes</i>	Aug 2009
GS 014	<i>Auditing Mortgage Schemes</i>	Aug 2009
GS 015	<i>Audit Implications of Accounting for Investments in Associates</i>	Nov 2009
GS 016	<i>Bank Confirmation Requests</i>	Jun 2010
GS 017	<i>Prudential Reporting Requirements for Auditors of a Life Company</i>	Jun 2010
GS 018	<i>Franchising Code of Conduct – Auditor's Reports</i>	Oct 2010

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Guidance	Title	Issued
GS 019	<i>Auditing Fundraising Revenue of Not-for-Profit Entities</i>	Apr 2011
GS 020	<i>Special Considerations in Auditing Financial Instruments</i>	Mar 2012
GS 021	<i>Engagements Under the National Greenhouse and Energy Reporting Scheme, carbon Pricing Mechanism and Related Schemes</i>	Dec 2012

The following Auditing and Assurance Guidance Statements were issued by the former AuASB of the Australian Accounting Research Foundation prior to 1 July 2004, and remain current. The AUASB is progressively reviewing these Auditing and Assurance Guidance Statements.

Guidance	Title	Issued
AGS 1014	<i>Privity Letter Requests</i>	Jul 2002
AGS 1062	<i>Reporting in Connection with Proposed Fundraisings</i>	Aug 2002

Bulletins

The following Bulletins have been issued by the AUASB:

Title	Issued
<i>Auditing Small and Medium Sized Entities (SMEs)</i>	Sep 2007
<i>Auditing Considerations in an Uncertain Economic Environment</i>	Apr 2009
<i>Standard Business Reporting and XBRL: Information for Audit and Assurance Practitioners</i>	Jun 2010
<i>Applying the Auditing Standards on Audits of Smaller Entities in Australia and New Zealand</i>	Jul 2012
<i>Professional Scepticism in an Audit of a Financial Report</i>	Aug 2012
<i>Auditing Considerations in a Prolonged Uncertain Economic Environment</i>	Aug 2012

APPENDIX C

LIST OF REQUIREMENTS

Description	Requirement	Page/s
Introduction		
Letter of transmittal	Mandatory	iii
Table of contents	Mandatory	v
Index	Mandatory	107
Glossary	Mandatory	vii
Contact officer(s)	Mandatory	ix
Internet home page address and Internet address for report	Mandatory	ix
Review by Secretary		
Review by departmental secretary	Mandatory	3
Summary of significant issues and developments	Suggested	4
Overview of department's performance and financial results	Suggested	24
Outlook for following year	Suggested	12
Significant issues and developments – portfolio	Suggested	3
Departmental Overview		
Role and functions	Mandatory	17
Organisational structure	Mandatory	34
Outcome and program structure	Mandatory	19
Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	19
Portfolio structure	Portfolio departments - mandatory	34

Description	Requirement	Page/s
Report on Performance		
Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	20
Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	20
Where performance targets differ from the PBS/ PAES, details of both former and new targets, and reasons for the change	Mandatory	19
Narrative discussion and analysis of performance	Mandatory	20
Trend information	Mandatory	23
Significant changes in nature of principal functions/ services	Suggested	n/a
Performance of purchaser/provider arrangements	If applicable, suggested	37
Factors, events or trends influencing departmental performance	Suggested	20
Contribution of risk management in achieving objectives	Suggested	n/a
Social inclusion outcomes	If applicable, mandatory	n/a
Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	n/a
Discussion and analysis of the department's financial performance	Mandatory	45
Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	23
Agency resource statement and summary resource tables by outcomes	Mandatory	24

Appendix C: List of Requirements

Description	Requirement	Page/s
Management and Accountability		
Corporate Governance		
Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines.	Mandatory	39
Statement of the main corporate governance practices in place	Mandatory	33
Names of the senior executive and their responsibilities	Suggested	36
Senior management committees and their roles	Suggested	35
Corporate and operational planning and associated performance reporting and review	Suggested	20
Approach adopted to identifying areas of significant financial or operational risk	Suggested	n/a
Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	39
How nature and amount of remuneration for SES officers is determined	Suggested	n/a
External Scrutiny		
Significant developments in external scrutiny	Mandatory	39
Judicial decisions and decisions of administrative tribunals	Mandatory	39
Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	41
Management of Human Resources		
Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	40
Workforce planning, staff turnover and retention	Suggested	n/a
Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	n/a
Training and development undertaken and its impact	Suggested	n/a
Work health and safety performance	Suggested	87
Productivity gains	Suggested	n/a
Statistics on staffing	Mandatory	40

Description	Requirement	Page/s
Management of Human Resources (continued)		
Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	37
Performance pay	Mandatory	n/a
Assets management		
Assessment of effectiveness of assets management	If applicable, mandatory	n/a
Purchasing		
Assessment of purchasing against core policies and principles	Mandatory	40
Consultants		
The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	41
Australian National Audit Office Access Clauses		
Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	41
Exempt contracts		
Contracts exempt from the AusTender	Mandatory	41
Financial Statements	Mandatory	45

Appendix C: List of Requirements

Description	Requirement	Page/s
Other Mandatory Information		
Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	87
Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	87
Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	87
Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	n/a
Grant programs	Mandatory	88
Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	41
Information Publication Scheme statement	Mandatory	88
Correction of material errors in previous annual report	If applicable, mandatory	n/a
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