

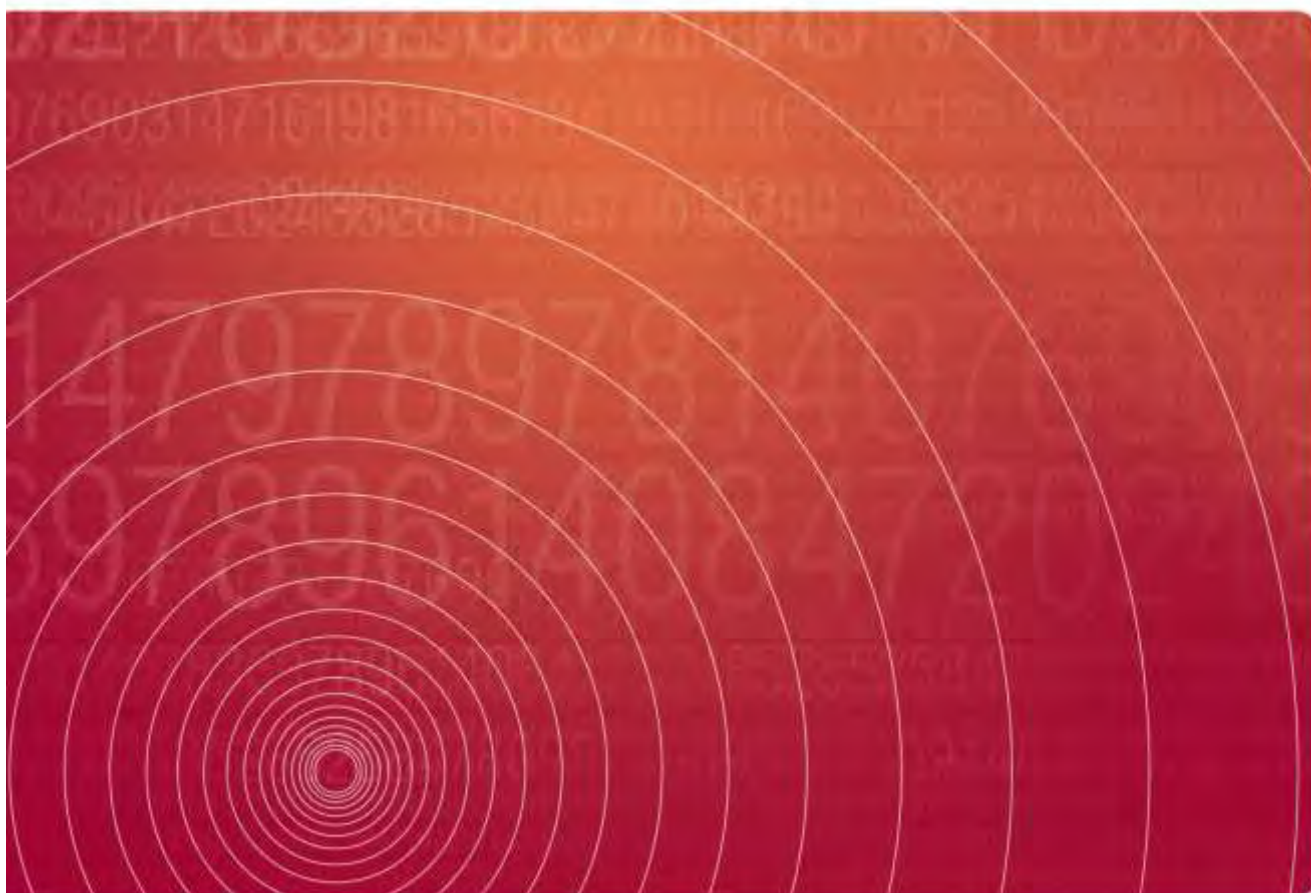


Australian Government

Auditing and Assurance Standards Board

2013-14

Annual Report



Auditing and Assurance Standards Board

Annual Report 2013–14

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LETTER OF TRANSMITTAL

2 October 2014

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

Dear Treasurer

I have pleasure in presenting the annual report of the Auditing and Assurance Standards Board (AUASB) and the Office of the Auditing and Assurance Standards Board for the year ended 30 June 2014.

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

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

Yours sincerely



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

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ABBREVIATIONS

The following abbreviations are used throughout this report:

AASB	Australian Accounting Standards Board
AICD	Australian Institute of Company Directors
ACNC	Australian Charities and Not-for-Profits Commission
ANAO	Australian National Audit Office
APRA	Australian Prudential Regulation Authority
ASA	Australian Auditing Standard
ASAE	Australian Standard on Assurance Engagements
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
ASRE	Australian Standard on Review Engagements
AUASB	Auditing and Assurance Standards Board
AuASB	Auditing and Assurance Standards Board (to 30 June 2004)
BRLF	Business Reporting Leaders Forum
CDS	Commonwealth Disability Strategy
CER	Clean Energy Regulator
CPAA	CPA Australia
ERF	Emissions Reduction Fund
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FMO	Finance Minister's Orders
FRC	Financial Reporting Council
GST	Goods and Services Tax
IAASB	International Auditing and Assurance Standards Board
ICAA	The Institute of Chartered Accountants in Australia
<IR>	Integrated Reporting
ISA	International Standard on Auditing
NGER Act	<i>National Greenhouse and Energy Reporting Act 2007</i>

ABBREVIATIONS (CONTINUED)

NSS	National Standard Setters
NZAuASB	New Zealand Auditing and Assurance Standards Board
OBPR	Office of Best Practice Regulation
OHSC	Occupational Health and Safety Committee
PCAOB	Public Company Accounting Oversight Board (United States)
SBR	Standard Business Reporting
SMEs	Small and Medium Enterprises
TTAASAG	Trans-Tasman Accounting and Auditing Standards Advisory Group
WASB	Water Accounting Standards Board
XBRL	Extensible Business Reporting Language
XRB	External Reporting Board – New Zealand

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Chairman's Review



CHAIRMAN'S REVIEW

INTRODUCTION



High quality, robust, and independent audits and assurance services provide a fundamental platform for sound corporate reporting, thereby enhancing the credibility of financial reports and other published reports requiring independent assurance and promoting confidence in capital markets.

The main activities of the Auditing and Assurance Standards Board (AUASB) over the past year, have been aimed at promoting heightened audit quality and enhanced auditor reporting, as well as other initiatives to promote high quality independent audit and assurance services, such as through new and revised assurance standards dealing with qualitative “non-traditional”

subject areas, such as assurance on water accounting reports and by providing input into the evolving area of integrated reporting.

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

- keeping pace with and contributing to international developments on key areas such as audit quality, improvements in auditor reporting, disclosures, the auditor’s responsibility for other information and the emerging issue of integrated reporting. The AUASB’s activities are designed to achieve convergence with one set of robust international auditing standards;
- promoting the AUASB’s influence internationally by my membership of the International Auditing and Assurance Standards Board (IAASB) and participation in IAASB meetings and task forces as well as National Standard Setters (NSS) membership and participation. In addition, the AUASB makes submissions on IAASB exposure drafts and discussion papers;
- continuing to engage with Australian stakeholders on topical and emerging issues via round table discussions and the annual consultative process;
- continuing to work closely with the New Zealand Auditing and Assurance Standards Board (NZAuASB) to promote harmonised Australian and New Zealand auditing and assurance standards; and

- developing and revising standards and guidance to address specific significant local industry and regulatory requirements not addressed by international standards.

During the 2013-14 year, the AUASB issued a new auditing standard on the use of internal audit by external auditors, and a revised assurance standard on assurance engagements other than audits or reviews of historical financial information. The AUASB also made five formal submissions to the IAASB and to other regulators.

The AUASB continued its work on projects aimed at assisting key stakeholders expand the scope and improve the quality of services other than financial statement audits. We developed several Australian-specific initiatives including, a proposed new standard on internal controls which we have issued for comment as an exposure draft, the release of an assurance standard on water as well as the issuance of two guidance statements.

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

GLOBAL DEVELOPMENTS

Auditor Reporting

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

Now in its third year, the auditor reporting project is nearing completion. A new standard and a number of revisions to existing standards are scheduled for release before the end of the 2014 calendar year.

In November 2013, the AUASB made a detailed submission to the IAASB's exposure draft on this topic. The AUASB's submission was informed by extensive consultation with Australian constituents, including roundtable meetings and personal interviews. The AUASB's submission was very well received and it is gratifying to note that the IAASB adopted a number of the suggestions put forward by the AUASB and others.

The most substantial of the impending changes is that auditors will be required to communicate in the auditor's report *Key Audit Matters*, those matters that in the

auditor's judgement were of most significance in the audit of the financial statements. This new requirement is to be applied in the audit of listed entities.

Issuing Australian equivalent standards is dependent on the IAASB issuing their standards, however, the AUASB anticipates new and revised Australian standards will be released in mid 2015 and likely be effective for periods commencing on or after 1 January 2016.

Audit Quality

After issuing two previous consultation papers, and receiving international feedback, earlier this year, the IAASB issued *A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality* (The Framework). The Framework describes the different input, process, output, interactions and contextual factors relevant to audit quality at the engagement, firm and national levels.

The Framework recognises that the objective of an individual audit is for the auditor to form an opinion based on sufficient evidence as to whether the financial statements are free from material misstatement and then report appropriately on the findings. While the primary responsibility for performing quality audits rests with auditors, the Framework recognises that overall audit quality is best achieved in an environment where there is active support and interactions from other participants in the financial reporting supply chain.

I am the appointed IAASB leader on audit quality and throughout the year, I met on different occasions, with The Treasury, the FRC Chairman, and others, and participated in the FRC Audit Quality Committee, to focus on the appropriateness of the system of auditor regulation and consider how the AUASB, Financial Reporting Council (FRC) and other players might best support and improve Audit Quality in Australia.

Using the Work of Internal Auditors

After issuing an exposure draft and after extensive discussions, feedback and round table meetings, earlier this year, the AUASB completed a significant revision of Auditing Standard ASA 610 *Using the Work of Internal Auditors*, which contains a number of key changes. The revised standard clarifies the AUASB's position on direct assistance by explicitly prohibiting the use of internal auditors to provide direct assistance in an audit or review conducted in accordance with the Australian Auditing Standards. For a group audit, this prohibition extends to the use of internal auditors to provide direct assistance in an audit or review of a component, including an overseas component, conducted in accordance with the Australian Auditing Standards.

The AUASB considers that this prohibition reinforces the principle of auditor independence, which is critical to overall audit quality and the integrity of the external audit process. The AUASB is of the view that internal auditors are not independent of

the audit client and are not subject to the same independence requirements as external auditors. A prohibition on the use of internal auditors to provide direct assistance on the external audit engagement creates a clearer division of responsibility between internal and external audit teams to safeguard against conflicts of interests and supports stakeholders' expectations that external auditors should be free from threats to their independence.

The revised standard also clarifies the requirements when the external auditor seeks to use the work of the internal audit function and provides a clear link to ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*, which contains a new requirement for the auditor's risk assessment procedures to include enquiries of appropriate individuals within the internal audit function (if the function exists).

Auditing Disclosures

In May 2014 the IAASB issued its long-awaited Exposure Draft on Addressing Disclosures in the Audit of Financial Statements. The Exposure Draft proposes changes to a range of existing auditing standards (principally within the guidance material) that are designed to specifically focus the auditor's attention on incorporating throughout the audit process an early and timely consideration of the auditability of both quantitative and qualitative financial statement note disclosures. This includes at the audit planning stage (incorporating materiality and risk assessment considerations), performing specified audit procedures (including responding to, and evaluating assessed risks), communications with those charged with governance, and forming an opinion, and reporting on, the overall financial statements. The Exposure Draft is open for stakeholder comments until 11 September 2014, with the IAASB intending at this stage to issue the final standard early in 2015.

Auditing Other Information

The IAASB has progressed its project on revising existing auditing standard ISA 720 and has issued an exposure draft on the Proposed ISA 720 (Revised) *The Auditor's Responsibilities Relating to Other Information*. This project was commenced in 2009 with the objective of revising an outdated standard, by reflecting contemporary developments in the nature and extent of other information, whether financial or non-financial, included in an entity's annual report. The IAASB followed up its initial Exposure Draft (issued late 2012) with a second Exposure Draft issued in April 2014. The second Exposure Draft contains proposed revisions that seek to address significant stakeholder concerns raised through the first exposure process, and are designed to provide even greater clarity and enhanced consistency to the way in which auditors plan, perform and report their work on that other information.

Noteworthy revisions proposed include limiting the auditor's responsibilities to other information that is contained in an entity's annual report and requiring reporting on work undertaken on extra information in the auditor's report. Such reporting, which is to be contained under a separate heading within the auditor's report titled "Other

Information" would include the identification of the other information obtained by the auditor; state that the auditor has not audited, and therefore does not express any assurance on the other information; provide a description of the auditor's responsibilities with respect to the other information and finally include a statement whether the auditor has determined there is an uncorrected material misstatement of the other information. The IAASB intends to issue the revised standard at the same time as the suite of other auditing standards impacted by the Auditor Reporting project, which at this stage is expected to be late 2014.

LOCAL DEVELOPMENTS AND ISSUES

Regulatory liaison and assistance

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

- Australian Prudential Regulation Authority (APRA) regarding audit requirements of various prudential standards for APRA-regulated entities;
- ASIC in relation to its audit inspection regime and audit requirements of the *Corporations Act 2001* and various regulatory guides;
- Australian Charities and Not-for-Profits Commission (ACNC) - in relation to auditing and review requirements for financial reports to be submitted in 2014 under the new ACNC regulatory framework;
- Business Reporting Leaders Forum (BRLF) - regarding assurance considerations for integrated reporting;
- FRC in relation to Nominations and Audit Quality Committees and Integrated Reporting and Financial Reporting taskforces; and
- Treasury, regarding the Standard Business Reporting and XBRL program, Audit and Corporate Reporting Reform program and Audit Quality.

Assurance Engagements Other than Audits or Reviews of Historical Financial Information

Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* was issued in June 2014.

Revised ASAE 3000 is a more robust standard in that it contains clear objectives, more detailed requirements and application material for planning, performing and reporting on a limited or reasonable assurance engagement on matters other than historical financial information and is presented in the 'clarity' format. This will assist the assurance practitioner when conducting these types of engagements without the need to refer to the Australian Auditing Standards for guidance.

Revised ASAE 3000 is also consistent with revised ISAE 3000 issued by the IAASB in December 2013, except for the use of the term “assurance practitioner”, “lead assurance practitioner” and reference to relevant ethical requirements contained in ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*, which enables the standard to be applied to assurance practitioners in a broad range of fields in Australia.

Assurance on controls

In June 2014 the AUASB issued an exposure draft of standard on assurance engagements entitled *Assurance Engagements on Controls*, for a 60 day exposure period. The proposed standard addresses engagements to provide a limited or reasonable assurance report on the design of controls and/or the description, implementation or operating effectiveness of those controls. The AUASB anticipates that the final standard will be issued by the end of the calendar year. The new standard will replace AUS 810 issued by the former AuASB. The standard covers engagements on controls not captured by ASAE 3402 *Assurance Reports on Controls at a Service Organisation* and covers a very broad range of engagements on controls, including attestation and direct engagements on controls over any subject matter and any component of control at an entity or part of an entity. The AUASB has been advised throughout this project, by a project advisory group comprising assurance practitioners from both the private and public sectors.

Grant Acquittals and Other Combined Assurance Engagements

A new guidance statement, designed to provide helpful practical information, is underway and should be issued later this year.

The guidance statement deals with grant acquittals and other assurance engagements that may involve, for example:

- Two or more subject matters, such as assurance on historical financial information and on compliance with non-financial requirements.
- Different levels of assurance – reasonable and limited.
- Prescribed procedures and/or the prescribed form and content of auditor’s reports.

These types of engagements often give rise to specific practical application issues such as:

- Determining which AUASB Standards and requirements are relevant, and how to apply them;
- Clarifying discrete assurance objectives and plans; and

- Constructing the appropriate form and content of the auditor's report.

Assurance on water accounting reports

Standard on Assurance Engagements ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports* was issued in February 2014, and was published also as Australian Water Accounting Standard AWAS 2. The standard, which was developed jointly by the AUASB and the Water Accounting Standards Board (WASB), of the Bureau of Meteorology, is a world-leading standard in the emerging area of water accounting and related assurance.

ASAE 3610 provides requirements and application and other explanatory material regarding the assurance practitioner's responsibilities in an assurance engagement on a general purpose water accounting report prepared under AWAS 1 *Preparation and Presentation of General Purpose Water Accounting Reports*, issued by WASB, including both reasonable assurance and limited assurance engagements.

Climate change

The AUASB has been liaising with the Department of Environment and the Clean Energy Regulator (CER) with respect to assurance implications of the proposed Emissions Reduction Fund (ERF), which the government is in the process of legislating, with retrospective effect from 1 July 2014 which will replace the carbon pricing mechanism. During the year the Department of Environment issued a green paper, followed by a white paper and exposure draft legislation to implement the proposed ERF.

The draft legislation provides for legislative rules to specify which applications for offsets will require an audit and the form of the audit report and allows for the CER, having regard to risk management, to require an audit. The AUASB is continuing to liaise with the CER with respect to development of those legislative rules.

Auditing Standards

The current suite of Australian Auditing Standards became operative for financial reporting periods that commenced on or after 1 January 2010. These standards conform with the equivalent International Standards on Auditing (ISAs) issued by the IAASB, thereby promoting the consistent application of auditing standards globally and contributes positively to promoting relevant and reliable auditor reports as well as to the quality of audit generally in cross-border audit and assurance engagements.

Consistent with the IAASB's strategic plan, there has been a relatively low level of activity in the issuance of new pronouncements in the year. Consequently the AUASB, has issued only one new auditing standard being ASA 610 *Using the work of Internal Auditors*, and one new assurance engagement standard being ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

The auditing standards are an integral component of ASIC's ongoing inspection programmes and the reviews conducted by the Professional Accounting Bodies. The

auditing standards therefore are instrumental in promoting positive change in audit quality and practice behaviours.

We are beginning to see an increase in the levels of activity by the IAASB and the AUASB continues to proactively contribute to the work done by that Board in developing new and revised ISAs and assurance and related services standards (including auditor reporting, responsibilities relating to other information and disclosures).

Post-Implementation Review – Clarity Standards

The AUASB has adopted a number of methods that provide a broad, and therefore valuable, basis to gauge the results of implementing the current *Clarity* versions of the Australian Auditing Standards. Additionally, the IAASB undertakes post-implementation reviews of its international standards (ISAs) and, where necessary, makes amendments based on feedback obtained internationally. Any such changes to the ISAs are adopted into the Australian standards unless there are compelling reasons to modify or omit the amendments made to the ISAs.

Based on its assessments, the AUASB concludes that the AUASB's *Clarity* standards:

- Have been properly incorporated into legislation;
- 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 reports as well as to the quality of audit generally.

The Achievements section of the Report on Performance provides details of revisions to standards during the year. The AUASB's monitoring processes on the implementation of all its standards are an integral part of its ongoing activities.

Other Standards and Guidance

During the year the AUASB continued to respond to the needs of Australian stakeholders and develop several Australian-specific pronouncements. The AUASB's work during the year included the release of:

New assurance engagement standard:

- ASAE 3610 *Assurance Engagements on General Purpose Water Accounting Reports*; and

Exposure Draft on:

- ASAE 34XX *Assurance Engagements on Controls*; and

New and revised Guidance Statements on:

- GS 009 *Auditing Self-Managed Superannuation Funds*; and
- GS 002 *Audit Implications of Prudential Reporting Requirements for Registered Superannuation Entities*.

Compliance

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

CONTRIBUTE TO AND INFLUENCE INTERNATIONAL STANDARD SETTING

Participation in the IAASB and international taskforces

I participated as a member of the IAASB and consequently on the IAASB task force on *Audit Quality* and the *Innovation, Working Group*. I also lead the newly formed Integrated Reporting sub working group of the IAASB. In addition, I continue to serve as a member of the IAASB Steering Committee.

The Executive Director of the AUASB, Mr Richard Mifsud, also attended IAASB meetings as my technical advisor.

Submissions to the IAASB

The AUASB actively monitors IAASB activities and provides submissions on IAASB exposure drafts and requests for comments. Several submissions were made during the 2013-2014 year, the details of which can be found in the AUASB's Report on Performance (page 24).

National Standard Setters Meeting

In late May 2014, Mr Mifsud and I attended a meeting of the IAASB and National Standard Setters (NSS) in New York, USA where delegates from a wide range of nations met to discuss international audit and assurance standard setting issues. Attendance at this key global forum ensures that Australia remains at the forefront of important developments in auditing and assurance practice at the international level and has a further opportunity to influence the IAASB strategic agenda.

Harmonisation of Australian and New Zealand Auditing Standards

The strategy for the AUASB to work more closely with the NZAuASB to facilitate harmonisation of auditing and assurance standards in Australia and New Zealand is in place. We have cross-appointments of each Chairman of the AUASB and NZAuASB Boards and in February 2014, the AUASB and the NZAuASB approved a set of communications protocols. The protocols are policies and procedures that supplement the harmonisation agreement that exists between the two boards since 2012. The aim of the protocols is to provide a more formalised framework that facilitates a practical approach for both boards and staff to follow.

The most important focus of the protocols is identifying the points in time when boards and staff need to communicate significant issues and decisions, or likely decisions, regarding the development of standards. Of particular importance is where the two boards are considering the adoption of an international standard and any amendments to that international standard. Through timely communications, each board is able to include in its deliberations any issues and actual, intended or potential amendments that the other board is considering. The communications protocols are considered an important process to help both boards achieve their common goal of harmonising their respective standards.

Furthermore, we are progressing certain joint initiatives on auditing and assurance matters, for example the joint assurance standards on controls and guidance on grant acquittals.

COMMUNICATE AND CONSULT WITH CONSTITUENTS

Speaking engagements

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

Consultative Meeting

The annual Consultative Meeting with stakeholders was very successful in gaining valuable input from constituents on the AUASB's initiatives. The 2013-14 Consultative Meeting was held in Melbourne on 8 April 2014.

Other Submissions

In addition to submissions made to the IAASB, submissions were also made to various external organisations on matters of relevance to audit and assurance. These submissions are detailed in the AUASB's Report on Performance (page 23).

Communication

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

Outlook

This year marks the end of the first year of the AUASB four-year strategy document issued in July 2013. The AUASB achieved the targets that it set for 2013-2014 and is on track to achieve the objectives set for the next two years in its 2013-2017 Strategic Plan.

The upcoming year will see a great deal of work being done in obtaining input from stakeholders on the impending exposure drafts that the AUASB will issue following the release of the IAASB's new and revised auditor reporting standards. I also expect significant developments in moving the ongoing IAASB projects on *Disclosures* and *Auditing Other Information* closer to completion.

The AUASB will participate in and monitor other IAASB projects for any implications for the Australian auditing standards and guidance.

On the local front, of great importance, is the AUASB's initiative of the new assurance standard on controls. I would expect to see this standard issued by December 2014 and we have already seen significant interest in this standard from other global standard setters. In addition, I expect the continuing regulatory and legislative reform as well as stakeholder needs will necessitate that further guidance will be necessary to update key stakeholders.

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

Other new/revised assurance standards on -

- compliance engagements
- performance engagements

New and revised guidance statements on -

- APRA related guidance statements including:
 - authorised deposit-taking institutions
 - life companies
- auditing self-managed superannuation funds

- audit and review requirements of Australian financial services licencees
- contract, regulatory and grant acquittal compliance engagements
- using the work of a management's expert

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

ACKNOWLEDGEMENTS

I would like to thank the members of the AUASB for their considerable contributions over the past year. I especially would like to thank Mr Jon Tyers and Ms Kristen Wydell who retired from the AUASB on 31 December 2013. Mr Neil Cherry, Mr John Gavens and I were re-appointed as members of the AUASB following expiration of our previous terms.

Ms Robin Low and Ms Caithlin Mc Cabe were each appointed for a term of three years commencing 1 January 2014.

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

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

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



Merran H Kelsall
Chairman
12 September 2014

AUASB Overview



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AUASB OVERVIEW

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

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

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

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

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

Other relevant objectives of Part 12 are summarised below:

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

MISSION OF THE AUASB

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

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

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

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

PORTFOLIO OUTCOME AND OUTPUT STRUCTURE

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

The key strategies to achieve Outcome 1 are:

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

Report on Performance



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REPORT ON PERFORMANCE

This section outlines the outputs of the Board during 2013–14, as well as the progress made on the 2013–14 Work Program.

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

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

Agency Resource Statement

Office of the AUASB: Resource Statement 2013-14

	Actual Available Appropriations \$	Payments Made \$	Balance Remaining \$
Ordinary annual services			
Departmental			
Prior year departmental appropriation	1,449,050	860,618	588,433
Departmental appropriation	2,208,000	1,563,136	644,864
Section 31 relevant agency receipts	33,217	33,217	-
Total ordinary annual services	3,690,267	2,456,970	1,233,297
Departmental non-operating			
Equity injection	38,370	28,933	9,437
Total other services	38,370	28,933	9,437
Total resourcing and payments	3,728,638	2,485,903	1,242,734

Agency Summary Resource Table by Outcomes

Office of the AUASB: Resources for outcomes 2013-14

	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)	2,208,000	2,064,401	143,599
Revenues from independent sources (section 31)	33,000	33,217	(217)
Expenses not requiring appropriation	120,000	110,340	9,660
Less revenue to be carried forward	-	-	-
Total for Outcome 1	2,361,000	2,207,958	153,042

ACHIEVEMENTS

Strategic Objectives	2013–14 Target Objectives	Achievements to 30 June 2014
<p>Develop appropriate high quality Australian auditing and assurance standards and guidance to promote audit quality systemically; and at the engagement level be recognised as the auditing and assurance standards setting body in Australia for the private and public sectors. *</p> <p><i>* The AUASB performs ongoing assessments of AUASB issued pronouncements. On the basis of our assessments, the AUASB is satisfied with the implementation of the Standards. Where necessary, amendments are effected through amending standards. Through appropriate communications with key stakeholders, the AUASB is satisfied that there are no significant issues associated with the AUASB standards.</i></p>	<p>Develop and revise Australian Standards to conform to International Standards.</p> <p>Monitor IAASB projects for influence on the AUASB work program.</p> <p>To address local issues, formulate and maintain other Auditing and Assurance Standards, Guidance Statements and pronouncements.</p>	<p>The AUASB issued the following pronouncements pursuant to changes in International Standards:</p> <ul style="list-style-type: none"> • Amending Auditing Standard ASA 2013-2 which amended thirteen auditing standards • <i>ASA 610 Using the Work of Internal Auditors</i> • <i>ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i> • Conforming Amendments to ASAE 3402, ASAE 3410 and ASAE 3420 as a result of revisions to ASAE 3000 <p>Revision of pronouncements pursuant to changes in International Standards in progress:</p> <ul style="list-style-type: none"> • Auditor Reporting (ASA 700 series) • <i>ASA 720 The Auditor's Responsibilities Relating to Other Information in Documents Containing an Audited Financial Report</i> • Audit Implications of Financial Statement Disclosures <p>The AUASB issued the following pronouncements pursuant to local initiatives:</p> <ul style="list-style-type: none"> • Exposure Draft on Assurance Engagements ASAE 34XX <i>Assurance Engagements on Controls</i> (Replacement of AUS 810) • ASAE 3610 and Australian Water Accounting Standard AWAS 2 <i>Assurance Engagements on General Purpose Water Accounting Reports</i> • GS 002 <i>Audit Implications of Prudential Reporting Requirements for Registered Superannuation Entities</i> • GS 009 <i>Auditing Self-Managed Superannuation Funds</i> <p>Revision of pronouncements pursuant to local initiatives in progress:</p> <ul style="list-style-type: none"> • ASAE 3100 <i>Compliance Engagements</i> • ASAE 3500 <i>Performance Engagements</i> • GS 003 <i>Audit and Review Requirements for Australian Financial Services Licensees</i> • GS 005 <i>Using the Work of an Actuary</i> • GS 017 <i>Prudential Reporting Requirements for Auditors of a Life Company</i> • Grant Acquittals and Other Combined Assurance

Auditing and Assurance Standards Board Annual Report 2013–14

Strategic Objectives	2013–14 Target Objectives	Achievements to 30 June 2014
	<p>Monitor the implementation and use of the Auditing Standards by:</p> <ul style="list-style-type: none"> • providing feedback to the IAASB through its various taskforces • developing articles that highlight key principles and provide guidance on significant matters • participating and presenting at various information sessions • considering Australian regulatory and legislative developments which may require amendments to the Auditing Standards 	<p>The AUASB published three articles in media and journals of the accounting bodies.</p> <p>The AUASB presented at various seminars and information sessions.</p> <p>The Auditing Standards have been properly incorporated into legislation in accordance with the AUASB's legislative mandate under Section 227B of the <i>Australian Securities and Investments Commission Act 2001</i> and the Strategic Direction given to the AUASB by the FRC. These Standards conform to the ISAs issued by the IAASB and are used by auditors and other assurance practitioners, where required and contribute positively to promoting relevant and reliable auditor reports as well as to the quality of audit generally.</p>
<p>Contribute to the development of and converge with one set of robust international auditing standards.</p>	<p>Contribute to IAASB meetings and annual IAASB-NSS meeting.</p> <p>Participate in IAASB projects.</p> <p>Provide comments on IAASB project exposure drafts and discussion papers and monitor other IAASB projects for influence on AUASB work program.</p>	<p>The Chairman and Executive Director participated in all IAASB meetings and the annual IAASB-NSS meeting held 29-30 May 2014.</p> <p>The AUASB Chairman participated in IAASB task forces on:</p> <ul style="list-style-type: none"> • Auditor Reporting • Audit Quality • Innovation Needs and Future Opportunities Working Group (including Integrated Reporting) <p>Formal submissions were made on all IAASB exposure drafts and invitations to comment papers including:</p> <ul style="list-style-type: none"> • AUASB Submission on the IAASB's Exposure Draft <i>Reporting on Audited Financial Statements</i> • AUASB Submission on Consultation Paper <i>The IAASB's Proposed Strategy for 2015-2019 and the IAASB's Proposed Work Program for 2015-2016</i> <p>The AUASB received and considered the views of stakeholders in formulating the above submissions via:</p> <ul style="list-style-type: none"> • AUASB website releases • Roundtable discussions with key stakeholders • Individual meetings with key stakeholders on various topics <p>Key IAASB agenda items were discussed at AUASB meetings.</p>

Strategic Objectives	2013–14 Target Objectives	Achievements to 30 June 2014
Harmonise Australian and New Zealand Auditing Standards	Harmonise Australian and New Zealand Auditing Standards and work actively with the NZAuASB	<p>The AUASB continues to work closely with the NZAuASB to facilitate greater convergence and harmonisation of auditing and assurance matters in Australia and New Zealand.</p> <p>In February 2014, the AUASB and the NZAuASB approved 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 more formalised framework that facilitates a practical approach for both boards and staff to follow.</p> <p>A joint meeting of the AUASB and NZAuASB was held in Australia on 10 September 2013.</p> <p>The Chairman attended NZAuASB meetings as part of the cross board appointments of the respective Chairman of each Board.</p> <p>The AUASB Chairman continued membership of the TTAASAG; there were no TTAASAG meetings during the year. The principles of Trans-Tasman co-operation embodied in TTAASAG continue to be supported by the AUASB working closely with the NZAuASB.</p>
Promote thought leadership and engage with stakeholders on topical and emerging issues	Identify and respond to significant auditing and assurance issues of public interest on a timely basis.	<p>Significant auditing and assurance issues of public interest were addressed including:</p> <ul style="list-style-type: none"> • assurance on National Greenhouse and Energy Reporting Scheme (NGERS) • assurance on water reporting • assurance considerations in integrated reporting • use of internal audit • auditor reporting <p>Two articles on audit and assurance related issues were prepared for the Institute of Chartered Accountants in Australia publications, and one article on audit quality for the Company Directors magazine.</p> <p>The staff of the AUASB presented at various seminars and information sessions.</p> <p>Emerging issues were discussed via</p> <ul style="list-style-type: none"> • annual Consultative Meeting • roundtable discussions with key stakeholders <p>Issues arising from the annual AUASB Consultative meeting held 8 April 2014 were addressed in the revised work plan to June 2015.</p> <p>Media releases are issued for all new standards and guidance.</p>

Auditing and Assurance Standards Board Annual Report 2013–14

Strategic Objectives	2013–14 Target Objectives	Achievements to 30 June 2014
	Monitor international developments on auditing and assurance	<p>The AUASB monitored international developments from the IAASB, other national standard setters and other international regulatory bodies including those from Canada, France, Germany, New Zealand, South Africa, USA and UK.</p> <p>AUASB comments on consultation papers were issued including:</p> <ul style="list-style-type: none"> • Consultation Draft of the International Integrated Reporting (IR) Framework - International Integrated Reporting Council <p>An International Update on key developments, including IAASB matters, was provided to the AUASB at all Board meetings and was published on the AUASB website.</p>
	Actively communicate and liaise with key stakeholders	<p>The Chairman participated in meetings of the Financial Reporting Council (FRC) and task forces and committees including:</p> <ul style="list-style-type: none"> • Audit quality • Financial reporting • Integrated reporting • Nominations Committee <p>The Chairman also participated in meetings of the ASIC Standing Chairs Advisory Committee on Accounting and Auditing</p> <p>The Chairman and Executive Director also held regular liaison meetings with APRA and ASIC and periodic meetings with Treasury and other constituents 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 • Department of Environment and CER on audit requirements under NGERs • Department of Health and Ageing • WASB

Strategic Objectives	2013–14 Target Objectives	Achievements to 30 June 2014
		<p>AUASB made submissions to key stakeholders including:</p> <ul style="list-style-type: none">• ASX Corporate Governance Council on Review of the Corporate Governance Principles and Recommendations• The Emissions Reduction Fund Green Paper• Finance and Administration Committee – Queensland auditor general independence <p>Issues raised at the annual AUASB Consultative meeting held 8 April 2014 were addressed in the revised annual work plan to June 2015.</p>

Management and Accountability



MANAGEMENT AND ACCOUNTABILITY

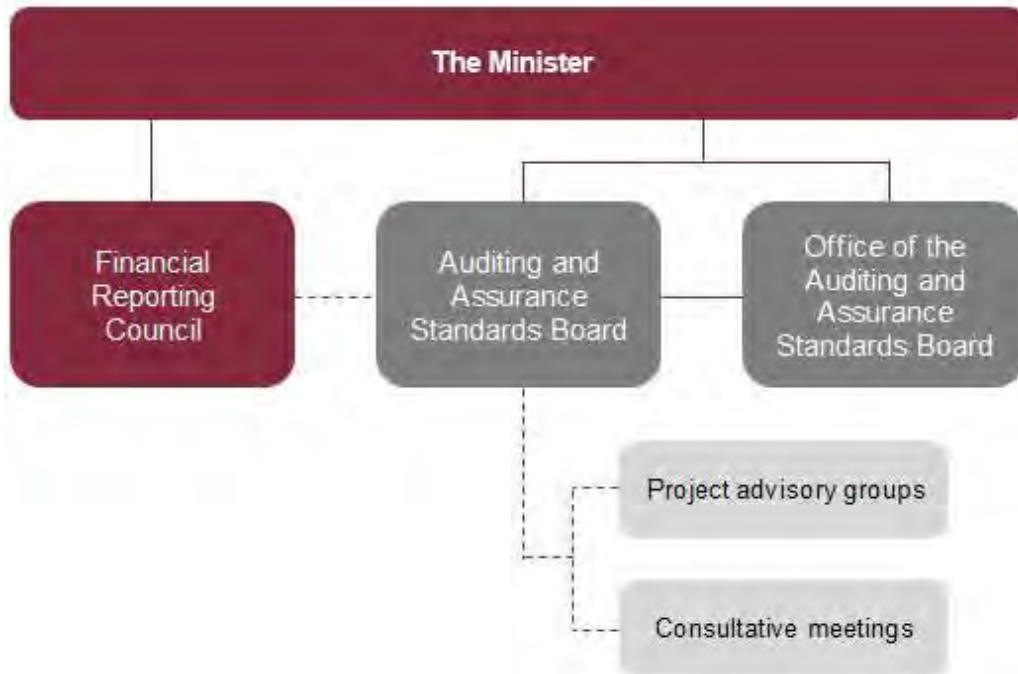
CORPORATE GOVERNANCE

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

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

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

ORGANISATIONAL STRUCTURE



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

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

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

The Minister

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

Financial Reporting Council

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

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

Auditing and Assurance Standards Board

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

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

Office of the AUASB

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

Membership

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

The members during 2013–14 were:

Merran Kelsall, Chairman

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

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

Jon Tyers, Deputy Chairman

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

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

Mr Tyers retired from the AUASB on 31 December 2013.

Jo Cain

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

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

Valerie Clifford

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

Ms Clifford is a partner of PricewaterhouseCoopers Australia.

John Gavens

Initially appointed 1 January 2008 until 31 December 2010, John Gavens was re-appointed until 31 December 2013 and again until 30 June 2015.

Mr Gavens is a partner at Crowe Horwath.

Chris George

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

Mr George is a partner at Ernst and Young.

Robin Low

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

Ms Low has a portfolio of independent directorships.

Nonna Martinov-Bennie

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

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

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.

Ms Meade is a partner at RSM Bird Cameron.

Colin Murphy

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

Mr Murphy is the Auditor-General for Western Australia.

Greg Pound

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

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

Bernie Szentirmay

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

Mr Szentirmay is a partner at KPMG.

Kristen Wydell

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

Ms Wydell is self employed.

Ms Wydell retired from the AUASB on 31 December 2013.

AUDIT COMMITTEE

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

During 2013–14, the Audit Committee membership was:

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

Mr Stevenson retired from the AUASB Audit Committee on 30 June 2014.

During the financial year, the Audit Committee among other matters:

- continued to oversee the office of AUASB's processes relating to risk management.
- reviewed the AUASB 2013–14 financial statements and recommended that they be adopted by the Chairman of the AUASB; and
- reviewed a report from the ANAO, which stated that there were no matters arising from the 2013–14 audit that should be brought to the attention of management or the Audit Committee.

FRAUD

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

ETHICS

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

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

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

EXTERNAL SCRUTINY

The accounting records and financial statements of the AUASB and the Office of the AUASB are audited each year by the Australian National Audit Office (ANAO).

Under section 243 of the Australian Securities and Investments Commission 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 is included in the AUASB’s annual reports; and
- the AUASB annual reports should refer to the committee’s duties, and those of The Senate Economics Legislation Committee, in scrutinising the AUASB’s annual reports.

The committee’s requests have been incorporated into the AUASB’s 2013-14 annual report and will be incorporated into future AUASB annual reports.

In accordance with Senate Standing Order 25(20), The Senate Economics Legislation Committee (TSELC) is responsible for the scrutiny of the AUASB’s annual reports. In its first report on annual reports in 2013, the TSELC made recommendations for improvements to be implemented in the production of future AUASB annual reports. Each TSELC recommendation has been incorporated into the AUASB’s 2013-14 annual report and will be incorporated into 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.

MANAGEMENT OF HUMAN RESOURCES

Table 1a: AUASB Employees at 30 June 2014

Classification	Persons	F/T	P/T	F/T Equivalents		
				Female	Male	Total
Senior executive	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

Table 1b: AUASB Employees at 30 June 2013

Classification	Persons	F/T	P/T	F/T Equivalents		
				Female	Male	Total
Senior executive	2	1	1	0.80	1.00	1.80
Technical and support staff	8	2	6	4.80	1.30	6.10
Total employees	10	3	7	5.60	2.30	7.90

Table 2: AUASB Salary ranges as at 30 June 2014

	As at 30 June 2014
	\$
Senior executives	\$195,000 - \$314,999
Technical and support staff	\$0- \$194,999

The AUASB does not pay performance pay.

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

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

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

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

The AUASB has the capacity to employ staff under the ASIC Act, as well as under the *Public Service Act 1999*. As at 30 June 2014, 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 2013-14 as in previous years.

PURCHASING

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

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

CONSULTANTS

During the 2013-14 financial year, the AUASB did not engage any consultants as defined by the FMA Act.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

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

DISABILITY REPORTING

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

The Commonwealth Disability Strategy 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 will be available in 2014, and will be available at www.fahcsia.gov.au.

The Social Inclusion Measurement and Reporting Strategy agreed by the Government in December 2009 will also include some reporting on disability matters in its regular *How Australia is Faring* report and, if appropriate, in strategic change indicators in agency Annual Reports. More detail on social inclusion matters can be found at www.socialinclusion.gov.au.

Financial Report





FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Acting Assistant Treasurer

I have audited the accompanying financial statements of the Office of the Auditing and Assurance Standards Board for the year ended 30 June 2014, which comprise: a Statement by the Chief Executive Officer and Chief Financial Officer; 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 Statements, including a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independence

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

Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Office of the Auditing and Assurance Standards Board's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Carla Jager

Executive Director

Delegate of the Auditor-General

Canberra

12 September 2014

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

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



Merran Kelsall
Chief Executive Officer
12 September 2014



Litsa Pillios
Chief Financial Officer
12 September 2014

Statement of Comprehensive Income
for the period ended 30 June 2014

	Notes	2014 \$	2013 \$
EXPENSES			
Employee benefits	3A	1,506,567	1,548,492
Supplier expenses	3B	612,463	671,849
Depreciation and amortisation	3C	86,340	70,554
Finance costs	3D	2,588	2,511
Total expenses		2,207,958	2,293,406
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Rental income	4A	33,217	32,011
Total own-source revenue		33,217	32,011
GAINS			
Other gains	4B	24,000	24,000
Total gains		24,000	24,000
Total own-source income		57,217	56,011
Net cost of services		2,150,741	2,237,395
Revenue from Government	4C	2,208,000	2,202,000
Surplus / (deficit) attributable to the Australian Government		57,259	(35,395)
OTHER COMPREHENSIVE INCOME			
Revaluation of infrastructure, plant and equipment		-	17,477
Remeasurements of net defined liability		30,000	92,000
Total other comprehensive income		30,000	109,477
Total comprehensive income attributable to the Australian Government		87,259	74,082

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

Statement of Financial Position
as at 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Financial assets			
Cash and cash equivalents	5A	193,647	189,879
Net defined benefit	5B	132,000	-
Trade and other receivables	5C	1,063,696	1,277,464
Total financial assets		1,389,343	1,467,343
Non-financial assets			
Infrastructure, plant and equipment	7A,C	166,759	227,263
Intangibles	7B,C	18,991	15,895
Other non-financial assets	7D	6,527	4,107
Total non-financial assets		192,277	247,265
Total assets		1,581,620	1,714,608
LIABILITIES			
Payables			
Suppliers	8A	34,116	62,744
Other payables	8B	188,632	248,299
Total payables		222,748	311,043
Provisions			
Employee provisions	9A	251,183	421,723
Other provisions	9B	87,706	85,118
Total provisions		338,889	506,841
Total liabilities		561,637	817,884
Net assets		1,019,983	896,724
EQUITY			
Contributed equity		163,000	127,000
Asset revaluation reserve		38,995	38,995
Retained surplus		817,988	730,729
Total equity		1,019,983	896,724

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

Statement of Changes in Equity
for the period ended 30 June 2014

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2014	2013	2014	2013	2014	2013	2014	2013
Opening balance								
Balance carried forward from previous period	730,729	674,124	38,995	21,518	127,000	90,000	896,724	785,642
Adjusted opening balance	730,729	674,124	38,995	21,518	127,000	90,000	896,724	785,642
Comprehensive income								
Other comprehensive income,								
Revaluation of infrastructure, plant and equipment	-	-	-	17,477	-	-	-	17,477
Actuarial gains/(losses)	30,000	92,000	-	-	-	-	30,000	92,000
Surplus / (deficit) for the period	57,259	(35,395)	-	-	-	-	57,259	(35,395)
Total comprehensive income	87,259	56,605	-	17,477	-	-	87,259	74,082
of which:								
Attributable to the Australian Government	87,259	56,605	-	17,477	-	-	87,259	74,082
Transactions with owners								
Contribution by owners								
Departmental capital budget	-	-	-	-	36,000	37,000	36,000	37,000
Closing balance as at 30 June	817,988	730,729	38,995	38,995	163,000	127,000	1,019,983	896,724
Closing balance attributable to the Australian Government	817,988	730,729	38,995	38,995	163,000	127,000	1,019,983	896,724

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

Cash Flow Statement
for the period ended 30 June 2014

	Notes	2014 \$	2013 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		2,460,738	2,257,033
Net GST received		55,000	80,404
Other cash received		38,905	59,927
Total cash received		2,554,643	2,397,364
Cash used			
Employees		1,779,107	1,568,449
Suppliers		734,177	775,720
Net GST paid		4,374	3,829
Section 31 receipts transferred to Official Public Account		33,217	32,011
Total cash used		2,550,875	2,380,009
Net cash flows from (used by) operating activities	10	3,768	17,355
INVESTING ACTIVITIES			
Cash used			
Purchase of infrastructure, plant and equipment		28,933	90,079
Total cash used		28,933	90,079
Net cash flows from (used by) investing activities		(28,933)	(90,079)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		28,933	90,079
Total cash received		28,933	90,079
Net cash flows from (used by) financing activities		28,933	90,079
Net increase / (decrease) in cash held		3,768	17,355
Cash and cash equivalents at the beginning of the reporting period		189,879	172,524
Cash and cash equivalents at the end of the reporting period	5A	193,647	189,879

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

Schedule of Commitments

as at 30 June 2014

	2014 \$	2013 \$
BY TYPE		
Commitments receivable		
Sublease rental income ¹	82,102	119,219
GST recoverable on commitments	64,686	93,992
Total commitments receivable	146,788	213,211
Commitments payable		
Operating leases ²	(711,546)	(1,033,908)
GST payable on commitments	(7,464)	(10,839)
Total commitments payable	(719,010)	(1,044,747)
Net commitments by type	(572,222)	(831,536)
BY MATURITY		
Commitments receivable		
Operating lease income		
One year or less	38,601	37,116
From one to five years	43,501	82,102
Over five years	-	-
Total operating lease income	82,102	119,219
Other commitments receivable		
One year or less	30,466	29,306
From one to five years	34,220	64,686
Over five years	-	-
Total commitments receivable	64,686	93,992
Commitments payable		
Operating lease commitments payable		
One year or less	(335,124)	(322,362)
From one to five years	(376,422)	(711,546)
Over five years	-	-
Total operating lease commitments payable	(711,546)	(1,033,908)
GST payable on commitments		
One year or less	(3,509)	(3,375)
From one to five years	(3,955)	(7,464)
Over five years	-	-
Total GST payable on commitments	(7,464)	(10,839)
Net commitments by maturity	(572,222)	(831,536)

NB: Commitments are GST inclusive where relevant.

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

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

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

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

Schedule of Contingencies

as at 30 June 2014

There are no known contingencies as at 30 June 2014.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

Objectives of AUASB

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

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

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

Note 1: Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Report

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

The financial report has been prepared in accordance with:

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

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

The financial report is presented in Australian dollars.

1.2 Significant Accounting Judgements and Estimates

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

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

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

1.3 Changes in Australian Accounting Standards

(a) Adoption of New Australian Accounting Standards Requirements

The adoption of AASB 13 Fair Value Measurement has resulted in additional disclosures in Note 6.

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

(b) Future Australian Accounting Standard Requirements

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

Pronouncement Number	Pronouncement Title	Effective on or after
AASB 1055	Budgetary Reporting - March 2013 (Principal)	1/7/2014

1.4 Revenue

Revenue from Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Office of

the AUASB gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

1.5 Gains

(a) Resources Received Free of Charge

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

1.6 Transactions with the Government as Owner

(a) Equity Injections

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

1.7 Leases

The Office of the AUASB has no finance leases.

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

1.8 Financial Assets

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

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

1.9 Financial Liabilities

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

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

1.10 Infrastructure, Plant and Equipment

(a) Asset Recognition

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site. These costs are included in the Office of the

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

(b) Revaluations

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

	2014	2013
Leasehold Improvements	Depreciated replacement cost or market selling price	Depreciated replacement cost or market selling price
Plant and Equipment	Depreciated replacement cost or market selling price	Depreciated replacement cost or market selling price

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

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

(c) Depreciation

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

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

	2014	2013
Leasehold Improvements	Lease term — ten years	Lease term — ten years
Plant and Equipment	Three to ten years	Three to ten years

(d) Impairment

All assets are assessed for impairment at the 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.

1.11 Intangibles

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

Software and licences are amortised on a straight-line basis over their anticipated useful life. The useful life of the Office of the AUASB's software and licences is three to five years (2012-13: three to five years).

All software assets were assessed for indications of impairment at 30 June 2014.

1.12 Taxation

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

Note 2: Events After the Statement of Financial Position Date

The office of the AUASB has no reportable events after the statement of financial position date.

Note 3: Expenses

	2014 \$	2013 \$
Note 3A: Employee benefits		
Wages and salaries	1,349,270	1,349,401
Superannuation:		
Defined contribution plan	121,464	126,781
Defined benefit plan	54,000	57,000
Leave and other entitlements	(18,167)	15,310
Total employee benefits	1,506,567	1,548,492
Note 3B: Suppliers		
Goods and services		
Board Member Services	46,425	63,539
International Travel	5,242	26,023
Publications/Subscriptions	35,218	23,908
Administration	269,995	280,939
Other	23,645	49,242
Total goods and services expenses	380,525	443,651
Goods and services are made up of:		
Provision of goods — related entities	-	-
Provision of goods — external parties	16,809	23,016
Rendering of services — related entities	231,672	222,666
Rendering of services — external parties	132,044	197,969
Total goods and services expenses	380,525	443,651
Other supplier expenses		
Operating lease rentals – external parties:		
Minimum lease payments	225,651	222,693
Workers compensation premiums	6,287	5,505
Total other supplier expenses	231,938	228,198
Total supplier expenses	612,463	671,849
Note 3C: Depreciation and amortisation		
Depreciation:		
Infrastructure, plant and equipment	74,770	61,766
Total depreciation	74,770	61,766
Amortisation:		
Intangibles:		
Computer software	11,570	8,788
Total amortisation	11,570	8,788
Total depreciation and amortisation	86,340	70,554
Note 3D: Finance costs		
Unwinding of discount on leasehold restoration obligation (see 9B)	2,588	2,511
Total finance costs	2,588	2,511

Note 4: Income

	2014	2013
	\$	\$
REVENUE		
Note 4A: Rental income		
Operating lease:		
Sub-lease	33,217	32,011
Total rental income	33,217	32,011
GAINS		
Note 4B: Other gains		
Resources received free of charge in relation to audit services	24,000	24,000
Total other gains	24,000	24,000
REVENUE FROM GOVERNMENT		
Note 4C: Revenue from Government		
Appropriations:		
Departmental appropriation	2,208,000	2,202,000
Total revenue from Government	2,208,000	2,202,000

Note 5: Financial Assets

	2014 \$	2013 \$
Note 5A: Cash and cash equivalents		
Cash on hand or on deposit	193,647	189,879
Total cash and cash equivalents	193,647	189,879
Note 5B: Net defined benefit		
Net defined benefit	132,000	-
Total Net defined benefit	132,000	-
*refer to 8A(i) disclosure		
Note 5C: Trade and other receivables		
Goods and Services:		
Goods and services – related entities	137	-
Goods and services – external parties	3,375	-
Total receivables for goods and services	3,512	-
Appropriations receivable:		
For existing programs	1,049,087	1,261,541
Total appropriations receivable	1,049,087	1,261,541
Other receivables:		
GST receivable from the Australian Taxation Office	11,097	15,923
Total other receivables	11,097	15,923
Total trade and other receivables (gross)	1,063,696	1,277,464
Receivables are expected to be recovered in:		
No more than 12 months	475,263	363,299
More than 12 months	588,433	914,165
Total trade and other receivables (gross)	1,063,696	1,277,464
Receivables are aged as follows:		
Not overdue	1,060,321	1,277,464
Overdue by:	-	-
31 to 60 days	-	-
More than 90 days	3,375	-
Total receivables (gross)	1,063,696	1,277,464

Note 6: Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. 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.

Note 6A: Fair Value Measurement

Fair value measurements at the end of the reporting period by hierarchy for non-financial assets in 2014

	Fair value measurements at the end of the reporting period using			
	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Non-financial assets:				
Infrastructure, Plant & Equipment	166,759	–	60,275	106,484
Total non-financial assets	166,759	–	60,275	106,484

Fair value Measurement - Highest & Best Use

AUASB's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

Note 6B: Transfers between levels

There have been no transfers between levels of the hierarchy during the year.

The AUASB's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Note 6C: Valuation technique and inputs for Level 2 and Level 3 fair value measurements

Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets in 2014

Category (Level 2 or Level 3)	Fair value	Valuation technique(s) ¹	Inputs used ²	Range (weighted average) ³
Non-financial assets:				
Infrastructure, Plant & Equipment	2 60,275	Market Approach	Adjusted market transactions	
Infrastructure, Plant & Equipment	3 106,484	Depreciated Replacement Cost	Replacement Cost New (price per square metre)	
			Consumed economic benefit / Obsolescence of asset	10.0% per annum

¹ There has been no change to the valuation techniques used. The following valuation techniques were used:

- **Market Approach:** Market approach seeks to estimate the current value of an asset with reference to recent market evidence including transactions of comparable assets within local second-hand markets.
- **Depreciated Replacement Cost:** The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence.

² The following valuation inputs were used to calculate fair values:

- **Adjusted Market Transactions:** market transactions of comparable assets, adjusted to reflect differences in price sensitive characteristics.
- **Replacement Cost of New Assets:** the amount a market participant would pay to acquire or construct a new substitute asset of comparable utility.
- **Consumed Economic Benefits or Obsolescence of Assets:** physical deterioration, functional or technical obsolescence and conditions of the economic environment specific to the asset.

³ Significant unobservable inputs are used for level 3 items. The input range indicates the variability of inputs used and reflects annual variability. The weighted average of inputs used within this range is also provided.

Recurring Level 3 fair value measurements - valuation processes

AUASB procured the services of the Australian Valuation Office to undertake a comprehensive valuation of all non-financial assets at 30 June 2013. The AUASB tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. The entity engaged Australian Valuation Solutions to provide written assurance that the models developed comply with AASB 13.

Significant Level 3 inputs utilised by the entity are derived and evaluated as follows:

Infrastructure, Plant & Equipment - Consumed economic benefit / Obsolescence of asset

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated Depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgment regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

Recurring Level 3 fair value measurements - sensitivity of inputs

Infrastructure, Plant & Equipment - Consumed economic benefit / Obsolescence of asset

The significant unobservable inputs used in the fair value measurement of AUASB's infrastructure, plant and equipment asset classes relate to the consumed economic benefit / asset obsolescence. A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

Recurring Level 3 fair value measurements – sensitivity analysis financial assets and liabilities

There were no financial assets or liabilities measured at fair value, or for which fair value disclosure is required.

Note 6D: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets		
	Purchases 2014	Sales 2014	Total 2014
Open balance	155,613	–	155,613
Total gains/(losses) in accumulated depreciation ¹	(49,129)	–	(49,129)
Purchases	–	–	–
Closing balance	106,484	–	106,484

¹ These gains/(losses) are presented in the Statement of Comprehensive Income under depreciation and amortisation and write-down and impairment of assets.

AUASB's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

Note 7: Non-Financial Assets

	2014	2013
	\$	\$

Note 7A: Infrastructure, plant and equipment

Infrastructure, plant and equipment:		
Gross carrying value (at fair value)	602,425	590,859
Accumulated depreciation	(435,666)	(363,596)
Total infrastructure, plant and equipment (non-current)	166,759	227,263

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

Note 7B: Intangibles

	2014	2013
	\$	\$
Computer software at cost:		
Purchased	52,285	57,965
Accumulated amortisation	(33,294)	(42,070)
Total computer software	18,991	15,895

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

Note 7C: Analysis of infrastructure, plant and equipment and intangibles

Table A — Reconciliation of the opening and closing balances of infrastructure, plant and equipment and intangibles (2013-14)

	Infrastructure, plant and equipment \$	Computer software purchased \$
As at 1 July 2013		
Gross book value	590,859	57,965
Accumulated depreciation/amortisation and impairment	(363,596)	(42,070)
Net book value 1 July 2013	227,263	15,895
Additions:		
By purchase	14,266	14,667
Revaluations recognised in other comprehensive income	-	-
Depreciation/amortisation expense	(74,770)	(11,571)
Net book value 30 June 2014	166,759	18,991
Net book value as of 30 June 2014 represented by:		
Gross book value	602,425	72,632
Accumulated depreciation/amortisation and impairment	(435,666)	(53,641)
	166,759	18,991

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

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

	2014	2013
	\$	\$
Note 7D: Other non-financial assets		
Prepayments	6,527	4,107
Total other non-financial assets	6,527	4,107
Total other non-financial assets are expected to be recovered in:		
No more than 12 months	6,527	4,107
Total other non-financial assets	6,527	4,107

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

Note 8: Payables

	2014	2013
	\$	\$
Note 8A: Suppliers		
Trade creditors and accruals	34,116	62,744
Total supplier payables	34,116	62,744
Supplier payables are made up of:		
Related entities	23,310	39,682
External parties	10,806	23,062
Total supplier payables	34,116	62,744

Note 8B: Other payables

Lease commitments	152,257	212,642
Other	36,375	35,657
Total other payables	188,632	248,299
Other payables are expected to be settled within:		
No more than 12 months	96,615	95,897
More than 12 months	92,017	152,402
Total other payables	188,632	248,299

Note 9: Provisions

	2014	2013
	\$	\$
Note 9A: Employee provisions		
Leave [Note 9A (i)]	251,183	276,723
Superannuation [Note 9A (ii)]	-	145,000
Total employee provisions	251,183	421,723
Employee provisions are expected to be settled in:		
No more than 12 months	56,909	91,335
More than 12 months	194,274	330,388
Total employee provisions	251,183	421,723

Note 9A (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 9A (ii): Superannuation provisions

The Office of the AUASB sponsors the AASB Superannuation Plan.

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

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

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

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

Funding arrangements, including contribution rates, are set based on actuarial advice and take into account the risks associated with both under-funding and over-funding. In recent years the contribution rate has generally been 9%, and from 1 July 2014 is planned to be 9.5% (in line with the Superannuation Guarantee amounts that apply to defined contribution members).

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

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

Statement of Financial Position 30 June 2014

As at 30 June	2014	2013
	\$	\$
Defined Benefit obligation (DBO) [^]	871,000	841,000
(-) Fair value of AASB Plan assets	1,003,000	696,000
Deficit/(Surplus)	(132,000)	145,000
(+) Adjustment for limitation on net asset	-	-
Net superannuation liability/(asset)	(132,000)	145,000

[^] includes contributions tax provision

Statement of Comprehensive Income 2013-14

Financial year ending	2014	2013
	\$	\$
Current service cost	51,000	51,000
Net interest on net defined liability / (asset)	3,000	6,000
Superannuation expense/(income)	54,000	57,000

Other Comprehensive Income 2013-14

Financial year ending	2014	2013
	\$	\$
Remeasurements of net defined liability/asset:		
Actuarial (gains)/losses on DBO	(14,000)	(38,000)
(-) Return on Assets, excl amounts already recognised	(16,000)	(54,000)
(+) Adjustment for limitation on net asset	-	-
Superannuation expense/(income)	(30,000)	(92,000)

Progression in Net defined Benefit Liability

Financial year ending	2014	2013
	\$	\$
Net superannuation liability(asset) at start of year	145,000	265,000
(+) Expense recognised in statement of comprehensive income	54,000	57,000
(+) Remeasurements of net defined liability recognised in other comprehensive income	(30,000)	(92,000)
(-) Employer contributions	301,000	85,000
Net superannuation liability/(asset) at end of year	(132,000)	145,000

Reconciliation of the defined benefit obligation – 2013-14

Financial year ending	2014	2013
	\$	\$
Present value of DBO at start of year	841,000	808,000
(+) Current service cost	51,000	51,000
(+) Interest cost	24,000	21,000
(+) Contributions by AUASB members	17,000	17,000
(-) Benefits paid	-	-
(-) Taxes, premiums and expenses paid	48,000	18,000
(+) Actuarial (gains)/losses - expenses	(3,000)	(17,000)
(+) Actuarial (gains)/losses – financial assumptions	(11,000)	(21,000)
(+) Actuarial (gains)/losses – demographic assumptions	-	-
Present value of DBO at end of year	871,000	841,000

Reconciliation AASB Plan assets

Financial year ending	2014	2013
	\$	\$
Fair value of AASB Plan assets at start of year	696,000	543,000
(+) Expected return on AASB Plan assets	21,000	15,000
(+) Employer Contributions	301,000	85,000
(+) Contributions by AUASB members	17,000	17,000
(-) Benefits paid	-	-
(-) Taxes, premiums and expenses paid	48,000	18,000
(+) Actuarial gains/(losses)	16,000	54,000
Fair value of AASB Plan assets at end of year	1,003,000	696,000

AASB Plan assets – para 120A(j)

As at 30 June	2014	2013
	%	%
Australian equities	-	-
International equities	-	-
Fixed income	95	98
Property	-	-
Alternatives/other	-	-
Cash	5	2
	100	100

Sensitivity Analysis

Discount rate (% p.a.)	DBO	Sensitivity
2.5	915	+44
3.0	871	-
3.5	828	-43
Salary growth (% p.a.)	DBO	Sensitivity
2.0	835	-36
2.5	871	-
3.0	908	+37
Retirement age	DBO	Sensitivity
58	881	+10
60	871	-
62	861	-10

Summary of membership

Financial year ending	2014	2013
	\$	\$
Number of active defined benefit members	1	1
Number of deferred members	-	-
Total annual salaries	295,000	288,000

Actuarial assumptions

As at	30 June 2014 %	30 June 2013 %	Comments
Discount rate	3.0	2.9	Based on 5-year Government bond rate, less allowance for investment tax
Salary inflation	2.5	2.5	
Expected return on assets	n/a	n/a	Based on Plan's mix of asset classes
Contributions tax rate	-	15	
Method of recognising actuarial gains and losses	Immediate recognition of actuarial gains and losses through retained earnings (now as a AASB119 requirement)		

	2014 \$	2013 \$
Note 9B: Other provisions		
Leasehold restoration obligations	87,706	85,118
Total other provisions	87,706	85,118
Other provisions are expected to be settled within:		
More than 12 months	87,706	85,118
Total other provisions	87,706	85,118
	Provision for restoration 2014	Provision for restoration 2013
Carrying amount 1 July	85,118	82,607
Unwinding of discount	2,588	2,511
Closing balance 30 June	87,706	85,118

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

Note 10: Cash Flow Reconciliation

	2014	2013
	\$	\$
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash equivalents as per:		
Cash flow statement	193,647	189,879
Statement of financial position	193,647	189,879
Difference	-	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(2,150,741)	(2,237,395)
Add revenue from Government	2,208,000	2,202,000
Other movement in retained surplus – superannuation actuarial gain and losses	30,000	92,000
Adjustments for non-cash items:		
Depreciation/amortisation	86,340	70,554
Lease incentive – amortisation	(42,973)	(42,973)
Lease – straight-line of lease	(17,412)	(9,506)
Provision for required restoration of premises	2,588	2,511
Changes in assets/liabilities:		
(Increase)/decrease in net receivables	220,835	47,109
(Increase)/decrease in prepayments	(2,420)	1,139
Increase/(decrease) in superannuation provision	(277,000)	(120,000)
Increase/(decrease) in other employee provisions	(25,540)	8,043
Increase/(decrease) in supplier payables	(28,627)	(1,423)
Increase/(decrease) in other payables	718	5,296
Net cash from/(used by) operating activities	3,768	17,355

Note 11: Executive Remuneration

	2014	2013
	\$	\$
Note 11A: Senior executive remuneration expense for the reporting period		
Short-term employee benefits:		
Salary	463,780	473,000
Total short-term employee benefits	463,780	473,000
Post-employment benefits:		
Superannuation	48,002	45,709
Total post-employment benefits	48,002	45,709
Other long-term benefits:		
Annual leave accrued	39,919	39,068
Long-service leave	11,938	9,989
Total other long-term benefits	51,857	49,057
Total	563,639	567,766

Note 11B: Average annual reportable remuneration paid to senior executives during the reporting period**Average annual reportable remuneration**

	As at 30 June 2014				As at 30 June 2013			
	Senior executives No.	Reportable salary	Contributed superannuation	Total	Senior executives No.	Reportable salary	Contributed superannuation	Total
Less than \$195,000	-	-	-	-	-	-	-	-
\$225,000 to \$254,999	1	231,288	21,394	252,682	1	225,867	20,328	246,195
\$285,000 to \$314,999	1	259,405	42,641	302,046	1	248,254	42,302	290,566
Total	2				2			

Notes:

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

Note 11C: Other highly paid staff

There are no other highly paid staff earning \$195,000 or more.

Note 12: Remuneration of Auditors

	2014	2013
	\$	\$
The fair value of the services provided:		
Remuneration to the ANAO for auditing the financial statements for the reporting period	24,000	24,000
	24,000	24,000

No other services were provided by the ANAO

Note 13: Financial Instruments

	2014	2013
	\$	\$
Note 13A: Categories of financial instruments		
Financial assets		
Loans & receivables not held to maturity		
Cash and cash equivalents	193,647	189,879
Trade receivables	3,512	-
Total financial assets	197,159	189,879
Carrying amount of financial assets	197,159	189,879
Financial liabilities		
At amortised cost		
Trade creditors	34,116	62,744
Carrying amount of financial liabilities	34,116	62,744

Note 13B: Fair value of financial instruments**Financial assets**

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

Financial liabilities

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

Note 13C: Credit risk

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

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

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

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

	2014	2013
	\$	\$
Cash and cash equivalents	193,647	189,879
Trade receivables	3,512	-
Total	197,159	189,879

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

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade receivables	137	-	3,375	-
Total	137	-	3,375	-

Ageing of financial assets that were past due but not impaired for 2014

	90+ days	Total
	\$	\$
Trade receivables	3,375	3,375
Total	3,375	3,375

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

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

Note 13D: 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 13E: 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 14: Appropriations

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

	2014 Appropriations			Total appropriation	Appropriation applied in 2014 (current and prior years)	Variance ^(a)
	Appropriation Act		FMA Act			
	Annual Appropriation	Appropriations reduced	Section 31 ^(b)			
	\$	\$	\$	\$	\$	\$
DEPARTMENTAL						
Ordinary annual services	2,244,000	-	33,217	2,277,217	2,542,217	(265,000)
Total departmental	2,244,000	-	33,217	2,277,217	2,542,217	(265,000)

(a) A voluntary contribution of \$274,000 from prior year appropriations was made to the Defined Benefit Super fund in 2013-2014.

(b) Section 31 Appropriations are funds received from outside sources and transferred to the Official Public Account (OPA)

	2013 Appropriations			Total appropriation	Appropriation applied in 2013 (current and prior years)	Variance ^(a) ^(b)
	Appropriation Act		FMA Act			
	Annual Appropriation	Appropriations reduced ^(c)	Section 31 ^(d)			
	\$	\$	\$	\$	\$	\$
DEPARTMENTAL						
Ordinary annual services	2,249,000	(10,000)	32,011	2,271,011	2,434,249	(163,238)
Total departmental	2,249,000	(10,000)	32,011	2,271,011	2,434,249	(163,238)

(a) A voluntary contribution of \$60,000 from prior year appropriations was made to the Defined Benefit Super fund in 2012-2013.

(b) Prior year departmental capital Appropriation was drawdown for IT infrastructure upgrades.

(c) The Instrument to Reduce Appropriations (No. 1 of 2013-2014) was issued after the 30 June 2013. The Instrument determined that the Office of the AUASB's Appropriation (Act 1) 2012-2013 was to be reduced by \$10,000.

(d) Section 31 Appropriations are funds received from outside sources and transferred to the Official Public Account (OPA).

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

	2014 Capital Budget Appropriations			Capital budget appropriations applied in 2014		Variance ^(a)
	Appropriation Act		Total capital budget appropriations	Payments for non-financial assets	Total payments	
	Annual Capital Budget	Appropriations reduced				
	\$	\$	\$	\$	\$	\$
DEPARTMENTAL						
Ordinary annual services – Departmental capital budget	36,000	-	36,000	28,933	28,933	7,067
Total departmental	36,000	-	36,000	28,933	28,933	7,067

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

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

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

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

Authority	2014	2013
Appropriation Act 1 2010/11	-	128,028
Appropriation Act 1 2011/12	-	1,125,258
Appropriation Act 1 2012/13	588,433	195,764
Appropriation Act 1 2013/14	644,864	-
Appropriation Act 1 2012/13 - capital budget	-	2,370
Appropriation Act 1 2013/14 - capital budget	9,437	-
Total	1,242,734	1,451,420

During 2013/14 the Office of the AUASB re-allocated the unspent balance of Appropriation (Act 1) 2011/12 to Appropriation (Act 1) 2012/13 to cover forward estimates period potential cash shortfalls.

Note 15: Reporting of Outcomes

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

Note 15A: Net Cost of Outcome Delivery

Outcome 1	2014	2013
	\$	\$
Expenses		
Departmental	2,207,958	2,293,406
Total expenses	2,207,958	2,293,406
Income from non-government sector:		
Departmental	33,217	32,011
Total departmental	33,217	32,011
Other own-source income		
Gains	24,000	24,000
Total other own-source income	24,000	24,000
Net cost/(contribution) of outcome delivery	2,150,741	2,237,395

Note 16: Compensation and Debt Relief

	2014	2013
	\$	\$
No 'Act of Grace payments' were expended during the reporting period (2013: nil expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997 (2013: nil waivers).	-	-
No ex-gratia payments were provided for during the reporting period (2013: nil payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period (2013: nil payments).	-	-

Note 17: Net cash appropriation arrangements

	2014	2013
	\$	\$
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriation ¹	173,599	144,636
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(86,340)	(70,554)
Total comprehensive income (loss) as per Statement of Comprehensive Income	87,259	74,082

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

Other Mandatory Information



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OTHER MANDATORY INFORMATION

OCCUPATIONAL HEALTH AND SAFETY

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

The function of the OHSC is to provide the mechanism for continuing consultation between management and staff on OHS matters. All employees, and Board members, when attending meetings, are covered under Comcare and Comcover. No accidents or dangerous occurrences, or relevant investigations, took place during the 2013-14 financial year.

FREEDOM OF INFORMATION

Statement covering the period from 1 July 2013 to 30 June 2014

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

No matter involving freedom of information arose during the 2013-14 financial year. No applications under the *Freedom of Information Act 1982* were received by the AUASB in 2013-14.

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

ADVERTISING AND MARKET RESEARCH

The AUASB did not carry out any advertising or market research during the 2013-14 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.

DISCRETIONARY GRANTS

The AUASB did not administer any discretionary grant programs in the 2013–14 financial year.

INFORMATION PUBLICATION SCHEME

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

The IPS:

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

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

Appendices



APPENDIX A

ATTENDANCE AT AUASB MEETINGS

The AUASB held seven meetings during 2013–14 for a total of eight meeting days. Member attendance is shown in the table below:

Members	Number of days eligible to attend	Number of days attended	Apologies (days)
M Kelsall (Chairman)	8	8	0
J Tyers (Deputy Chairman)*	4	3	1
J Cain	8	6	2
N Cherry	8	7	1
V Clifford	8	6	2
J Gavens	8	7	1
C George	8	8	0
R. Low**	3	3	0
N Martinov-Bennie	8	6	2
C Mc Cabe**	3	3	0
J Meade	8	8	0
C Murphy	8	6	2
G Pound	8	8	0
B Szentirmay	8	8	0
K Wydell*	4	3	1

* Retirements on 31 December 2013, Mr J Tyers and Ms K Wydell

** Commencements on 1 January 2014, Ms R Low and Ms C Mc Cabe

APPENDIX B

PRONOUNCEMENTS (30 June 2014)

The following pronouncements have been issued by the AUASB.

Current Pronouncements

Foreword, glossary and framework

Title	Reissued
<i>Foreword to AUASB Pronouncements</i>	30 Nov 2012
<i>AUASB Glossary</i>	27 Oct 2009
<i>Framework for Assurance Engagements</i>	24 Jun 2014
<i>Framework for Assurance Engagements</i>	30 Nov 2012

Auditing Standards – issued as legislative instruments (current series)

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

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

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Standard	Title	Issued
ASA 330	<i>The Auditor's Responses to Assessed Risks</i>	27 Oct 2009
ASA 402	<i>Audit Considerations Relating to an Entity Using a Service Organisation</i>	27 Oct 2009
ASA 450	<i>Evaluation of Misstatements Identified during the Audit</i>	27 Oct 2009
ASA 500	<i>Audit Evidence</i>	27 Oct 2009
ASA 501	<i>Audit Evidence—Specific Considerations for Inventory and Segment Information</i>	27 Oct 2009
ASA 502	<i>Audit Evidence—Specific Considerations for Litigation and Claims</i>	27 Oct 2009
ASA 505	<i>External Confirmations</i>	27 Oct 2009
ASA 510	<i>Initial Audit Engagements—Opening Balances</i>	27 Oct 2009
ASA 520	<i>Analytical Procedures</i>	27 Oct 2009
ASA 530	<i>Audit Sampling</i>	27 Oct 2009
ASA 540	<i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures</i>	27 Oct 2009
ASA 550	<i>Related Parties</i>	27 Oct 2009
ASA 560	<i>Subsequent Events</i>	27 Oct 2009
ASA 570	<i>Going Concern</i>	27 Oct 2012
ASA 580	<i>Written Representations</i>	27 Oct 2009
ASA 600	<i>Special Considerations – Audits of a Group Financial Report (including the Work of Component Auditors)</i>	27 Oct 2009
ASA 610	<i>Using the Work of Internal Auditors</i>	11 Nov 2013
ASA 620	<i>Using the Work of an Auditor's Expert</i>	27 Oct 2009
ASA 700	<i>Forming an Opinion and Reporting on a Financial Report</i>	27 Oct 2009
ASA 705	<i>Modifications to the Opinion in the Independent Auditor's Report</i>	27 Oct 2009
ASA 706	<i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i>	27 Oct 2009
ASA 710	<i>Comparative Information – Corresponding Figures and Comparative Financial Reports</i>	27 Oct 2009
ASA 720	<i>The Auditor's Responsibility in Relation to Other Information in Documents Containing an Audited Financial Report</i>	27 Oct 2009
ASA 800	<i>Special Considerations - Audits of Financial Reports Prepared in accordance with Special Purpose Frameworks</i>	27 Oct 2009
ASRE 2410	<i>Review of a Financial Report Performed by the Independent Auditor of the Entity</i>	27 Oct 2009
ASA 2011-1	<i>Amendments to Australian Auditing Standards</i>	27 Jun 2011
ASA 2012-1	<i>Amending Standard to ASA 570 Going Concern</i>	31 Aug 2012
ASA 2013-1	<i>Amending Standard to ASRE 2415 Review of a Financial Report – Company Limited by Guarantee</i>	26 Mar 2013
ASA 2013-2	<i>Amendments to Australian Auditing Standards</i>	11 Nov 2013
ASA 2013-3	<i>Amendments to Australian Auditing Standards</i>	1 July 2013

Auditing Standards – not issued as legislative instruments

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

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

Compiled Auditing Standards issued by the AUASB (current series)

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

Standard	Title	Approval Date
ASQC 1	<i>Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements (Compiled)</i>	11 Nov 2013
ASA 101	<i>Preamble to Australian Auditing Standards (Compiled)</i>	27 Jun 2011
ASA 102	<i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements (Compiled)</i>	27 Jun 2011
ASA 210	<i>Agreeing the Terms of Audit Engagements (Compiled)</i>	11 Nov 2013
ASA 200	<i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards (Compiled)</i>	11 Nov 2013
ASA 220	<i>Quality Control for an Audit of a Financial Report and Other Historical Financial Information (Compiled)</i>	11 Nov 2013
ASA 230	<i>Audit Documentation (Compiled)</i>	11 Nov 2013
ASA 240	<i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report (Compiled)</i>	11 Nov 2013
ASA 250	<i>Consideration of Laws and Regulations in an Audit of a Financial Report (Compiled)</i>	27 Jun 2011
ASA 260	<i>Communication with Those Charged with Governance (Compiled)</i>	11 Nov 2013
ASA 265	<i>Communicating Deficiencies in Internal Control to Those Charged with Governance and Management (Compiled)</i>	11 Nov 2013
ASA 300	<i>Planning an Audit of a Financial Report (Compiled)</i>	11 Nov 2013
ASA 315	<i>Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment (Compiled)</i>	11 Nov 2013
ASA 320	<i>Materiality in Planning and Performing an Audit (Compiled)</i>	27 Jun 2011
ASA 402	<i>Audit Considerations Relating to an Entity Using a Service Organisation (Compiled)</i>	11 Nov 2013
ASA 500	<i>Audit Evidence (Compiled)</i>	11 Nov 2013
ASA 501	<i>Audit Evidence—Specific Considerations for Inventory and Segment Information (Compiled)</i>	27 Jun 2011
ASA 502	<i>Audit Evidence—Specific Considerations for Litigation and Claims (Compiled)</i>	1 Jul 2013
ASA 540	<i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures (Compiled)</i>	27 Jun 2011

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Standard	Title	Approval Date
ASA 550	<i>Related Parties</i> (Compiled)	11 Nov 2013
ASA 560	<i>Subsequent Events</i> (Compiled)	27 Jun 2011
ASA 570	<i>Going Concern</i> (Compiled)	1 Jul 2013
ASA 580	<i>Management Representations</i> (Compiled)	1 Jul 2013
ASA 600	Special Considerations—Audits of a Group Financial Report (Including the Work of Component Auditors)	11 Nov 2013
ASA 700	<i>Forming an Opinion and Reporting on a Financial Report</i> (Compiled)	1 Jul 2013
ASA 705	<i>Modifications to the Opinion in the Independent Auditor's Report</i> (Compiled)	27 Jun 2011
ASA 706	<i>Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i> (Compiled)	27 Jun 2011
ASA 710	<i>Comparative Information—Corresponding Figures and Comparative Financial Reports</i> (Compiled)	27 Jun 2011
ASA 800	<i>Special Considerations—Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks</i> (Compiled)	1 Jul 2013
ASRE 2410	<i>Review of a Financial Report Performed by the Independent Auditor of the Entity</i> (Compiled)	1 Jul 2013
ASRE 2415	<i>Review of a Financial Report – Company Limited by Guarantee or an Entity reporting Under the ACNC Act or Other Applicable Regulation or Legislation</i> (Compiled)	1 Jul 2013

Standards on Assurance Engagements

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

Standard	Title	Issued
ASAE 3000	<i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>	24 Jun 2014
ASAE 3000	<i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i>	9 Jul 2007
ASAE 3100	<i>Compliance Engagements</i>	9 Sep 2008
ASAE 3402	<i>Assurance Reports on Controls at a Service Organisation</i>	24 Jun 2014
ASAE 3402	<i>Assurance Reports on Controls at a Service Organisation</i>	29 Jun 2010
ASAE 3410	<i>Assurance on Greenhouse Gas Statements</i>	24 Jun 2014
ASAE 3410	<i>Assurance on Greenhouse Gas Statements</i>	28 Jun 2012
ASAE 3420	Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document	24 Jun 2014
ASAE 3420	Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document	30 Nov 2012
ASAE 3450	Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information	30 Nov 2012
ASAE 3500	<i>Performance Engagements</i>	30 Oct 2008
ASAE 3610/AWAS 2	Assurance Engagements on General Purpose Water Accounting Reports (AWAS 2)	24 Feb 2014

Standards on Review Engagements

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

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

Standards on Related Services

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

Standard	Title	Issued
ASRS 4400	<i>Agreed-Upon Procedures Engagements to Report Factual Findings</i>	Reissued – 1 Jul 2013
ASRS 4450	<i>Comfort Letter Engagements</i>	30 May 2012

Explanatory Guides

The following Explanatory Guides were issued by the AUASB:

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

Auditing Standards – Other

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

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

Auditing and Assurance Guidance Statements

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

Guidance	Title	Issued
GS 001	<i>Concise Financial Reports Under the Corporations Act 2001</i>	Mar 2010 - Revised
GS 002	<i>Special Considerations in the Audit of Risk Management Requirements for Registrable Superannuation Entities and Licensees</i>	Jan 2014 - Revised
GS 003	<i>Audit and Review Requirements for Australian Financial Services Licensees under the Corporations Act 2001</i>	Oct 2007
GS 004	<i>Audit Implications of Prudential Reporting Requirements for General Insurers and Insurance Groups</i>	May 2013 - Revised
GS 005	<i>Using the Work of an Actuary</i>	Oct 2007
GS 006	<i>Electronic Publication of the Auditor's Report</i>	Mar 2010
GS 007	<i>Audit Implications of the Use of Service Organisations for Investment Management Services</i>	Oct 2011
GS 008	<i>The Auditor's Report on a Remuneration Report Under Section 300A of the Corporations Act 2001</i>	Mar 2010
GS 009	<i>Auditing Self -Managed Superannuation Funds</i>	Sept 2013 - Revised
GS 010	<i>Responding to Questions at an Annual General Meeting</i>	Mar 2009
GS 011	<i>Third Party Access to Audit Working Papers</i>	Apr 2009
GS 012	<i>Prudential Reporting Requirements for Authorised Deposit-taking Institutions</i>	Jun 2009
GS 013	<i>Special Considerations in the Audit of Compliance Plans of Managed Investment Schemes</i>	Aug 2009
GS 014	<i>Auditing Mortgage Schemes</i>	Aug 2009
GS 015	<i>Audit Implications of Accounting for Investments in Associates</i>	Nov 2009
GS 016	<i>Bank Confirmation Requests</i>	Jun 2010
GS 017	<i>Prudential Reporting Requirements for Auditors of a Life Company</i>	Jun 2010
GS 018	<i>Franchising Code of Conduct – Auditor's Reports</i>	Oct 2010
GS 019	<i>Auditing Fundraising Revenue of Not-for-Profit Entities</i>	Apr 2011
GS 020	<i>Special Considerations in Auditing Financial Instruments</i>	Mar 2012
GS 021	<i>Engagements Under the National Greenhouse and Energy Reporting Scheme, Carbon Pricing Mechanism and Related Schemes</i>	Dec 2012

Bulletins

The following Bulletins have been issued by the AUASB:

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

Pronouncements Applicable to Prior Periods

Auditing Standards – issued as legislative instruments (2006 series)

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

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

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Standard	Title	Issued
ASA 520	<i>Analytical Procedures</i>	28 Apr 2006
ASA 530	<i>Audit Sampling and Other Means of Testing</i>	28 Apr 2006
ASA 540	<i>Audit of Accounting Estimates</i>	28 Apr 2006
ASA 545	<i>Auditing Fair Value Measurements and Disclosures</i>	28 Apr 2006
ASA 550	<i>Related Parties</i>	28 Apr 2006 [Re-issued 9 Oct. 2006]
ASA 560	<i>Subsequent Events</i>	28 Apr 2006
ASA 570	<i>Going Concern</i>	28 Apr 2006
ASA 580	<i>Management Representations</i>	28 Apr 2006
ASA 600	<i>Using the Work of Another Auditor</i>	28 Apr 2006
ASA 610	<i>Considering the Work of Internal Audit</i>	28 Apr 2006
ASA 620	<i>Using the Work of an Expert</i>	28 Apr 2006
ASA 700	<i>The Auditor's Report on a General Purpose Financial Report</i>	27 Jun 2007
ASA 701	<i>Modifications to the Auditor's Report</i>	27 Jun 2006
ASA 710	<i>Comparatives</i>	27 Jun 2007
ASA 720	<i>Other Information in Documents Containing Audited Financial Reports</i>	28 Apr 2006
ASA 800	<i>The Auditor's Report on Special Purpose Audit Engagements</i>	27 Jun 2007
ASRE 2410	<i>Review of an Interim Financial Report Performed by the Independent Auditor of the Entity</i>	21 Aug 2008
ASA 2007-1	<i>Amendments to Australian Auditing Standards</i>	27 Jun 2007
ASA 2008-1	<i>Amendments to Australian Auditing Standards</i>	21 Aug 2008

Compiled Auditing Standards issued in prior years (2006 series)

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

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

APPENDIX C

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; and(c) Standards on Assurance Engagements.
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) <i>ASRE 2410 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> .
Compiled Standard	A standard that comprises the aggregation of an original Auditing Standard with one or more amending standards.

Term	Meaning
Standards on Review Engagements	These standards apply only to reviews of historical financial information.
Standards on Assurance Engagements	These standards apply only to engagements other than audits or reviews of historical financial information.
Guidance Statement	A Guidance Statements (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.
Standards on Related Services	Standards on related services are engagements where no assurance is provided.

APPENDIX D

LIST OF REQUIREMENTS

Description	Requirement	Page/s
Introduction		
Letter of transmittal	Mandatory	iii
Table of contents	Mandatory	v
Index	Mandatory	109
Glossary	Mandatory	vii, 101
Contact officer(s)	Mandatory	ix
Internet home page address and Internet address for report	Mandatory	ix
Review by Secretary		
Review by departmental secretary	Mandatory	3
Summary of significant issues and developments	Suggested	3
Overview of department's performance and financial results	Suggested	24
Outlook for following year	Suggested	13
Significant issues and developments – portfolio	Suggested	3
Departmental Overview		
Role and functions	Mandatory	17
Organisational structure	Mandatory	34
Outcome and programme structure	Mandatory	19
Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	19
Portfolio structure	Portfolio departments - mandatory	34

Description	Requirement	Page/s
Report on Performance		
Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	23
Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	23
Where performance targets differ from the PBS/ PAES, details of both former and new targets, and reasons for the change	Mandatory	23
Narrative discussion and analysis of performance	Mandatory	23
Trend information	Mandatory	23
Significant changes in nature of principal functions/ services	Suggested	n/a
Performance of purchaser/provider arrangements	If applicable, suggested	n/a
Factors, events or trends influencing departmental performance	Suggested	23
Contribution of risk management in achieving objectives	Suggested	n/a
Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	n/a
Discussion and analysis of the department's financial performance	Mandatory	23
Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	23
Agency resource statement and summary resource tables by outcomes	Mandatory	24
Management and Accountability		
Corporate Governance		
Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines.	Mandatory	39
Statement of the main corporate governance practices in place	Mandatory	33
Names of the senior executive and their responsibilities	Suggested	36

Appendix D: List of Requirements

Description	Requirement	Page/s
Management and Accountability (cont)		
Senior management committees and their roles	Suggested	35
Corporate and operational planning and associated performance reporting and review	Suggested	25
Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	n/a
Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	39
How nature and amount of remuneration for SES officers is determined	Suggested	n/a
External Scrutiny		
Significant developments in external scrutiny	Mandatory	39
Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	39
Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman or an agency capability review	Mandatory	39
Management of Human Resources		
Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	41
Workforce planning, staff retention and turnover	Suggested	n/a
Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	n/a
Training and development undertaken and its impact	Suggested	n/a
Work health and safety performance	Suggested	87
Productivity gains	Suggested	n/a
Statistics on staffing	Mandatory	40
Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	40
Performance pay	Mandatory	41

Description	Requirement	Page/s
Assets management		
Assessment of effectiveness of assets management	If applicable, mandatory	n/a
Purchasing		
Assessment of purchasing against core policies and principles	Mandatory	41
Consultants		
The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	41
Australian National Audit Office Access Clauses		
Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	41
Exempt contracts		
Contracts exempt from publication in AusTender	Mandatory	41
Financial Statements	Mandatory	45
Other Mandatory Information		
Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	87
Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	87
Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	87
Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	n/a
Grant programmes	Mandatory	88

Appendix D: List of Requirements

Description	Requirement	Page/s
Other Mandatory Information (cont)		
Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	42
Information Publication Scheme statement	Mandatory	88
Correction of material errors in previous annual report	If applicable, mandatory	n/a
Agency Resource Statements and Resources for Outcomes	Mandatory	24
List of Requirements	Mandatory	103

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