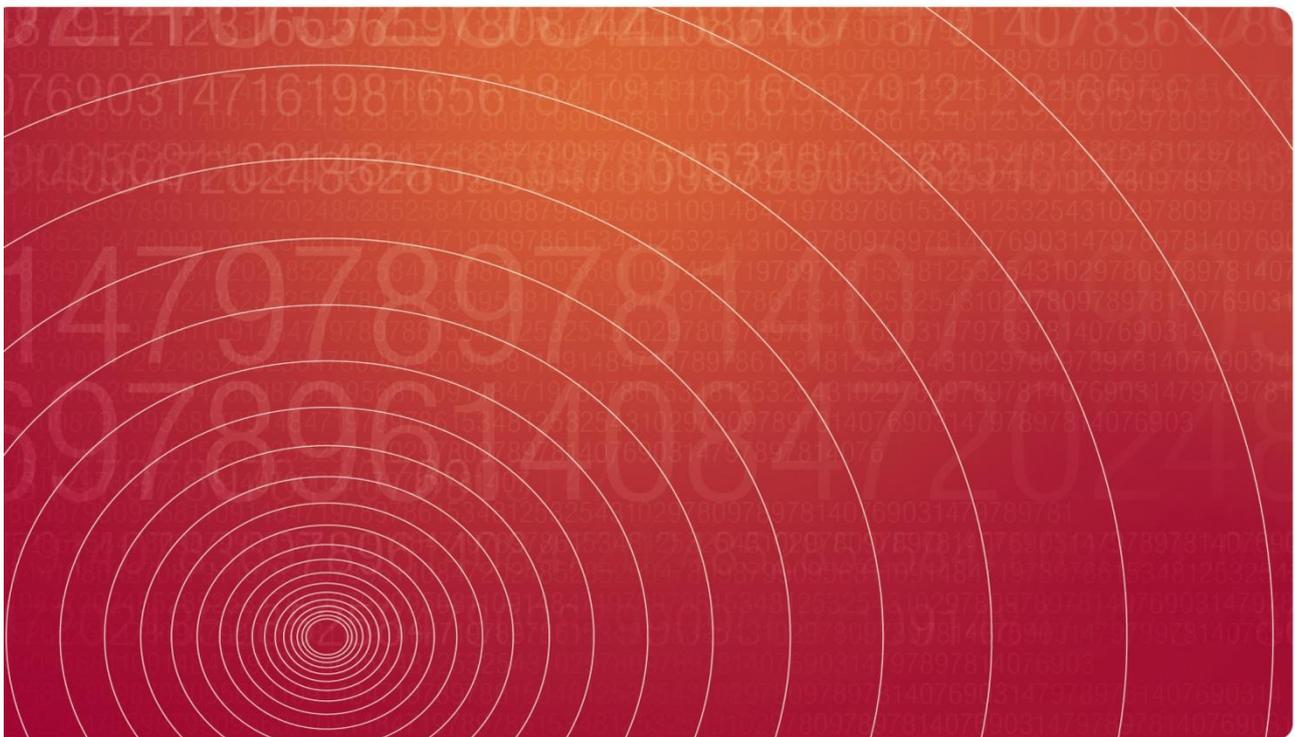




Australian Government
Auditing and Assurance Standards Board

2015-16

Annual Report



Auditing and Assurance Standards Board

Annual Report 2015-16

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LETTER OF TRANSMITTAL

7 October 2016

The Hon Kelly O'Dwyer MP
Minister for Revenue and Financial Services
Parliament House
Canberra ACT 2600

Dear Minister,

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 2016.

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 *Public Governance, Performance and Accountability Act 2013* (PGPA 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

CONTENTS

ABBREVIATIONS.....	VI
CHAIRMAN’S REVIEW.....	9
WHAT DID THE AUASB DO 2015-16?	14
Mission of the AUASB	14
Report on Performance Portfolio Outcome.....	14
Annual Performance Statement	15
MANAGEMENT AND ACCOUNTABILITY	28
How the AUASB works	28
The Minister	28
Financial Reporting Council	28
AUASB	29
Office of the AUASB.....	29
Membership	29
AUASB’s corporate governance	32
Audit Committee.....	32
Fraud.....	32
Ethics.....	33
Management of personnel	34
FINANCIAL REPORT	36
INDEPENDENT AUDITOR’S REPORT	37
STATEMENT BY THE CHIEF EXECUTIVE AND FINANCE MANAGER.....	39
APPENDICES.....	63
Appendix A AUASB Legislative requirements	65
Appendix B Attendance at AUASB meetings.....	66
Appendix C Other information.....	67
Appendix D Agency resource statement and resources for outcomes.....	70
Appendix E Glossary.....	71
Appendix F List of Requirements.....	74
Appendix G Index.....	80

ABBREVIATIONS

The following abbreviations are used in 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 Act	Australian Securities and Investments Commission Act 2001
ASRE	Australian Standard on Review Engagements
AUASB	Auditing and Assurance Standards Board
AuASB	Auditing and Assurance Standards Board (to 30 June 2004)
BRLF	Business Reporting Leaders Forum
CAANZ	Chartered Accountants Australia and New Zealand
CDS	Commonwealth Disability Strategy
CER	Clean Energy Regulator
CPAA	CPA Australia
EER	Emerging Areas of External Reporting
FMA Act	Financial Management and Accountability Act 1997
FRC	Financial Reporting Council
GST	Goods and Services Tax
IAASB	International Auditing and Assurance Standards Board
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
<IR>	Integrated Reporting
ISA	International Standard on Auditing
ITC	IAASB's Invitation to Comment Enhancing Audit Quality
NGER Act	National Greenhouse and Energy Reporting Act 2007
NSS	National Standards Setters
NZAuASB	New Zealand Auditing and Assurance Standards Board
OBPR	Office of Best Practice Regulation
OHSC	Occupational Health and Safety Committee
PGPA	Public Governance, Performance and Accountability Act 2013
SME	Small and Medium Enterprises
SMSF	Self-Managed Superannuation Fund

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CHAIRMAN'S REVIEW

INTRODUCTION



I am pleased to present my final communication to you as Chairman of the AUASB. At this time, the auditing profession is on the verge of implementing the most radical change in reporting to users of financial reports in many decades, with the introduction of extended auditor reporting, including reporting on key audit matters.

This innovation represents the culmination of an extensive international research and consultation process commenced in 2006 by the International Auditing and Assurance Standards Board (IAASB), which resulted in one new and various revised standards applicable for reporting periods ending on or after 15 December, 2016.

I am proud to recognise that the AUASB undertook three separate extensive consultations that successfully influenced the refinement and final adoption of the relevant standards. It is also very pleasing to note that a number of listed companies and their auditors have also adopted extended auditor reporting before the applicable date. My thanks go to all the auditors, company directors, investor representatives, analysts, regulators, academics and others who provided feedback to the board and enabled us to play a real role in such an important development.

The tale of the auditor reporting project highlights the purpose of the AUASB: to provide high quality, robust and independent auditing and assurance standards that deliver a fundamental platform for sound external reporting. This enhances the credibility of financial and other published reports requiring independent assurance, thus adding to confidence in capital markets. The AUASB has made good progress on our five key strategies that help us to achieve this purpose. These strategies, and our performance to date, are discussed in more detail in the AUASB Annual Performance Statement section of this annual report.

THE AUASB'S FOCUS DURING 2016

International developments

As the AUASB's goal is to achieve convergence with robust international auditing and assurance standards, our central focus was on contributing to IAASB projects on enhancements to auditor reporting, auditing financial statement disclosures, and the auditor's responsibility relating to other information.

In 2015/2016, the AUASB deliberated issues relating to adopting and implementing these auditing standards in Australia and, in December 2015, approved and adopted one new

standard, six revised standards and eighteen compiled standards. The AUASB was very pleased to welcome Professor Arnold Schilder, Chairman of the IAASB and members of his team to Australia to discuss the auditor reporting project and its implications. My thanks to Chartered Accountants ANZ, CPA Australia and the Australian Institute of Company Directors (AICD) for assisting in hosting functions.

Important issues to monitor were the increasing use of data analytics and the IAASB Working Group's efforts relating to these developments, cyber security risk and the IAASB project on agreed-upon procedures.

Promoting the AUASB's influence internationally

The AUASB continues to influence internationally through my membership of the IAASB and participation in IAASB meetings and working groups and membership of the National Standards Setters (NSS). The AUASB also made submissions on all IAASB exposure drafts and discussion papers. Important areas of focus over the year have included:

- Providing feedback on the IAASB's Invitation to Comment (ITC) *Enhancing Audit Quality in the Public Interest: A Focus on Professional Scepticism, Quality Control and Group Audits*. The ITC highlights the IAASB's discussions on these fundamental topics and flags possible standard setting activities that the IAASB could take to enhance audit quality. The AUASB had significant involvement in this debate and our submission in May 2016 was assisted by extensive consultation with Australian stakeholders including roundtable meetings in both Sydney and Melbourne.
- Working on development of a discussion paper on credibility and trust in emerging areas of external reporting (EER) being undertaken by the IAASB Integrated Reporting Working Group (IRWG), which I chair. The group issued a brief paper on assurance on EER in July, 2015. The AUASB also met regularly with the International Integrated Reporting Council's (IIRC) Australian and international representatives to keep abreast of IIRC initiatives.
- Continuing to actively participate in various international activities addressing any relevant issues impacting on global standards development, via my membership of the IAASB Innovation Working Group and obtaining feedback from constituents and other NSS.

Communicating and Consulting with Constituents

The AUASB remained committed to communicating and engaging with Australian stakeholders, regulatory bodies, professional accounting bodies, practitioners, preparers, users and other stakeholders on topical and emerging issues via round table discussions and invitations to comment on all exposure drafts. The AUASB gave regular updates to these groups and various bodies, including the G100, AICD, Institute of Internal Auditors (IIA) and Business Reporting Leaders Forum (BRLF).

These activities provide opportunities to enhance and promote quality audits and assurance services that reflect world's best practice and to obtain essential feedback on where it might be necessary to revise and issue international or local auditing standards and guidance.

Harmonising Australian and New Zealand Auditing Standards

The AUASB worked closely with the New Zealand Auditing and Assurance Standards Board (NZAuASB) to promote and facilitate harmonised Australian and New Zealand auditing and assurance standards. In the year, the AUASB worked with the NZAuASB on the revision to our standard on compliance engagements, and continued to jointly participate in the NZAuASB assurance project on statements of service performance.

Responding to Local Developments and Issues

The AUASB continued to develop and revise standards and guidance to address significant local industry and regulatory requirements presently not addressed by the IAASB standards and practice notes. Our key focus areas in the year have been on:

- Revision to the standard on *Compliance Engagements* (currently underway);
- Guidance Statement on *Assurance Relating to Australian Financial Services Licences issued under the Corporations Act 2001*; and
- Guidance Statement on *Auditing Self-Managed Superannuation Funds*.

ENSURING THE AUASB REMAINS FIT FOR PURPOSE

Like most government agencies, the AUASB has challenges to address. The imperative for a whole of government focus is stronger than ever before.

A number of initiatives took place in the current year that have focused on improving efficiency and effectiveness. Our agency moved office to Level 14, 530 Collins Street, Melbourne, in September 2015 to share premises with other Commonwealth agencies.

This year, the AUASB and Australian Accounting Standards Board (AASB) undertook a major restructure as part of a broader strategy to ensure that Australia remains at the forefront of international accounting and auditing practice and that standards are 'fit for purpose' in the Australian environment.

The Boards have moved to a shared support model, where both Boards will be supported by a single National Director and combined administrative staff. The changes to the Boards' operating model are being supported by changes in systems and processes, particularly those regarding accountability, training and employee development. Taken together, these changes will enable the Boards to collaborate and influence more effectively, and reduce the cost to taxpayers of standard setting. (Further detail is set out in Note 1.13 to the Financial Statements).

Outlook

The AUASB achieved most of the targets that it set for 2015-2016 and is on track to achieve the objectives set for the next four years in its 2015-2019 Corporate Plan.

The upcoming year will see a great deal of work being done in communicating with stakeholders on international developments and the release of local developments including the revised assurance standards for *Compliance Engagements and Performance Reporting*.

FINANCIAL RESULTS

The AUASB has recognised a Total Comprehensive Deficit of \$388,544 (2015: \$336,374), and a Deficit of \$349,549 (2015: \$151,374) as a result of exceeding its budgetary appropriations from Government for the current year.

The key reasons for the increase to Total Comprehensive Deficit and Deficit are the restructure costs (including redundancy payouts) of \$427,348 (2015: Nil) (see Note 1.13 to the financial statements), asset write-offs as a result of the move to 530 Collins Street \$52,394 (2015: nil) (see Note 1.9 and 1.10 to the financial statements) (2015: nil), surplus lease space and additional rent from having an overlap of rent between 600 Burke Street and 530 Collins Street of \$48,588 (2015: nil).

The move to share premises with another government agency will result in significant savings over the lease term. Other key elements of the financial results include benefits from reduced employee remuneration due to lower employee numbers, and reduced costs from closing the defined benefit fund, offset by increased expenditure on core stakeholder engagement.

The current year deficit has been funded from current and prior year appropriations available to the AUASB and has been incurred to reduce the possibility of the AUASB exceeding its current year appropriations in future years. The restructure will enable the AUASB focus on its core standard setting activities and to be more cost effective.

Note 13A to the financial statements provides further details of variances to the reported budget numbers.

In addition, there has been a restatement of prior year numbers (refer to Note 1.12) as a result of the resolution of the issues identified in the prior year regarding long service leave, resulting in the reclassification of long service leave entitlements to compensation amounts payable, with the associated recognition of fringe benefits tax.

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to the members of the AUASB for their considerable contributions over the past year, particularly including deputy chairman, Robin Low. I especially would like to thank Ms Valerie Clifford and Mr Bernie Szentirmay who retired from the AUASB on 31 December 2015 and Mr Neil Cherry who retired from the AUASB on 30 June 2016. It has also been my great pleasure to welcome new board members Ms Carolyn Ralph and Mr Ashley Wood on 1 January 2016 and Mr Robert Buchanan on 1 July 2016.

Particular thanks go to the Financial Reporting Council and its Chair, Mr Bill Edge, 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 roundtables, and project advisory groups.

I would like to express my appreciation to the staff of the Office of the AUASB who at the date of this report comprised Mark Dowling, Rene Herman, Marina Michaelides, and Anne Waters for their ongoing work.

I would also like to acknowledge the work of former staff, Susan Fraser, Claire Grayston and Howard Pratt, particularly including the former Executive Director, Richard Mifsud who have all contributed to the rich heritage of the AUASB.

Lastly, I would also like to express my sincere appreciation of the efforts of Chris Gillman, Interim National Director, Kris Peach, AASB Chair and Scott Mischke, Treasury Employment and Remuneration Policies, who were critical to enabling the restructure of the AUASB and AASB. I am also pleased to welcome Justin Lachal as the incoming National Director of the AASB and AUASB, who will work with us to strengthen our capability and performance.

I look forward to continuing in the role of Chairman and CEO until 31 December 2016 then passing leadership of the AUASB to my successor whom I have every confidence will capably lead the AUASB in meeting future challenges. I wish the AUASB every success in its future endeavours.



Merran H Kelsall
Chairman
7 October 2016

WHAT DID THE AUASB DO 2015-16?

VISION

The AUASB's vision is to be recognised as a leading national auditing and assurance standards setting body that develops high quality auditing and assurance standards and guidance in the public interest.

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 NSS 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.

REPORT ON PERFORMANCE PORTFOLIO OUTCOME

Outcome 1: The formulation and making of auditing and assurance standards that are used by auditors of Australian financial reports, and 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* (the Act) for use by Australian auditors who are undertaking audit engagements for the purpose of the Act, 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 and other assurance practitioners who are undertaking auditing and assurance engagements for purposes other than the purposes of the Act;

What did the AUASB do 2015-16?

- providing Australian participation in, and contribution to, the development of a single set of Australian Auditing Standards for worldwide use; and
- continuing our 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 IAASB projects on auditor reporting, financial statement disclosures, audit quality, and monitoring the implementation of international auditing and assurance standards.

This section outlines the outputs of the Board during 2015-16 as well as the progress made on various projects.

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

In the 2015-16 year the Office of the AUASB went through a significant restructure designed to make the operations of the AUASB sustainable and operate within budgetary constraints. The back office and support functions of both the AASB and the AUASB were combined under a National Director and space made available for a revitalising of the Technical group and stakeholder communication.

ANNUAL PERFORMANCE STATEMENT

INTRODUCTORY STATEMENT

I, Merran Kelsall, as the accountable authority of the Auditing and Assurance Standards Board, present the 2015-16 annual performance statement of the Auditing and Assurance Standards Board, (AUASB) as required under paragraph 39(1)(a) of the Public Governance Performance and Accountability Act 2013 (PGPA Act). In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.

ENTITY PURPOSE

The AUASB is responsible for setting auditing and assurance standards for the private and public sectors in Australia, (see section 227 of the *Australian Securities and Investments Commission Act 2001*). The AUASB:

- develops principles-based independent auditing and assurance standards and guidance for Australia that meet user needs; and
- contributes to the development of international auditing and assurance standards.

Auditing and Assurance Standards Board Annual Report 2015-16

The main purpose of accounting and auditing standards is to assist in maintaining confidence in the Australian economy, including its capital markets. The AUASB achieves this by developing, issuing and maintaining Australian Standards on Auditing (ASAs) and related pronouncements. These standards enable auditors and other assurance practitioners to enhance the credibility of an entity's performance and reporting, thereby providing entities, users and investors with confidence and trust.

The transparency, comparability and accountability required by auditing and assurance standards underpin public and investor confidence in the Australian economy. They reduce information gaps and enable more efficient resource/capital allocations.

The AUASB has a substantial body of standards and an assurance framework that address the vast majority of auditing and assurance issues facing entities in all sectors (private, public, for-profit and not-for-profit). Entities required by the *Corporations Act 2001* to lodge financial statements must have their financial reports audited in accordance with the AUASB's auditing standards, and many other types of entities are also generally required to be audited in accordance with those standards.

The AUASB will consider it is successful if it:

- both adopts and is able to influence the development of international standards (see strategy 1 and 5 below);
- is seen by its stakeholders as a progressive, forward-looking standard-setter, sought after for its views both within Australia and internationally (see strategy 2 and 3 below); and
- promotes consistent adoption of pronouncements and audit quality by successful stakeholder engagement (see strategy 4)

AUASB'S FIVE STRATEGIES FOR ACHIEVING ITS PURPOSE

Strategy 1: Standard setting	Strategy 2: Australian assurance issues	Strategy 3: Thought leadership	Strategy 4: Stakeholder engagement	Strategy 5: Harmonisation of AU/NZ standards
Increase confidence in assurance on external reporting by contributing to the development of and converging with one set of robust international auditing and assurance standards.	Be recognised by key stakeholders as the standard setting body in Australia that formulates and maintains auditing and assurance standards and guidance pronouncements that address local issues.	Provide thought leadership, identify and respond to emerging issues.	Communicate and engage with stakeholders to promote audit quality and increase engagement in developing standards and promote consistency in the application of AUASB pronouncements.	Harmonise Australian and New Zealand auditing and assurance standards.

RESULTS AND ANALYSIS

2015-16 has been a year of significant change, broadening the AUASB's focus and profile, implementing key initiatives to improve our international influence and stakeholder engagement and refocusing its operations to better meet the needs of the Australian community.

The following key achievements assisted in maintaining investor confidence in the Australian economy for 2015-16:

- issuing the auditor reporting suite of standards in December 2015. The auditor reporting project has been a priority for the AUASB over the past several years. The new and revised auditor reporting standards enhance the relevance and usefulness of auditors' reports and auditor reporting more broadly.
- influencing international views through our detailed submission to the IAASB's Invitation To Comment *Enhancing Audit Quality in the Public Interest: A Focus on Professional Scepticism, Quality Control and Group Audits* (ITC). The ITC covers the fundamental topics relating to audit quality and the possible standard setting activities that can be taken to enhance audit quality. The AUASB's submission was informed by extensive consultation with Australian constituents, including roundtable meetings.
- influencing international views through my appointment to the IAASB and the New Zealand Accounting Standards Board (NZAuSB) as well as my participation on the IAASB Steering Committee, chairing the Integrated Reporting Working Group and membership of the Innovation Working Group.

- continuing our evaluation of the implementation of the current suite of Australian Auditing Standards in Australia by our continued extensive stakeholder outreach including round table meetings and project advisory groups.
- progressing the key domestic projects of revising Australian Standard on Assurance Engagements (ASAE) 3100 *Compliance Engagements* and ASAE 3500 *Performance Engagements*.
- continued engagement with stakeholders to improve the amount and quality of feedback provided to the AUASB. Such feedback assists the AUASB to maintain and improve its ability to influence the IAASB and identify appropriate domestic projects to fill any gaps in the IAASB suite of pronouncements from an Australian perspective.

RESTRUCTURING ACTIVITIES

Whilst the AUASB has made good progress on a number of key initiatives, some administrative tasks have not met their timetables. In order to focus more effectively and efficiently on their core standard setting activities the AUASB and AASB have implemented a major restructure. The Boards have moved to a shared support model where both Boards are supported by a single National Director and a combined administrative staff. The Boards are also adopting a more flexible, 'program management' approach to standard setting, focusing efforts on turning around critical projects and bringing in critical resources on a project basis as needed.

As a result of this change, ten roles in the administrative and technical teams (AASB: 8, AUASB: 2) have been made redundant and six new roles created.

The restructure is part of a broader strategy to ensure that Australia remains at the forefront of international accounting and auditing practice and that standards are 'fit for purpose' in the Australian environment. Technological advances, the rise in importance of non-financial reporting, stakeholder demands for clearer and more frequent information, and the need for international alliances with other standard-setters and better empirical evidence to effectively influence international developments, all pose potentially significant challenges. The Boards recognise that they will need to be more agile and responsive to meet these challenges.

The changes to the Boards' operating model are being supported by changes in systems and processes, particularly those regarding accountability, training and employee development. Taken together, these changes will enable the Boards to collaborate and influence more effectively, and more cost-effectively set standards.

2015-16 AUASB ACTIVITIES AND RELATED KEY PERFORMANCE INDICATORS

The table below identifies the activities the AUASB identified in its Corporate Plan and Parliamentary Budget Statement (PBS) as contributing to the five strategies above, for the 2015-16 reporting period. This table also indicates whether or not the activities were achieved and if not, why not.

Strategic Objective as set out in 2015-16 Corporate Plan	2015-2016 KPI as set out in 2015-16 Corporate Plan	Link to PBS	Achievements to 30 June 2016/Explanation where not-achieved
<p>1. Increase confidence in assurance on external reporting by contributing to the development of, and convergence with, one set of robust international auditing standards.</p>	<p>Participate in IAASB activities:</p> <ul style="list-style-type: none"> • Attend and actively contribute to quarterly IAASB meetings; • Participate in the annual IAASB-NSS meeting; • Contribute to relevant IAASB projects and as appropriate, participate in IAASB Working Groups; and • Provide AUASB submissions to the IAASB on all exposure drafts and discussion and consultation papers. <p>AUASB international-related initiatives:</p> <ul style="list-style-type: none"> • Issue IAASB related Australian equivalent Exposure Drafts in a timely manner; • IAASB equivalent, or ISA plus, standards adopted by the AUASB with the same application dates; • Conduct post-implementation reviews of IAASB equivalent issued AUASB Standards; • Respond to all IAASB and NSS feedback requests and surveys; and • Actively promote and maintain a strong relationship with the IAASB and other NSS. 	<p>PBS Outcome 1</p> <p>PBS Program 1.1</p> <p>Deliverable 1.1 (1, 2)</p> <p>KPI 1, 4, 5, 6</p>	<p>Chairman and Executive Director participated in all IAASB meetings held in 2015-16 and the annual IAASB-NSS meeting held 16-17 June 2016.</p> <p>The AUASB Chairman participated in various IAASB activities including:</p> <ul style="list-style-type: none"> • Chairing the Integrated Reporting Working Group that met a number of times and issued a paper exploring assurance on integrated reporting and EER, and will issue a Discussion Paper on this topic in 2016 – 17. She made presentations to IAASB meetings and the NSS meeting to report on project progress and receive feedback; • Membership of the Innovation Working Group; and • Membership of the Steering Committee. <p>The Executive Director was a member of the ISRS 4400 <i>Agreed-Upon Procedures Engagements Working Group</i>.</p> <p>Formal submissions were made on all IAASB exposure drafts and invitations to comment papers including:</p> <ul style="list-style-type: none"> • Proposed Amendments to the IAASB’s International standards on Auditing (ISAs) – Responding to non-compliance or suspected non-compliance with laws and regulations (NOCLAR). • IAASB’s Invitation to

Strategic Objective as set out in 2015-16 Corporate Plan	2015-2016 KPI as set out in 2015-16 Corporate Plan	Link to PBS	Achievements to 30 June 2016/Explanation where not-achieved
			<p data-bbox="1043 450 1302 618">Comment <i>Enhancing Audit Quality in the Public Interest: A Focus on Professional Scepticism, Quality Control and Group Audits</i> (“ITC”).</p> <p data-bbox="1007 645 1302 770">The AUASB received and considered the views of stakeholders in formulating the above submissions via:</p> <ul data-bbox="1007 792 1315 1003" style="list-style-type: none"> • AUASB website releases; • Roundtable discussions with a variety of key stakeholders; and • Individual meetings with key stakeholders on various topics. <p data-bbox="1007 1025 1302 1081">Key IAASB agenda items were discussed at AUASB meetings.</p> <p data-bbox="1007 1104 1259 1232">The AUASB issued the following pronouncements pursuant to changes in International Standards:</p> <ul data-bbox="1007 1243 1315 1832" style="list-style-type: none"> • ED 01/16 <i>Proposed Auditing Standard ASA 800 Special Considerations- Audits of Financial Reports Prepared in Accordance with special Purpose Frameworks</i>; • ED 02/16 <i>Proposed Auditing Standard ASA 805 Special Considerations- Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i> ; and • ED 03/16 <i>Proposed Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements</i>. <p data-bbox="1007 1854 1230 1881">The AUASB issued the</p>

What did the AUASB do 2015-16?

Strategic Objective as set out in 2015-16 Corporate Plan	2015-2016 KPI as set out in 2015-16 Corporate Plan	Link to PBS	Achievements to 30 June 2016/Explanation where not-achieved
			<p>following Australian Auditing Standards pursuant to changes in International Standards :</p> <ul style="list-style-type: none"> • Auditor Reporting (ASA 700 series, ASA 260 and ASA 570); • <i>ASA 720 The Auditor's Responsibilities Relating to Other Information in Documents Containing an Audited Financial Report;</i> and • Audit Implications of Financial Statement Disclosures. <p>As reported last year, the AUASB has adopted a number of methods that provide a broad, and therefore valuable, basis to gauge the results of implementing the current suite of Australian Auditing Standards. Additionally, the IAASB undertakes post-implementation reviews of its ISAs and, where necessary, makes amendments based on feedback obtained internationally. Any such changes to the ISAs are adopted into the Australian Auditing Standards unless there are compelling reasons from an audit quality perspective to modify the amendments made to the ISAs.</p> <p>Based on its assessments, the AUASB continues to conclude that the AUASB's suite of Australian Auditing Standards:</p> <ul style="list-style-type: none"> • Have been properly incorporated into legislation;

Auditing and Assurance Standards Board Annual Report 2015-16

Strategic Objective as set out in 2015-16 Corporate Plan	2015-2016 KPI as set out in 2015-16 Corporate Plan	Link to PBS	Achievements to 30 June 2016/Explanation where not-achieved
2. Be recognised by key stakeholders as the standards-setting body in Australia that formulates and maintains Auditing	<ul style="list-style-type: none"> Increase awareness and acceptance of AUASB Pronouncements, in particular, their application to government agencies and other bodies 	PBS Outcome 1 PBS Program 1.1 Deliverable 1.1 (2)	<ul style="list-style-type: none"> Conform to the International Standards on Auditing; Are used by auditors and other assurance practitioners, where required; and Contribute positively to promoting relevant and reliable auditor reporting, as well as to the quality of audit generally. <p>The AUASB's monitoring processes on the implementation of all its standards are an integral part of its ongoing activities.</p> <p>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). The AUASB complies with the Government's enhanced Regulatory Impact Analysis for all regulatory proposals and considers the impacts of new or revised regulation on business and the community, by costing any regulatory impacts which are expected to arise using the Regulatory Burden Measurement Framework, prior to issue.</p> <p>The Chairman participated in meetings of the Australian Securities and Investments Commission (ASIC) Accounting and Auditing Standing Committee.</p> <p>The Chairman and Executive</p>

What did the AUASB do 2015-16?

Strategic Objective as set out in 2015-16 Corporate Plan	2015-2016 KPI as set out in 2015-16 Corporate Plan	Link to PBS	Achievements to 30 June 2016/Explanation where not-achieved
and Assurance Standards and guidance pronouncements to address local issues.	<p>(active liaison and engagement with regulatory agencies).</p> <ul style="list-style-type: none"> • Formulate and maintain high quality Australian Auditing and Assurance Standards that conform to the IAASB equivalents, address local regulatory issues and promote consistency in application. • Formulate and maintain high quality Guidance Statements and other pronouncements that address local regulatory and other issues and promote consistency in application. 	KPI 2,3,4	<p>Director also held regular liaison meetings with Australian Prudential Regulation Authority (APRA) and ASIC and periodic meetings with Treasury and other constituents such as G100 and the Australian Institutes of Company Directors and Internal Auditors on relevant auditing and assurance matters.</p> <p>The AUASB Technical Group assisted and provided technical advice to regulators and other standard-setters including:</p> <ul style="list-style-type: none"> • ACNC • APRA • ASIC • ATO <p>The AUASB issued the following pronouncements pursuant to local initiatives:</p> <ul style="list-style-type: none"> • <i>GS 003 Audit and Review Requirements for Australian Financial Services Licensees; and</i> • <i>GS 009 Auditing Self-Managed Superannuation Funds.</i> <p>Revision of pronouncements pursuant to local initiatives in progress:</p> <ul style="list-style-type: none"> • <i>ASAE 3100 Compliance Engagements; and</i> • <i>ASAE 3500 Performance Engagements.</i>
3. Provide thought leadership, identify and respond to emerging issues.	<ul style="list-style-type: none"> • Identify and respond to significant auditing and assurance issues of public interest on a timely basis. • Proactively monitor 	<p>PBS Outcome 1</p> <p>PBS Program 1.1</p> <p>Deliverable 1.1</p>	<p>Emerging issues were discussed via roundtable discussions with key stakeholders.</p> <p>The IAASB Auditor Reporting</p>

Auditing and Assurance Standards Board Annual Report 2015-16

Strategic Objective as set out in 2015-16 Corporate Plan	2015-2016 KPI as set out in 2015-16 Corporate Plan	Link to PBS	Achievements to 30 June 2016/Explanation where not-achieved
	international developments on auditing and assurance.	(1,2, 3) KPI 4	<p>project to promote improved and revised auditor reporting which is operative for listed entities for periods ending 15 December, 2016, was seen to be taking effect. It was very pleasing that various extended auditor reports were issued during the 2015 reporting season and that more are being trialled in private. This represents the culmination of three separate rounds of stakeholder consultation over the life of the IAASB project, and AUASB leadership and engagement with the profession, preparers and other stakeholders to provide feedback to the IAASB on project proposals and assist with identifying practical implementation issues.</p> <p>News releases are issued for all new and revised standards and guidance.</p> <p>The AUASB monitored international developments from the IAASB, other national standards-setters and other international regulatory bodies including those from Canada, France, Germany, New Zealand, South Africa, USA and UK.</p> <p>Periodic Updates on key international developments, including IAASB matters were published on the AUASB website.</p> <p><i>Explanation of non-</i></p>

Strategic Objective as set out in 2015-16 Corporate Plan	2015-2016 KPI as set out in 2015-16 Corporate Plan	Link to PBS	Achievements to 30 June 2016/Explanation where not-achieved
4. Communicate and engage with stakeholders to promote Audit Quality and increase engagement in developing standards and promote consistency in the application of AUASB pronouncements	<p>Actively engage with stakeholders</p> <ul style="list-style-type: none"> • Engage with Australian stakeholders, regulatory bodies, professional accounting bodies, practitioners, preparers, users and other stakeholders (including Australian Treasury, ASIC, APRA, Australian Charities and Not-for-Profits Commission (ACNC) and ATO) to promote Audit Quality and consistency in the application of AUASB pronouncements; • Conduct post-implementation reviews of all issued AUASB standards; • Engage with the FRC through the AUASB Chairman's active involvement, including through membership of Audit Quality Committee; • Participate in public debate, conferences and seminars on topics relevant to global auditing and assurance standards and strategic audit and assurance issues; and • Contribute articles for 	<p>PBS Outcome 1</p> <p>PBS Program 1.1</p> <p>Deliverable 1.1 (1,2, 3)</p> <p>KPI 4</p>	<p><i>achievement.</i></p> <p>The quarterly e-publication of the International update did not occur at March and June quarter ends, owing to staffing constraints.</p> <p>The AUASB hosted a visit to Australia by Prof. Arnold Schilder, Chairman of IAASB in November 2015, to promote the auditor reporting project and improvements to audit quality in general. A number of functions were arranged in conjunction with the professional accounting bodies and other stakeholders, including regulators, investor representatives, audit committee chairs, practitioners, academics and financial statement preparers.</p> <p>The Chairman participated in meetings of the Financial Reporting Council (FRC) committees and projects, including:</p> <ul style="list-style-type: none"> • Nominations Committee • Audit Quality Committee • Financial Reporting Framework project <p>One article on the issuance of several new guidance statements was prepared for the Chartered Accountants Australia and New Zealand's (CAANZ) <i>Acuity</i> publication.</p> <p>The Chairman and staff of the AUASB participated in panels and presented at various seminars and information</p>

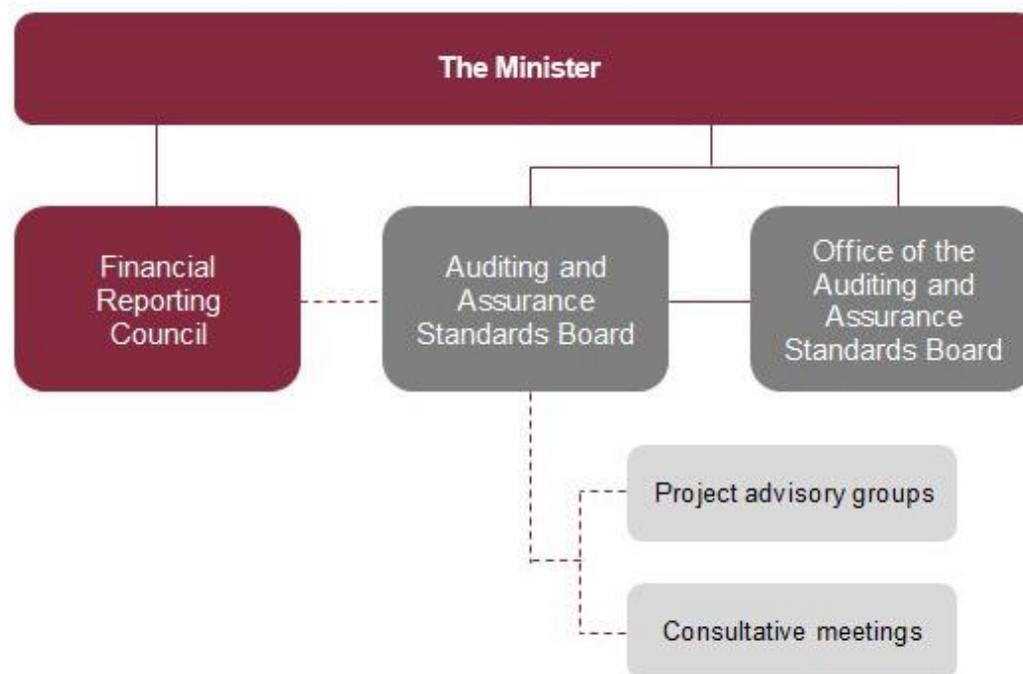
Strategic Objective as set out in 2015-16 Corporate Plan	2015-2016 KPI as set out in 2015-16 Corporate Plan	Link to PBS	Achievements to 30 June 2016/Explanation where not-achieved
	<p>relevant professional publications that highlight key principles of, or major changes to, the AUASB pronouncements.</p> <p>Identify AUASB stakeholders and understand their needs and expectations:</p> <ul style="list-style-type: none"> • Conduct stakeholder satisfaction survey and use feedback results to obtain benchmark for performance improvement; • Create and maintain a key stakeholders contacts database; and • Increase media mentions, social media activity and level of participation at AUASB events. 		<p>sessions.</p> <p><i>Explanation of non-achievement</i></p> <ul style="list-style-type: none"> • The AUASB did not hold the annual Consultative Meeting in April 2016, as this was postponed by the board until May 2017, awaiting the appointment of a new Chair; and • The AUASB did not achieve the KPI of identifying AUASB stakeholders and understanding their needs and expectations owing to staffing constraints during the year. Post 30 June 2016, work has commenced on refining and extending the database of key stakeholders' contacts. It is expected that this project will be completed during the 2016/17 year. <p>The AUASB did not extend its reach to social media, due to staffing constraints.</p>
<p>5. Harmonise Australian and New Zealand auditing and assurance standards</p>	<p>Harmonise, wherever possible given the different regulatory environments, Australian and New Zealand Auditing and Assurance Standards through working actively with the NZAuASB</p>	<p>PBS Outcome 1 PBS Program 1.1 Deliverable 1.1 (1,2, 3) KPI 4, 5, 6</p>	<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>The AUASB and the NZAuASB have in place a set of communications protocols. The joint policy on the principles of conformity with international auditing standards and harmonisation between Australia and New Zealand has been issued by the two boards, the aim of which is to provide a</p>

What did the AUASB do 2015-16?

Strategic Objective as set out in 2015-16 Corporate Plan	2015-2016 KPI as set out in 2015-16 Corporate Plan	Link to PBS	Achievements to 30 June 2016/Explanation where not-achieved
			<p>more formalised framework that facilitates a practical approach for both boards and staff to follow.</p> <p>The Chairman attended NZAuASB meetings as part of the cross board appointments of the respective Chairman of each Board.</p> <p>Staff of both agencies collaborated on several projects of joint interest.</p>

MANAGEMENT AND ACCOUNTABILITY

HOW THE AUASB WORKS



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 three years and retiring members are eligible for reappointment for a maximum of three terms.

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

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

Responsible to the Minister, 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.

AUASB

The AUASB an Australian Government Entity 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. The Chairman of the AUASB is also the Chief Executive Officer of the Office of the AUASB.

Membership

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

The members during 2015-16 were:

Merran Kelsall, Chairman

Initially appointed Chairman by the Federal Treasurer 10 August 2004 until 9 August 2007, Ms Merran Kelsall was re-appointed from 10 August 2007 until 9 August 2010, again until 9 August 2013 and again until 31 December 2016.

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

Robin Low, Deputy Chairman

Ms Robin Low was appointed from 1 January 2014 until 31 December 2016.

Ms Low has a portfolio of independent directorships and previously was a partner at PricewaterhouseCoopers Australia for many years.

Jo Cain

Initially appointed from 1 January 2013 until 31 December 2015, Ms Jo Cain was re-appointed until 31 December 2018.

Ms Cain has a portfolio of independent directorships and is a sustainability consultant.

Neil Cherry

Mr Neil Cherry was appointed from 1 July 2011 until 30 June 2014, and was re-appointed until 30 June 2016.

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

Mr Cherry retired from the AUASB on 30 June 2016.

Valerie Clifford

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

Ms Clifford is a partner of PricewaterhouseCoopers Australia.

Ms Clifford retired from the AUASB on 31 December 2016.

Chris George

Mr Chris George was appointed from 1 January 2013 until 31 December 2015, Mr Chris George was re-appointed until 31 December 2018.

Mr George is a partner at Ernst and Young.

Nonna Martinov-Bennie

Prof. Nonna Martinov-Bennie was appointed from 1 January 2012 until 31 December 2014. Prof. Martinov-Bennie was again re-appointed from 1 January 2015 until 31 December 2017.

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

Caithlin Mc Cabe

Ms Caithlin Mc Cabe was appointed from 1 January 2014 until 31 December 2016.

Ms Mc Cabe is a partner at Deloitte Touche Tohmatsu.

Jane Meade

Ms Jane Meade was appointed from 1 January 2013 until 31 December 2015, and was re-appointed until 31 December 2018.

Ms Meade is the Group Executive Director, Professional Services and Relationships Group at the Australian National Audit office (ANAO).

Colin Murphy

Initially appointed from 1 January 2009 until 31 December 2011, Mr Colin Murphy was re-appointed until 31 December 2014. Mr Murphy was again re-appointed from 1 January 2015 until 31 December 2017.

Mr Murphy is the Auditor-General for Western Australia.

Carolyn Ralph

Ms Carolyn Ralph was appointed from 1 January 2016 until 31 December 2018.

Ms Ralph is a partner at KPMG.

Bernie Szentirmay

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

Mr Szentirmay is a partner at KPMG.

Mr Szentirmay retired from the AUASB on 31 December 2015.

Ashley Wood

Mr Ashley Wood was appointed from 1 January 2016 until 31 December 2018.

Mr Wood is a partner at PwC Australia.

AUASB'S 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 stakeholders;
- comprehensive risk management, compliance and assurance systems; and
- strategic planning, performance monitoring and evaluation.

Audit Committee

The Audit Committee's role is to provide independent assurance and assistance to the AUASB Chairman on the AUASB's financial and performance reporting responsibilities, risk oversight and management, and systems of internal control. The committee is not responsible for the executive management of these functions. The Committee engages with management in discharging its advisory responsibilities and formulating its advice to the Chairman.

The AUASB's Audit Committee follows the recommended best practice guidelines issued by the ANAO. The audit committee comprises an independent external Chair, an external member and the Chair of the AASB. The ANAO also attends Audit Committee meetings as an observer, as do other AUASB management representatives.

Fraud

Fraud control is regarded by the AUASB as a continuous process, and AUASB officers and staff maintain an awareness of fraud risk generally, and of their responsibility to take any reasonable action to reduce the possibility and impact of losses through fraud.

The AUASB has in place a fraud risk assessment and fraud control plan. It has adequate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs.

I, Merran Kelsall, as the accountable authority, certify that the AUASB meets the obligations arising from section 10 of the *Public Governance, Performance and Accountability Rule 2014*. This legislation requires appropriate fraud risk, fraud assessment, fraud detection and subsequent reporting mechanisms to be in place.

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.

MANAGEMENT OF PERSONNEL

Table 1a: AUASB Employees at 30 June 2016

Classification	Persons	F/T	P/T	F/T Equivalents		
				Female	Male	Total
Senior executives	2	1	1	.8	1	1.8
Technical and support staff	5	2	3	3	1	4.0
Total employees	7	3	4	3.8	2	5.8

Table 1b: AUASB Employees at 30 June 2015

Classification	Persons	F/T	P/T	F/T Equivalents		
				Female	Male	Total
Senior executives	2	1	1	0.80	1.00	1.80
Technical and support staff	6	3	3	4.40	0.90	5.30
Total employees	8	4	4	5.20	1.90	7.10

As at 30 June 2016, no employees identified as Indigenous.

AUASB employees are located in one office in Melbourne.

Table 2: AUASB Salary ranges as at 30 June 2016

	As at 30 June 2016
	\$
Senior executives	\$195,000 - \$324,999
Technical and support staff	\$0- \$194,999

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 salaries and other entitlements of the technical and non-technical employees are linked to comparable industry and market levels of remuneration.

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

Employees 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*. As at 30 June 2016, all staff were employed under the ASIC Act.

The Office of the AASB has continued to provide various administrative, finance and ITC support services to the Office of the AUASB in 2015-16 as in previous years.

Employees of the Office of the AUASB do not receive performance bonuses.

The changes to the AUASB and AASB's operating models set out in note 1.13 to the Financial Statements, are being supported by changes in systems and processes, particularly those regarding accountability, training and employee development. The Boards are also adopting a more flexible, 'program management' approach to standard setting, focusing efforts on turning around critical projects and bringing in critical resources on a project basis as needed.

As a result the AUASB is confident that it has the appropriate employees and is developing appropriate policies and procedures to enable them to achieve the AUASB's strategies.

FINANCIAL REPORT

Independent Auditor's Report	37
Statement of Comprehensive Income.....	40
Statement of Changes in Equity.....	42
Cash Flow Statement.....	43
Schedule of Commitments	44
Schedule of Contingencies	45
Note 1: Summary of Significant Accounting Policies	45
Note 2: Events After the Statement of Financial Position Date.....	50
Note 3: Expenses	50
Note 4: Financial Assets.....	51
Note 5: Payables	52
Note 5B: Other Payables	52
Note 6: Employee Provisions	52
Note 7: Cash Flow Reconciliation	53
Note 8: Senior Management Personnel Remuneration	54
Note 9: Remuneration of Auditors	54
Note 10: Financial Instruments.....	55
Note 11: Appropriations.....	56
Note 12: Compliance with Statutory Conditions for payments from the Consolidated Revenue Fund	57
Note 13: Budgetary Reports and Explanations of Major Variances	58
Note 13A: Major Budget Variances for 2016	58
Statement of Comprehensive Income.....	59
Statement of Financial Position.....	60
Statement of Changes in Equity.....	61
Cash Flow Statement.....	62



INDEPENDENT AUDITOR'S REPORT

To the Minister for Revenue and Financial Services

I have audited the accompanying annual financial statements of the Office of the Auditing and Assurance Standards Board for the year ended 30 June 2016, which comprise a:

- Statement by the Chair and Finance Manager;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- 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 significant accounting policies and other explanatory information.

Opinion

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

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Office of the Auditing and Assurance Standards Board as at 30 June 2016 and its financial performance and cash flows for the year then ended.

Accountable Authority's Responsibility for the Financial Statements

The Chair of the Office of the Auditing and Assurance Standards Board is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and is also responsible for such internal control as the Chair determines is necessary to enable the preparation and fair presentation of financial statements that 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

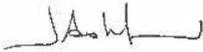
judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, 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.

Australian National Audit Office



Jocelyn Ashford
Senior Executive Director

Delegate of the Auditor-General

Canberra
10 October 2016

STATEMENT BY THE CHIEF EXECUTIVE AND FINANCE MANAGER

In our opinion, the attached Financial Statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Office of the Auditing and Assurance Standards Board will be able to pay its debts as and when they fall due.



Merran Kelsall
Chief Executive Officer
7 October 2016



Paul Casey
Finance Manager
7 October 2016

Statement of Comprehensive Income
for the period ended 30 June 2016

	Notes	2016 \$	2015 \$
EXPENSES			
Employee benefits	3A	1,623,306	1,615,912
Supplier expenses	3B	632,115	465,831
Operating lease rentals – minimum lease payments		298,745	228,046
Depreciation		40,556	78,183
Amortisation		4,992	11,723
Finance costs		2,929	3,131
Write-down and impairment of assets	1.9 / 1.10	13,399	-
Total expenses		2,616,042	2,402,826
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Rental income		35,778	34,452
Audit Services received free of charge		24,000	28,000
Board Members Services received free of charge		45,715	-
Total own-source revenue		105,493	62,452
Net cost of services		2,510,549	2,340,374
Revenue from Government		2,161,000	2,189,000
Deficit attributable to the Australian Government		(349,549)	(151,374)
OTHER COMPREHENSIVE DEFICIT			
Revaluation of infrastructure, plant and equipment	1.9	(38,995)	-
Actuarial losses on net defined benefit plan		-	(185,000)
Total other comprehensive deficit		(38,995)	(185,000)
Total comprehensive deficit attributable to the Australian Government		(388,544)	(336,374)

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

Statement of Financial Position

as at 30 June 2016

	Notes	2016	2015	2014
			Restated ¹	Restated ¹
		\$	\$	\$
ASSETS				
Financial assets				
Cash and cash equivalents		406,857	202,385	193,647
Trade and other receivables	4A	29,370	16,546	14,609
Appropriation receivable	4B	762,150	961,835	1,049,087
Net defined benefit plan	6(ii)	-	-	132,000
Total financial assets		1,198,377	1,180,766	1,389,343
Non-financial assets				
Furniture and computers - Level 2	1.9	22,063	39,692	60,275
Leasehold improvements and make good - Level 3	1.9	-	56,570	106,484
Intangibles		65	9,336	18,991
Prepaid expenses		872	17,522	6,527
Total non-financial assets		23,000	123,120	192,277
Total assets		1,221,377	1,303,886	1,581,620
LIABILITIES				
Payables				
Suppliers	5A	73,792	63,349	34,115
Other payables ¹	5B	667,190	236,437	300,227
Total payables		740,982	299,786	334,342
Provisions				
Employee provisions ¹	6	249,457	331,246	277,716
Other provisions		-	90,372	87,706
Total provisions		249,457	421,618	365,422
Total liabilities		990,439	721,404	699,764
Net assets		230,938	582,482	881,856
EQUITY				
Contributed equity		237,000	200,000	163,000
Asset revaluation reserve		-	38,995	38,995
Retained earnings/deficit ¹		(6,062)	343,487	679,861
Total equity		230,938	582,482	881,856

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

1. Comparative figures have been restated (refer Note 1.12).

Statement of Changes in Equity
for the period ended 30 June 2016

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2016	2015	2016	2015	2016	2015	2016	2015
Opening balance								
Balance carried forward from previous period	343,487	732,075	38,995	38,995	200,000	163,000	582,482	934,070
Adjustment for restatement (see note 1.12)	-	(52,214)	-	-	-	-	-	(52,214)
Adjusted opening balance	343,487	679,861	38,995	38,995	200,000	163,000	582,482	881,856
Comprehensive income								
Remeasurement of defined benefit plan (refer Note 3A)	-	(185,000)	-	-	-	-	-	(185,000)
Revaluation of infrastructure, plant and equipment (refer Note 1.9)	-	-	(38,995)	-	-	-	(38,995)	-
Deficit for the period	(349,549)	(151,374)	-	-	-	-	(349,551)	(151,374)
Total comprehensive deficit	(349,549)	(336,374)	(38,995)	-	-	-	(388,544)	(336,374)
Attributable to the Australian Government								
Transactions with owners								
Departmental capital budget	-	-	-	-	37,000	37,000	37,000	37,000
Closing balance as at 30 June	(6,062)	343,487	-	38,995	237,000	200,000	230,938	582,482

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

Cash Flow Statement
for the period ended 30 June 2016

	Notes	2016 \$	2015 \$
OPERATING ACTIVITIES			
Cash received			
Department appropriations		2,361,001	2,337,951
Net GST received		50,836	48,593
Other cash received		40,114	38,587
Total cash received		2,451,951	2,425,131
Cash used			
Employees		1,242,774	1,620,418
Suppliers		1,022,581	757,388
Net GST paid		4,337	4,135
Section 74 3 rd party receipts transferred to Official Public Account		-	34,452
Total cash used		2,269,692	2,416,393
Net cash flows from operating activities	7	182,259	8,738
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		14,471	9,753
Net cash flows used by investing activities		(14,471)	(9,753)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		36,684	9,753
Net cash flows from financing activities		36,684	9,753
Net increase in cash held		204,472	8,738
Cash and cash equivalents at the beginning of the reporting period		202,385	193,647
Cash and cash equivalents at the end of the reporting period		406,857	202,385

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

Schedule of Commitments
as at 30 June 2016

	2016 \$	2015 \$
BY TYPE		
Commitments receivable		
Sublease rental income ¹	-	43,501
GST recoverable on commitments	-	34,220
Total commitments receivable	-	77,721
Commitments payable		
Operating leases ^{2,3,4,5,6}	-	376,422
GST payable on commitments	-	3,955
Total commitments payable	-	380,377
Net commitments payable	-	302,656
BY MATURITY		
Commitments receivable		
One year or less	-	71,742
From one to five years	-	5,979
Over five years	-	-
Total commitments receivable	-	77,721
Commitments payable		
One year or less	-	351,222
From one to five years	-	29,155
Over five years	-	-
Total commitments payable	-	380,377
Net commitments payable	-	302,656

(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 a lease for office accommodation, furniture & fittings. Lease payments are subject to an increase of 3.5% per annum.

(3) In September 2015, the AASB and AUASB entered into a shared occupancy agreement at 530 Collins Street with the Tertiary Education Quality and Standards Agency. The lease runs from 21 September 2015 to 22 February 2022. There is a rent free period from 21 September 2015 to 31 July 2016. The lease cost including the rent-free period incentive has been straight lined. From 1 August 2016 rent will be payable at \$15,566 per month. The lease amount includes the lease of the premises and furniture and fittings.

(4) The AASB has assumed responsibility for the full lease of the 530 Collins Street premises. The AASB provides office accommodation space to the AUASB. From 1 July 2016, the AASB will make a monthly management charge to the AUASB to cover the charge for this rent (amongst other items) but will not separately identify the lease component (i.e. an all-inclusive management charge).

(5) The lease for accommodation at 600 Bourke Street ends on 31 July 2016. Accordingly, operating lease rental expense is higher for 2015-16 due to the overlap of premises, and the recognition of the lease incentive on 530 Collins Street.

(6) All copier leases ended prior to 30 June 2016.

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

Schedule of Contingencies

as at 30 June 2016

A number of employees have been granted contractual commitments that, should they leave with 7-10 years of service, they will receive a compensation payment as if they were entitled to Long Service Leave under the Victorian Long Service Leave Legislation, provided a Deed of Release is given to the AUASB, preventing further claims against the AUASB. In addition, should payments be required, FBT will be payable. (See also Note 1.12).

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 Entity under the *ASIC Act 2001*, which provides technical and administrative support to the Australian Audit and Assurance Board (AUASB). The Office of the AUASB is the financial entity and is governed by the *Public Governance, Performance and Accountability Act 2013* (PGPA 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 42 of the PGPA Act and is a general purpose financial report.

The financial report has been prepared in accordance with:

- Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2015; and
- Australian Accounting Standards and Interpretations issued by the 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.

The financial report is presented in Australian dollars.

1.2 Significant Accounting Judgements and Estimates

There are no accounting assumptions or estimates at reporting date 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 Standard Requirements

New standards, amendments to standards and interpretations that are applicable to future periods have been issued by the AASB. With the exception of the two standards outlined below, it is estimated that other pronouncements, when effective, will have no material impact on future reporting periods, either because the AUASB does not conduct the types of transactions addressed by the pronouncements or because the extent to which they may impact the AUASB is not expected to be material.

AASB 124 Related Party Disclosures is effective for annual reporting periods beginning on or after 1 July 2016. The new standard includes changes to the definition of related parties and will therefore require the AUASB to reassess the details of our related parties.

AASB 116 Leases is effective for annual reporting periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model and will require the AUASB to recognise assets and liabilities in relation to its existing operating lease (refer schedule of commitments). The AUASB is currently assessing the impact of this standard.

1.4 Revenue

(a) 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.

(b) Resources Received Free of Charge

Resources received free of charge are recognised as own-source revenue 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.

1.5 Transactions with the Government as Owner

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.

1.6 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, including lease incentives for rent-free periods.

1.7 Financial Assets

The Office of the AUASB's financial assets comprises 'receivables'.

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

1.8 Financial Liabilities

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

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

1.9 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 AUASB's other non-financial assets with a corresponding provision for restoration obligations recognised.

(b) Revaluations

Following initial recognition at cost, plant and equipment are 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.

The valuation techniques used are identified in the table below.

	Category	Valuation technique(s)	Inputs used
Plant and equipment - Furniture and Computers	2	Market Approach	Adjusted market transaction
Plant and equipment – Leasehold improvements and make good	3	Depreciated replacement cost	Replacement Cost New (price per square metre)

There has been no change to the valuation techniques used.

The different levels of the fair value hierarchy are defined below

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(c) Depreciation

Depreciable 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:

	2016	2015
Plant and equipment – Leasehold improvements and make good	Lease term — ten years	Lease term — ten years
Plant and equipment - Furniture and Computers	Three to ten years	Three to ten years

(d) Impairment

All assets are assessed for impairment at the statement of financial position 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 were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

During 2016, as a result of moving premises, all remaining fixtures, fittings and leasehold improvements at 600 Bourke Street were written off, totalling \$40,887 (2015:Nil). Some IT equipment including desktop computers were replaced and as a consequence \$7,227 (2015: Nil) was written off.

1.10 Intangibles

The Office of the AUASB's intangible assets comprise 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 lives of the AUASB's software and licences is one to five years (2014-15: one to five years).

A total of \$4,280 (2015: Nil) was written off intangible assets (software licenses etc.) due to the Productivity Commission taking over the maintenance of the IT function for the AUASB.

1.11 Taxation

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

1.12 Restatement of prior year amounts – Fringe Benefits Tax and Long Service Leave

In the previous financial year the AUASB accrued amounts in relation to employees' long service leave relating to their time working for the Australian Accounting Research Foundation (Pre 8 November 2004) as the time served was deemed continuous employment. The AUASB has since obtained legal advice that payment for AARF service would exceed employee entitlements

under the *Long Service Leave (Commonwealth Employees) Act 1976* and is therefore not permitted to recognise such amounts as long service leave.

In order to avoid disputes with employees, the AUASB has offered compensation in return for a Deed of Release preventing further claims against the AUASB. Accordingly the Employee Provisions – Long Service Leave has been reduced and Other Payables – Compensation and Related FBT increased by \$54,345 at 30 June 2014.

In addition the AUASB has obtained a private ruling from the ATO confirming that FBT is payable on the compensation amounts. As these amounts relate to service prior to 8 November 2004 the FBT should have been accrued at 8 November 2004. Accordingly the Retained Surplus at 1 July 2014 has decreased and other payables – Compensation and Related FBT has been increased by \$52,214.

Accordingly, the following net adjustments have been made.

	30 June 2015	Increase / (Decrease)	30 June 2015 (Restated)	30 June 2014	Increase / (Decrease)	30 June 2014 (Restated)
Statement of Financial Position (extract)						
Other payables	129,878	106,559	236,437	193,668	106,559	300,227
Employee provisions	385,591	(54,345)	331,246	332,061	(54,345)	277,716
Total Liabilities	669,190	52,214	721,404	647,550	52,214	699,764
Net Assets	634,696	(52,214)	582,482	934,070	(52,214)	881,856
Retained Surplus	395,701	(52,214)	343,487	732,075	(52,214)	679,861
Total equity	634,696	(52,214)	582,482	934,070	(52,214)	881,856

There are no material consequences of the correction for the Statement or Comprehensive Income for the current year.

1.13 Restructure

In order to focus more effectively and efficiently on its core standard setting activities the AUASB has, in conjunction with the AASB, commenced a major restructuring project. The Boards are moving to a shared support model, where both Boards will be supported by a single National Director and a combined administrative staff. The AUASB is also implementing a more flexible, 'program management' approach to standard setting, focusing efforts on turning around critical projects, and bringing in expert resources on a project basis, as needed.

As a result of this change, 10 roles in the administrative and technical teams between both organisations have been made redundant and six new roles created.

The restructure is part of a broader strategy to ensure that Australia remains at the forefront of international accounting and auditing practice and that standards are 'fit for purpose' in the Australian environment. Technological advances, the rise in importance of non-financial reporting, stakeholder demands for clearer and more frequent information, and the need for international alliances with other standard setters and better empirical evidence to effectively

influence international developments, all pose potentially significant challenges. The Boards recognise that they will need to be more agile and responsive to meet these challenges.

The changes to the Boards' operating model are being supported by changes in systems and processes, particularly those regarding accountability, training and employee development. Taken together, these changes will enable the Boards to collaborate and influence more effectively.

Over the year the AUASB made two employees redundant. All decisions regarding roles had been made and advised to the relevant employees prior to 30 June 2016. The redundancy costs comprising retrenchment payments, payments in lieu of notice, compensation and career transition costs totalling \$417,814 and the related FBT totalling \$9,534 have been recognised at 30 June 2016. The overall cost for the restructure is \$427,348.

Note 2: Events After the Statement of Financial Position Date

There are no major events post 30 June 2016.

Note 3: Expenses

	2016	2015
	\$	\$ Restated ^{1,2}
Note 3A: Employee benefits		
Wages and salaries	1,089,246	1,167,353
Superannuation:		
Defined contribution plan	98,735	134,117
Defined benefit plan ²	-	121,000
Leave and other entitlements ^{1,2}	27,434	193,442
Separation and redundancies ³ (refer Note 1.13)	407,891	-
Total employee benefits	1,623,306	1,615,912

1. Comparative figures have been restated (refer Note 1.12).

2. The defined benefit plan sponsored by the Office of the AUASB closed with effect from 1 May 2015 and all of the Office's legal and constructive obligations under the plan were settled as at 30 June 2015.

3. Separation and redundancies amounts do not include compensation and related FBT expenditure. These expenses are classified under suppliers (refer note 3B).

	2016	2015
	\$	\$
Note 3B: Suppliers		
Goods and services		
Board Member Services	42,077	42,820
International Travel	52,162	47,288
Publications/Subscriptions	37,058	39,938
Administration	315,888	285,323
Compensation and related FBT expenses (refer Note 3A (2))	91,050	-
Workers compensation premiums	5,145	6,370
Other	88,735	44,092
Total goods and services expenses	632,115	465,831

Goods and services include \$258,670 of related party expenses (2015: \$254,948).

Note 4: Financial Assets

Note 4A: Trade and other receivables

Trade and other receivables have no amounts due from related parties (2015: \$138). All trade and other receivables are expected to be recovered in no more than 12 months and are not overdue.

Note 4B: Appropriation receivables

	2016	2015
	\$	\$
Appropriation receivables are expected to be recovered in:		
No more than 12 months	762,150	524,402
More than 12 months	-	437,433
Total appropriation receivables	762,150	961,835
Appropriation receivables are aged as follows:		
Not overdue	762,150	961,835

Note 5: Payables

Note 5A: Suppliers

Trade creditors and accruals include \$21,450 of related party payables (2015: \$15,504).

All trade creditors and accruals are expected to be settled within 12 months.

Note 5B: Other Payables

	2016 \$	2015 \$ Restated ¹	2014 \$ Restated ¹
Lease & lease incentive ¹	75,582	83,650	152,257
Long service leave payable	-	5,501	5,036
Redundancy & associated costs (refer Note 1.13)	398,891	-	-
Compensation and related FBT cost ¹ (refer Note 1.12)	161,392	106,559	106,559
Other	31,325	40,727	36,375
Total other payables	667,190	236,437	300,227
Other payables are expected to settle in:			
No more than 12 months	617,387	213,172	208,201
More than 12 months	49,803	23,266	92,017
Total other payables	667,190	236,437	300,227

1. Comparative figures have been restated (refer Note 1.12).

Note 6: Employee Provisions

	2015 \$	2014 \$ Restated ¹	2013 \$ Restated ¹
Leave [Note 6 (i)] ¹	249,457	331,246	277,716
Total employee provisions	249,457	331,246	277,716
Employee provisions are expected to be settled in:			
No more than 12 months	233,485	259,648	261,622
More than 12 months	25,972	71,598	16,094
Total employee provisions	249,457	331,246	277,716

1. Comparative figures have been restated (refer Note 1.12).

Note 6(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 7: Cash Flow Reconciliation

	2016	2015
	\$	\$ Restated ¹
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(2,511,551)	(2,340,374)
Add revenue from Government	2,161,000	2,189,000
Other movement in retained earnings – Long Service Leave adjustment ¹	-	(85,914)
Other movement in retained earnings – defined benefit plan actuarial gain and losses	-	(185,000)
Other movement in retained earnings– Compensation payments & associated FBT	(52,214)	-
Adjustments for non-cash items:		
Depreciation/amortisation	45,548	89,906
Lease incentive – amortisation (600 Bourke St)	(46,613)	(42,973)
Lease – straight-line of lease (600 Bourke St)	(37,048)	(25,634)
Lease incentive – take up of new lease (530 Collins St)	49,803	-
Net write down of non-financial assets	13,400	-
Unwinding of discount on provision for required restoration of premises	-	2,666
Changes in assets/liabilities:		
Decrease in net receivables	188,175	112,562
(Increase)/decrease in prepayments	16,650	(10,995)
Increase in superannuation provision	-	132,000
Increase in employee provisions ¹	317,103	80,063
Increase in supplier payables	10,455	29,089
Increase in other payables ¹	27,551	64,342
Net cash from operating activities	182,259	8,738

1. Comparative figures have been restated (refer Note 1.12).

Note 8: Senior Management Personnel Remuneration

	2016 \$	2015 \$ Restated ²
Short-term employee benefits:		
Salary ¹	478,026	499,852
Total short-term employee benefits	478,026	499,852
Post-employment benefits:		
Superannuation	49,138	50,001
Total post-employment benefits	49,138	50,001
Other short term benefits:		
Termination benefits – Separation and redundancies	343,377	-
Total other short term benefits	343,377	-
Other long-term benefits:		
Annual leave	45,819	42,140
Long-service leave ^{1,2}	14,891	(40,649)
Total other long-term benefits	60,710	1,491
Total Senior Management Personnel Remuneration	931,251	551,343

1. Some senior executives received compensation payments not considered remuneration totalling \$8,163 (2015 Nil) (see note 1.12 and 1.13).
2. The 2015 numbers have been restated to remove the compensation payments of \$54,345 (refer Note 1.12).
3. The total number of senior management personnel that are included in the above table is two (2014: two).

Note 9: Remuneration of Auditors

	2016 \$	2015 \$
The fair value of the services provided:		
Remuneration to the ANAO for auditing the financial statements for the reporting period	24,000	28,000
	24,000	28,000

No other services were provided by the ANAO.

Note 10: Financial Instruments

Note 10A: Fair value of financial instruments

Financial instrument assets

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

Financial instrument liabilities

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

Note 10B: Credit risk

The Office of the AUASB is exposed to minimal credit risk with the maximum exposure arising from the default of a debtor. The amount is equal to the trade receivables of \$357 (2015: \$1,447).

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

Note 10C: 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 10D: 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 11: Appropriations

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

	2016	2015
	\$	\$
Unspent Annual Appropriations ('Recoverable GST exclusive) – Opening balance (Table B)		
Cash	202,385	193,647
Receivables	961,835	1,049,097
	1,164,220	1,242,734
Ordinary Annual Services		
Annual Appropriation – Revenue from Government		
Departmental appropriations ¹	2,161,000	2,189,000
Departmental capital budget ²⁻⁵	37,000	37,000
PGPA Act – Section 74 ³		
3 rd party receipts transferred to Official Public Account	-	34,452
Total Appropriation - 2015/16	2,198,000	2,260,452
Appropriation applied (current and prior years)³		
Employees	1,242,774	1,620,418
Suppliers	1,022,581	757,388
Purchase of plant and equipment	14,471	9,753
Less net GST received	(50,836)	(48,593)
Total appropriation applied (current and prior years)	2,228,990	2,338,966
Appropriation allocated to:		
Prior year capital 2012/13 ⁵	-	1,657
Prior year capital 2013/14 ⁵	7,781	-
Prior year capital 2014/15 ⁵	28,902	-
Prior year ordinary 2012/13	-	151,000
Prior year ordinary 2013/14	-	644,864
Prior year ordinary 2014/15	403,387	-
Total Prior years	440,070	797,521
Current year capital 2015/16	-	8,098
Current year ordinary 2015/16	1,788,920	1,533,347
Current year	1,788,920	1,541,445
Total appropriation applied (current and prior years)	2,228,990	2,338,966
Excess of appropriations applied over received⁴	(30,990)	(78,514)
Unspent Annual Appropriations ('Recoverable GST exclusive) – Closing balance (Table B)		
Cash	406,857	202,385
Receivables	762,150	961,835
	1,169,007	1,164,220

1. Statement of Comprehensive Income.
2. Statement of Changes in Equity.
3. Cash flow statement - PGPA Act – Section 74 (2014: FMA Act – Section 31) appropriations are funds received from outside sources and transferred to the Official Public Account (OPA).
4. Variance:
 - (a) Numerous cost over runs of a small nature were realised in FY16. See the major variances in Note 13.
5. 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.

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

Authority	2016	2015
Appropriation Act 1 2014/15	725,150	1,127,537
Appropriation Act 1 2015/16	406,857	-
Appropriation Act 1 2013/14 – capital budget	-	7,781
Appropriation Act 1 2014/15 - capital budget	-	28,902
Appropriation Act 1 2015/16 - capital budget	37,000	-
Total	1,169,007	1,164,220

Note 12: Compliance with Statutory Conditions for payments from the Consolidated Revenue Fund

On the basis of legal advice received during the current and prior reporting periods, the AUASB identified one payment, which did not meet the statutory pre-conditions for a payment from the consolidated revenue fund as set out in section 83 of the Constitution. This breach was the result of a payment made to an employee in excess of their entitlements under the *Long Service Leave (Commonwealth Employees) Act 1976*, due to legacy contractual arrangements. The date and associated value of the payment identified as an actual breach of section 83 of the Constitution is listed below.

- September 2015 \$15,928

The AUASB is satisfied the above payment is not recoverable, and is taking action to limit the likelihood of breaches of a similar nature occurring in the future. The AUASB will continue to monitor the risks associated with actual and potential breaches of section 83 of the Constitution in future reporting periods (see also note 1.12).

In the prior year financial statements a potential breach of Section 83 of the Constitution, relating to remuneration payments to a member of the AUASB senior management personnel over the period 1 July 2012 to 31 December 2016, was noted.

Subsequent legal advice has confirmed there has been no overpayment of remuneration and accordingly, there has been no breach.

Note 13: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2015-16 Portfolio Budget Statements (PBS) to the 2015-16 final outcome as presented in accordance with Australian Accounting Standards for the AUASB. The Budget is not audited and where applicable, the original budget numbers have been reclassified to align with the financial statement.

Note 13A: Major Budget Variances for 2016

Explanations of major variances	Footnote reference and affected statement
Retrenchment and associated costs, partly offset by lower employee numbers resulted in higher costs	1 (SOCl, SoFP and CFS)
Higher supplier costs due to the provision for FBT on compensation payments and consultant costs partially offset by lower travel costs	2 (SOCl, SoFP and CFS)
Operating Lease Rentals higher due to move to new offices in September 2015 and not finalising old lease until July 2016	3 (SoCl and CFS)
Due to the office move, leasehold improvement and other assets were written off in Sep15	4 (SoCl and SoFP)
Board members services received free of charge (revenue and expense)	5 (SOCl)
Receipt of prior year appropriations to cover overheads	6 (SoFP and CFS)
Make good provision for lease on 530 Collins St now classified as a payable as amount now known and agree	7 (SOFP)

Statement of Comprehensive Income
for the period ended 30 June 2016

	Actual	Budget estimate	
		Original	Variance
	\$	\$	\$
EXPENSES			
Employee benefits ^{1,5}	1,623,306	1,479,633	143,673
Supplier expenses ²	632,115	504,492	127,623
Operating lease rentals – minimum lease payments ³	298,745	234,141	64,604
Depreciation ⁴	40,556	85,927	(45,371)
Amortisation ⁴	4,992	18,438	(13,446)
Finance costs	2,929	2,591	338
Write down and impairment of assets (refer Notes 1.9 & 1.10)	13,399	-	13,399
Total expenses	2,616,042	2,325,222	290,820
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Rental income	35,778	35,855	(77)
Audit Services received free of charge	24,000	24,000	-
Board Members Services received free of charge ⁵	45,715	-	45,715
Total own-source revenue	105,493	59,855	45,638
Net cost of services	2,510,549	2,265,367	245,182
Revenue from Government – departmental appropriations	2,161,000	2,161,000	-
Deficit attributable to the Australian Government	(349,549)	(104,367)	(245,182)
OTHER COMPREHENSIVE INCOME			
Revaluation of infrastructure, plant and equipment ⁴	(38,995)	-	(38,995)
Total other comprehensive deficit	(38,995)	-	(38,995)
Total comprehensive deficit attributable to the Australian Government⁵	(388,544)	(104,367)	(284,177)

Statement of Financial Position

as at 30 June 2016

	Actual	Budget estimate	
		Original	Variance
	\$	\$	\$
ASSETS			
Financial assets			
Cash and cash equivalents	406,857	200,300	206,557
Trade and other receivables ⁶	791,520	1,025,094	(233,574)
Total financial assets	1,198,377	1,225,394	(27,017)
Non-financial assets			
Plant and equipment ⁴	22,063	45,145	(23,082)
Intangibles	65	21,551	(21,486)
Prepaid expenses	872	7,027	(6,155)
Total non-financial assets	23,000	73,723	(50,723)
Total assets	1,221,377	1,299,117	(77,740)
LIABILITIES			
Payables			
Suppliers ²	73,792	36,476	37,316
Other payables ^{1,7}	667,190	39,539	627,651
Total payables	740,982	76,015	664,967
Provisions			
Employee provisions	249,457	180,035	69,422
Other provisions ⁷	-	143,627	(143,627)
Total provisions	249,457	323,662	(74,205)
Total liabilities	990,439	399,678	590,761
Net assets	230,938	899,439	(668,501)
EQUITY			
Contributed equity	237,000	237,000	-
Asset revaluation reserve	-	28,499	(38,499)
Retained surplus/deficit ^{1,2,3,4,5}	(6,062)	623,940	(630,003)
Total equity	230,938	899,439	(668,501)

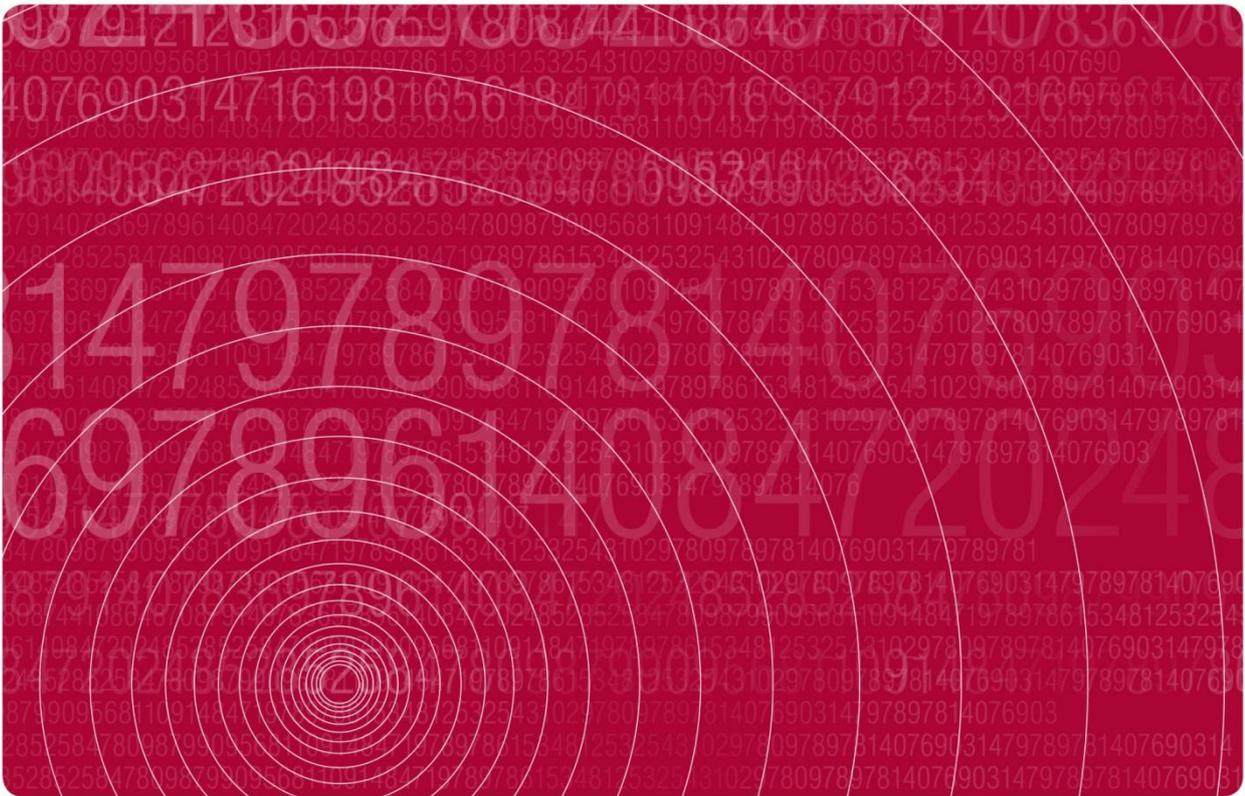
Statement of Changes in Equity
for the period ended 30 June 2016

	Retained earnings			Asset revaluation reserve			Contributed equity/capital			Total equity		
	Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate		Actual	Budget Estimate	
		Original	Variance		Original	Variance		Original	Variance		Original	Variance
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
Opening balance												
Balance carried forward from previous period	343,487	728,307	(384,820)	38,995	38,495	500	200,000	200,000	-	582,482	966,802	(384,320)
Deficit for the period	(349,549)	(104,367)	(245,182)	(38,995)	-	(38,995)	-	-	-	(388,544)	(104,367)	(284,177)
Total comprehensive deficit	(349,549)	(104,367)	(245,182)	(38,995)	-	(38,995)	-	-	-	(388,544)	(104,367)	(284,177)
Attributable to the Australian Government	(349,549)	(104,367)	(245,182)	(38,995)	-	(38,995)	-	-	-	(388,544)	(104,367)	(284,177)
Departmental capital budget	-	-	-	-	-	-	37,000	37,000	-	37,000	37,000	-
Closing balance as at 30 June	(6,062)	623,940	(630,002)	-	38,495	(38,495)	237,000	237,000	-	230,938	899,435	(668,497)

Cash Flow Statement
for the period ended 30 June 2016

	Actual	Budget estimate	
		Original	Variance
	2016	2016	2016
	\$	\$	\$
OPERATING ACTIVITIES			
Cash received			
Department appropriations ⁵	2,361,001	2,161,000	200,001
Net GST received	50,836	-	50,836
Other cash received ⁶	40,114	65,480	(25,365)
Total cash received	2,451,951	2,226,480	225,471
Cash used			
Employees ¹	1,242,774	1,450,000	(207,226)
Suppliers ^{2,3}	1026,918	776,480	250,437
Total cash used	2,269,692	2,226,480	43,211
Net cash flows from operating activities	182,259	-	182,259
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment	14,471	37,000	(22,529)
Total cash used	14,471	37,000	(22,529)
Net cash flows used by investing activities	(14,471)	(37,000)	22,529
FINANCING ACTIVITIES			
Cash received			
Contributed equity	36,684	37,000	(316)
Total cash received	36,684	37,000	(316)
Net cash flows from financing activities	36,684	37,000	(316)
Net increase in cash held	204,472	-	204,472
Cash and cash equivalents at the beginning of the reporting period	202,385	200,300	2,085
Cash and cash equivalents at the end of the reporting period	406,857	200,300	206,557

Appendices





APPENDIX A

AUASB LEGISLATIVE REQUIREMENTS

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).

APPENDIX B

ATTENDANCE AT AUASB MEETINGS

The AUASB held six meetings during 2015-16 for a total of six 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)	6	6	0
R Low (Deputy Chairman)	6	6	0
J Cain	6	6	0
N Cherry*	6	4	2
V Clifford**	3	3	0
C George	6	6	0
N Martinov-Bennie	6	4	2
C Mc Cabe	6	6	0
J Meade	6	6	0
C Murphy	6	6	0
C Ralph#	3	3	0
B Szentirmay**	3	3	0
A Wood#	3	3	0

* Retirement on 30 June 2016, Mr N Cherry.

** Retirement on 31 December 2015, Ms V Clifford and Mr B Szentirmay.

Appointment on 1 January 2016, Ms C Ralph and Mr A Wood.

APPENDIX C

OTHER INFORMATION

EXTERNAL SCRUTINY

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

Under section 243 of the *ASIC Act 2001*, the duties of The Parliamentary Joint Committee on Corporations and Financial Services (the committee) include examination of the AUASB annual reports. The committee has requested that:

- an assessment of the impact of the “clarity” auditing standards be included in the AUASB’s annual report; and
- the AUASB annual report refer to the committee’s duties, and those of The Senate Economics Legislation Committee (TSEL), in scrutinising the AUASB’s annual reports.

The committee’s requests have been incorporated into the AUASB’s 2015-16 annual report and will be incorporated into future AUASB annual reports.

In accordance with Senate Standing Order 25(20), TSEL is responsible for the scrutiny of the AUASB’s annual reports. In its first report on the AUASB’s annual reports in 2013, the TSEL made recommendations for improvements to be implemented in the production of future AUASB annual reports. Each TSEL recommendation has been incorporated into the AUASB’s 2015-16 annual report and will be included in all future AUASB annual reports.

With the exception of the matters described above, 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.

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.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

The AUASB supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website (www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts)

Officials of the AUASB apply procurement practices that do not unfairly discriminate against SMEs and provide appropriate opportunities for SMEs to compete. Officials consider the benefits of doing business with SMEs when scoping the requirements and evaluating value for money

CONSULTANTS

During 2015-16, three new consultancy contracts were entered into involving total actual expenditure of \$85,879 inclusive of GST. No ongoing consultancy contracts were active during the 2014-15 year, involving total actual expenditure of nil.

Consultants are only engaged where there are specific gaps in our capabilities. These include, HR, IT and Legal.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.

ADVERTISING AND MARKET RESEARCH

The AUASB did not carry out any advertising or market research during the 2015-16 financial year.

FREEDOM OF INFORMATION

Information Publication Scheme

The AUASB is subject to the *Freedom of Information Act 1982* (FOI Act) and publishes information to the public as part of the Information Publications Scheme (IPS). The AUASB displays on its website a plan showing information in accordance with the IPS requirement (www.aasb.gov.au/FOI.aspx).

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 (CDS). 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 at www.apsc.gov.au . From 2010–11, departments and agencies are no longer required to report on those functions.

The CDS has been overtaken by a new National Disability Strategy 2010-2020 which sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these reports became available in 2014, and can be found at www.dss.gov.au.

OCCUPATIONAL HEALTH AND SAFETY

The AUASB has fewer than 50 employees and is therefore not required to establish an Occupational Health and Safety Committee (OHSC) 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 2015-16 financial year.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE REPORTING

The AUASB does not have specific responsibilities in relation to the administration of environmental sustainability legislation.

The nature of the AUASB's activities limits the impact of the AUASB's operations on the environment, however, the AUASB is mindful of its responsibilities to minimise negative impacts. Accordingly, the AUASB has in place policies and procedures designed to minimise environmental impacts by complying with government policies relating to waste, energy and travel.

The principal environmental impact minimisation activities employed are:

- Waste management, through a fully commingled and organic recycling programme;
- Energy efficient practises in lighting, air-conditioning and computer use;
- Limited water use; and
- Travel restrictions limiting meetings to only essential obligations. Teleconferencing and videoconferencing are used whenever possible.

APPENDIX D

AGENCY RESOURCE STATEMENT AND RESOURCES FOR OUTCOMES

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, except for a deficit incurred as a result of winding up the defined benefit superannuation fund and recalculating employee entitlements.

Agency Summary Resource Table by Outcomes

Office of the AUASB: Resources for outcomes 2015-16

	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)	2,161,000	2,465,003	304,003
Revenues from independent sources (PGPA Act - section 74)	35,855	35,778	77
Expenses not requiring appropriation	128,367	115,261	(13,106)
Less revenue to be carried forward	-	-	-
Total for Outcome 1	2,325,222	2,616,042	290,820

APPENDIX E

GLOSSARY

The following terms used in the AUASB's Annual Report have the following meanings:

Term	Meaning
Pronouncements Issued by the AUASB	
Pronouncements	Standards and Guidance Statements.
AUASB Standards	Standards issued by the AUASB, comprising: <ul style="list-style-type: none">(a) Australian Auditing Standards;(b) Standards on Review Engagements;(c) Standards on Assurance Engagements; and(d) Standards on Related Services.
Australian Auditing Standards	Australian Auditing Standards means the suite of auditing standards issued by the AUASB, comprising: <ul style="list-style-type: none">(a) Auditing Standards made under section 336 of the <i>Corporations Act 2001</i>;(b) <i>ASA 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>; and(c) <i>ASA 810 Engagements to Report on Summary Financial Statements</i>.
Auditing Standards	Auditing Standards made under section 336 of the <i>Corporations Act 2001</i> , and include : <ul style="list-style-type: none">(a) <i>ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements</i>;(b) Australian Standard on review Engagements (ASRE) 2410 <i>Review of a Financial Report Performed by the Independent Auditor of the Entity</i>; and(c) <i>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</i>.
Amending Standard	A standard used to amend an existing Auditing Standard made under section 336 of the <i>Corporations Act 2001</i> .

Term	Meaning
Compiled Standard	A standard that comprises the aggregation of an original Auditing Standard with one or more amending standards.
Standards on Review Engagements	These standards apply only to reviews of historical financial information.
Standards on Related Services	These standards apply only to engagements other than assurance engagements covered by Australian Auditing Standards, Standards on Review Engagements or Standards on Assurance Engagements.
Standards on Assurance Engagements	These standards apply only to engagements other than audits or reviews of historical financial information.
Guidance Statement	A Guidance Statement (GS) is issued when the AUASB wishes to provide guidance on procedural matters; or on entity or industry specific matters. GSs are designed to provide assistance to auditors and assurance practitioners to assist them in fulfilling the objectives of the engagement.

Types of Engagements covered by the AUASB Standards

Assurance Engagement	An engagement in which an assurance practitioner (including auditors) expresses a conclusion designed to enhance the degree of confidence of the intended user about the outcome of the evaluation or measurement of a subject matter against criteria.
Reasonable Assurance Engagement	An assurance engagement where the assurance practitioner's objective is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the assurance engagement as the basis for a positive form of expression of the assurance practitioner's conclusion. A reasonable assurance engagement is commonly referred to as an audit.
Limited Assurance Engagement	A limited assurance engagement means an assurance engagement where the assurance practitioner's objective is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the assurance engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of the assurance practitioner's conclusion. A limited assurance engagement is commonly referred to as a review.
Standards on Assurance Engagements	An assurance engagement in which an assurance practitioner expresses a conclusion, after evaluating an entity's compliance with the requirements as measured by the suitable criteria. Standards on assurance engagements are engagements other than audits or reviews of historical financial information.

Term	Meaning
Standards on Related Services	Standards on related services are engagements where no assurance is provided.

APPENDIX F

LIST OF REQUIREMENTS

Description	Requirement	Page/s
Letter of transmittal		
A copy of the letter of transmittal signed and dated by accountable authority on the date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	iii
Aids to access		
Table of contents	Mandatory	v
Alphabetical Index	Mandatory	80
Glossary of abbreviations and acronyms	Mandatory	vi, 71
List of requirements	Mandatory	74
Details of contact officer	Mandatory	vii
Entity's website address	Mandatory	vii
Electronic address of report	Mandatory	vii
Review by accountable authority		
A review by the accountable authority of the entity	Mandatory	9
Overview of the entity		
A description of the role and functions of the entity	Mandatory	14
A description of the organisational structure of the entity	Mandatory	28
A description of the outcomes and programmes administered by the entity	Mandatory	14
A description of the purposes of the entity as included in the corporate plan	Mandatory	14
Where outcome and program administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, including details of variation and reasons for change	If applicable, Mandatory	14

Appendix F: List of Requirements

Description	Requirement	Page/s
Report on the Performance of the entity		
Annual performance statements		
Annual performance statement in accordance with program 39(1)(b) of the Act and section 16F of the Rule	Mandatory	15
Report on Financial Performance		
A discussion and analysis of the entity's financial performance	Mandatory	15
A table summarising the total resources and total payments of the entity	Mandatory	70
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results	If applicable, Mandatory	15
Management and Accountability		
Corporate Governance		
Information on compliance with section 10 (fraud systems)	Mandatory	32
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	32
A certification by accounting authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	32
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	32
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	32
A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance	If applicable, Mandatory	n/a
External Scrutiny		
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	67

Auditing and Assurance Standards Board Annual Report 2015-16

Description	Requirement	Page/s
Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, Mandatory	67
Information on any reports on operations of the entity by the Auditor-General, (other than report under section 43 of the Act), a Parliamentary Committee or the Commonwealth Ombudsman	If applicable, Mandatory	67
Information on any capability reviews on the entity that were released during the period	If applicable, Mandatory	n/a
Management of Human Resources		
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	34
Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ol style="list-style-type: none"> 1. Statistics on staffing classification level; 2. Statistics on full-time employees; 3. Statistics on part-time employees; 4. Statistics on gender; 5. Statistics on staff location; 6. Statistics on employees who identify as Indigenous 	Mandatory	34
Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	34
Information on the number of SES and non SES employees covered by agreements etc. identified in paragraph 17AG(4)(c)	Mandatory	34
The salary ranges available for APS employees by classification level	Mandatory	34
A description of non-salary benefits provided to employees	Mandatory	34
Information on the number of employees at each classification level who received performance pay	If applicable, Mandatory	n/a
Information on aggregate amounts of performance pay at each classification level	If applicable, Mandatory	n/a
Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, Mandatory	34
Information on aggregate amount of performance payments	If applicable, Mandatory	n/a

Appendix F: List of Requirements

Description	Requirement	Page/s
Assets management		
An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	n/a
Purchasing		
An assessment of entity performance against the <i>Commonwealth Procurement Rules</i>	Mandatory	67
Consultants		
A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	68
A statement that <i>"During 2015-16, [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory	68
A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	68
A statement that <i>"Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website"</i> .	Mandatory	68
Australian National Audit Office Access Clauses		
If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	If applicable, Mandatory	n/a

Description	Requirement	Page/s
Exempt contracts		
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters	If applicable, Mandatory	n/a
Small business		
A statement that <i>“AASB supports small business participation in the Commonwealth Government procurement market. SME and Small Enterprise participation statistics are available on the Department of Finance’s website”</i> .	Mandatory	68
An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	68
If the entity is considered by the Department administered by the Finance Minister as material in nature – a statement that <i>AASB recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website”</i> .	If applicable, Mandatory	n/a
Financial Statements		
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory	36
Other Mandatory Information		
If the entity conducted advertising campaigns, a statement that <i>“During 2015-16, the AASB conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available on [entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website”</i> .	If applicable, Mandatory	n/a
If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, Mandatory	68
A statement that <i>“Information on grants awarded to AASB during 2015-16 is available at [entity’s website].”</i>	If applicable, Mandatory	n/a
Outline of mechanisms of disability reporting including reference to website for further information	Mandatory	68

Appendix F: List of Requirements

Description	Requirement	Page/s
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	68
Correction of material errors in previous annual report	If applicable, mandatory	57
Information required by other legislation	Mandatory	68

INDEX

A

Appropriations, 56
Audit committee, 32
Audit quality, 15
Auditor reporting, 15
Auditor-General, 76
Australian Auditing Standards (ASAs), 14
Australian National Audit Office (ANAO), 54
Australian Prudential Regulation Authority (APRA), 23
Australian Securities and Investments Commission (ASIC), 22, 23
Australian Securities and Investments Commission Act 2001 (ASIC Act), 65

C

Cash flow, 62
Cash flow statement, 43
Clarity, 14
Corporate governance, 14, 32

F

Financial Management and Accountability Act 1997, 45
Financial Reporting Council (FRC), 25, 28, 29

G

Goods and Services Tax (GST), 48
Guidance, 14, 33, 65

I

IAASB, 15, 19, 20, 24
Independent Auditor's Report, 37
Integrated reporting, 25
International Auditing and Assurance Standards Board (IAASB), 14, 15
International Auditing Standards (ISAs), 15, 29

M

Mission, 14

N

New Zealand Auditing and Assurance Standards Board (NZAuASB), 30

O

Outlook, 12

S

- Schedule of commitments, 44
- Schedule of contingencies, 45
- Statement by the Chief Executive, 39
- Statement of changes in Equity, 42, 61
- Statement of comprehensive income, 40, 59
- Statement of financial position, 41, 60

T

- Treasury, 23

