

OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

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OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

The strategic directions of the AUASB are:

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

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

- Developing, issuing and maintaining in the public interest, Australian auditing and assurance standards and guidance that aid in reducing the cost of capital and enable

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Australian entities to compete effectively domestically and internationally through enhancing audit and assurance consistency and quality; and

- Contributing to the development of a single set of auditing and assurance standards and guidance for worldwide use.

1.2 ENTITY RESOURCE STATEMENT

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

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

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

Table 1.1: Office of the Auditing and Assurance Standards Board resource statement — Budget estimates for 2021-22 as at Budget May 2021

	2020-21 Estimated actual \$'000	2021-22 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	1,073	1,373
Departmental appropriation (b)	2,386	2,388
Departmental capital budget (c)	21	24
Total departmental annual appropriations	3,480	3,785
Total departmental resourcing	3,480	3,785
Total resourcing for AUASB	3,480	3,785
<hr/>		
	2020-21	2021-22
Average staffing level (number)	8	8

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

Prepared on a resourcing (that is, appropriations available) basis.

(a) Appropriation Bill (No. 1) 2021-22.

(b) Excludes departmental capital budget (DCB).

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

The AUASB has no new budget measures.

Section 2: Outcomes and planned performance

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

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

Note:

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

The most recent corporate plan for AUASB can be found at
(https://www.transparency.gov.au/sites/default/files/reports/aasb-auasb_corporateplan_2020-21.pdf)

The most recent annual performance statement can be found at:
(<https://www.transparency.gov.au/annual-reports/office-auditing-and-assurance-standards-board/reporting-year/2019-20>)

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

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

Budgeted expenses for Outcome 1

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

Table 2.1: Budgeted expenses for Outcome 1

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
Program 1.1: Office of the Auditing and Assurance Standards Board					
Departmental expenses					
Departmental appropriation	2,065	2,388	2,116	2,124	2,133
Expenses not requiring appropriation in the Budget year (a)	115	129	134	139	144
Departmental total	2,180	2,517	2,250	2,263	2,277
Total expenses for program 1.1	2,180	2,517	2,250	2,263	2,277
	2020-21	2021-22			
Average staffing level (number)	8	8			

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

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

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2020-21 Budget measures have created new programs or materially changed existing programs.

<p>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</p>	
<p>Program 1.1 – The key strategies to achieve Outcome 1 are:</p> <ul style="list-style-type: none"> • Developing, issuing and maintaining in the public interest, Australian auditing and assurance standards and guidance that aid in reducing the cost of capital and enable Australian entities to compete effectively domestically and internationally through enhancing audit and assurance consistency and quality. • Contributing to the development of a single set of auditing and assurance standards and guidance for world-wide use. 	
<p>Delivery</p>	<ul style="list-style-type: none"> • Develop and issue Australian Auditing and Assurance Standards that are in the public interest and meet the needs of stakeholders based on IAASB equivalents in accordance with AUASB functions and our direction from the Financial Reporting Council (FRC). • Develop and maintain Australian specific Standards and/or Guidance for topics not specifically addressed by IAASB Standards where required. • Influence international standards and guidance to achieve public interest outcomes and serve as the most effective base possible for Australian auditing and assurance standards • In conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia. • Demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance. • Partner with the AASB and others to reform the Australian external reporting and assurance frameworks. • Monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards.

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Performance information		
Year	Performance criteria	Targets
2020-21	<ul style="list-style-type: none"> Develop and issue Australian Auditing and Assurance Standards that are in the public interest and meet the needs of stakeholders based on IAASB equivalents in accordance with AUASB functions and our direction from the Financial Reporting Council (FRC). Develop and maintain Australian specific Standards and/or Guidance for topics not specifically addressed by IAASB Standards where required. Influence international standards and guidance to achieve public interest outcomes and serve as the most effective base possible for Australian auditing and assurance standards. In conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia. Demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance. Partner with the AASB and others to reform the Australian external reporting and assurance frameworks. Monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards. 	<ul style="list-style-type: none"> Issue all IAASB based AUASB standards and guidance in a timely manner with accompanying implementation materials and communications that are tailored for Australian stakeholders. Seek feedback on relevance, effectiveness and public interest of these standards through stakeholder feedback, outreach programs and post-implementation reviews. Issue Australian specific AUASB standards and guidance in a timely manner with accompanying implementation materials and communications that are tailored for Australian stakeholders. Seek feedback on relevance, effectiveness and public interest of Australian specific standards and guidance through stakeholder feedback, outreach programs and post-implementation reviews. Identify gaps in the AUASB Framework where guidance is required and issue Guidance Statements or Bulletins to address these. Build and maintain strong international relationships with the IAASB and like-minded Global and National Auditing Standard Setters, particularly New Zealand and Canada. Demonstrate the AUASB's influence on major international auditing and assurance developments by implementing the AUASB's International Strategy. Provide input to the international standard setting process through responding to international pronouncements using input from Australian stakeholders.

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Performance information		
Year	Performance criteria	Targets
		<ul style="list-style-type: none"> • Maintain harmonisation of auditing and assurance standards in Australia and New Zealand in accordance with relevant agreements and protocols. • With the FRC, devise and complete activities to implement the FRC's Audit Quality Action Plan and contribute to improved audit quality outcomes in the Australian auditing environment. • Work with ASIC, the AASB, practitioners and other stakeholders to identify and address significant inspection findings associated with accounting and auditing standards. • Develop thought leadership and implement strategic projects to improve auditing and assurance practice in priority areas such as Extended External Reporting, Audits of Less Complex Entities and the use of Technology in the Audit. • Support the development and publishing of relevant and high-quality auditing and assurance evidence-based research in accordance with the AUASB Evidence Informed Standard Setting Strategy. • Seek feedback on proposed changes to assurance requirements to ensure they are fit for the intended purpose and support changes to the external reporting framework. • Support initiatives that promote consistency and understanding of the nature and extent of assurance required for external reporting requirements in Australia. • Increase engagement with stakeholders through new and existing AUASB communications activities and events.

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Performance information		
Year	Performance criteria	Targets
2021-22	<i>As per 2020-21</i>	<i>As per 2020-21</i>
2022-23 and beyond	As per 2021-22	As per 2021-22
Purposes	The functions of the AUASB are to: <ul style="list-style-type: none"> • make auditing standards under section 336 of the <i>Corporations Act 2001</i> for the purposes of the corporations legislation; • formulate auditing and assurance standards for other purposes; • formulate guidance on auditing and assurance matters; • participate in and contribute to the development of a single set of auditing standards for world-wide use; and advance and promote the main objectives of part 12 of the <i>Australian Securities and Investments Commission Act 2001</i>. 	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2021-22 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

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

3.1.2 Explanatory notes and analysis of budgeted financial statements

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

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

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

Other financial items are immaterial in movements.

3.2. BUDGETED FINANCIAL STATEMENTS TABLES

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
EXPENSES					
Employee benefits	1,244	1,381	1,409	1,437	1,466
Suppliers	915	1,112	817	802	787
Depreciation and amortisation (a)	21	24	24	24	24
Total expenses	2,180	2,517	2,250	2,263	2,277
LESS:					
OWN-SOURCE INCOME					
Gains					
Other	94	105	110	115	120
Total gains	94	105	110	115	120
Total own-source income	94	105	110	115	120
Net (cost of)/contribution by services	(2,086)	(2,412)	(2,140)	(2,148)	(2,157)
Revenue from Government	2,386	2,388	2,116	2,124	2,133
Surplus/(deficit) attributable to the Australian Government	300	(24)	(24)	(24)	(24)
Total comprehensive income/(loss) attributable to the Australian Government	300	(24)	(24)	(24)	(24)

Note: Impact of net cash appropriation arrangements

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
Total comprehensive income/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations	321	-	-	-	-
plus: depreciation/amortisation expenses previously funded through revenue appropriations (a)	21	24	24	24	24
Total comprehensive income/(loss) - as per the statement of comprehensive income	300	(24)	(24)	(24)	(24)

Prepared on Australian Accounting Standards basis.

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

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	273	273	273	273	273
Trade and other receivables	1,147	1,147	1,147	1,147	1,147
Total financial assets	1,420	1,420	1,420	1,420	1,420
Non-financial assets					
Other non-financial assets	13	13	13	13	13
Total non-financial assets	13	13	13	13	13
Assets held for sale					
Total assets	1,433	1,433	1,433	1,433	1,433
LIABILITIES					
Payables					
Suppliers	221	221	221	221	221
Total payables	221	221	221	221	221
Provisions					
Employee provisions	264	264	264	264	264
Total provisions	264	264	264	264	264
Total liabilities	485	485	485	485	485
Net assets	948	948	948	948	948
EQUITY*					
Parent entity interest					
Contributed equity	302	326	350	374	398
Retained surplus (accumulated deficit)	646	622	598	574	550
Total equity	948	948	948	948	948

Prepared on Australian Accounting Standards basis.

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

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2021-22)

	Retained earnings	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2021			
Balance carried forward from previous period	646	302	948
Adjustment for changes in accounting policies	-	-	-
Adjusted opening balance	646	302	948
Comprehensive income			
Other comprehensive income			-
Surplus/(deficit) for the period	(24)	-	(24)
Total comprehensive income	(24)	-	(24)
Transactions with owners			
Contributions by owners			
Departmental Capital Budget (DCB)	-	24	24
Sub-total transactions with owners	-	24	24
Estimated closing balance as at 30 June 2022	622	326	948
Closing balance attributable to the Australian Government	622	326	948

Prepared on Australian Accounting Standards basis.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	1,239	2,388	2,116	2,124	2,133
Total cash received	1,239	2,388	2,116	2,124	2,133
Cash used					
Employees	1,244	1,381	1,409	1,437	1,466
Suppliers	795	1007	707	687	667
Total cash used	2,039	2,388	2,116	2,124	2,133
Net cash from/(used by) operating activities	(800)	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	21	24	24	24	24
Total cash used	21	24	24	24	24
Net cash from/(used by) investing activities	(21)	(24)	(24)	(24)	(24)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	21	24	24	24	24
Total cash received	21	24	24	24	24
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	21	24	24	24	24
Net increase/(decrease) in cash held	(800)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	1,073	273	273	273	273
Cash and cash equivalents at the end of the reporting period	273	273	273	273	273

Prepared on Australian Accounting Standards basis.

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

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	21	24	24	24	24
Total new capital appropriations	21	24	24	24	24
<i>Provided for:</i>					
Purchase of non-financial assets	21	24	24	24	24
Total items	21	24	24	24	24
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	21	24	24	24	24
TOTAL	21	24	24	24	24
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	21	24	24	24	24
Total cash used to acquire assets	21	24	24	24	24

Prepared on Australian Accounting Standards basis.

(a) 2020-21 Bill 1 DCB has been reallocated from Capital to Operating.

Table 3.6: Statement of asset movements (Budget year 2020-21)

	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2021		
Gross book value	24	24
Accumulated depreciation/ amortisation and impairment	(24)	(24)
Opening net book balance	-	-
Capital asset additions		
Estimated expenditure on new or replacement assets		
By purchase - appropriation equity (a)	24	24
Total additions	24	24
Other movements		
Depreciation/amortisation expense	(24)	(24)
Total other movements	(24)	(24)
As at 30 June 2022		
Gross book value	48	48
Accumulated depreciation/ amortisation and impairment	(48)	(48)
Closing net book balance	-	-

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2021-22, including CDABs.

