

# OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

<b>Section 1: Agency overview and resources</b> .....	<b>95</b>
1.1 Strategic direction.....	95
1.2 Agency resource statement .....	96
1.3 Agency measures table .....	96
1.4 Additional estimates and variations.....	97
1.5 Breakdown of additional estimates by Appropriation Bill.....	98
<b>Section 2: Outcomes and planned performance</b> .....	<b>99</b>
2.1 Outcomes and performance information .....	99
<b>Section 3: Explanatory tables and budgeted financial statements</b> .....	<b>102</b>
3.1 Explanatory tables.....	102
3.2 Budgeted financial statements.....	103



# OFFICE OF THE AUDITING AND ASSURANCE STANDARDS BOARD

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION

The Office of the Auditing and Assurance Standards Board (AUASB) is an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*. The AUASB transferred governance arrangements from the *Commonwealth Authorities and Companies Act 1997* framework to the *Financial Management and Accountability Act 1997* framework from 1 July 2008.

The functions of the AUASB are to:

- make auditing standards under section 336 of the *Corporations Act 2001* for the purposes of the corporations legislation;
- formulate auditing and assurance standards for other purposes;
- formulate guidance on auditing and assurance matters; and
- participate in and contribute to the development of a single set of auditing standards for world-wide use; and to advance and promote the main objectives of part 12 of the *Australian Securities and Investments Commission Act 2001*.

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

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.

Key strategies during 2008-09 include:

- developing auditing and assurance standards and guidance;
- identify emerging auditing and assurance issues;

## Agency Additional Estimates Statements —AUASB

- contribute to and influence the development of international auditing standards; and
- promote awareness and understanding of the AUASB role and work program, auditor responsibilities, and the role of auditing and assurance services.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 outlines the total resourcing available from all sources. The table summarises how resources will be applied to the AUASB.

**Table 1.1: Auditing and Assurance Standards Board resource statement — additional estimates for 2008-09 as at Additional Estimates December 2008**

	Estimate as at Budget <sup>1</sup>	Estimate as at Budget <sup>2</sup> +	Proposed additional estimates =	Total estimate at Additional Estimates
	2008-09 \$'000	2008-09 \$'000	2008-09 \$'000	2008-09 \$'000
<b>Ordinary annual services</b>				
<b>Departmental outputs</b>				
Departmental outputs	-	1,078	41 <sup>3</sup>	1,119
Receipts from other sources (s31)	-	927	-	927
<b>Total ordinary annual services</b>	<b>A</b>	<b>2,005</b>	<b>41</b>	<b>2,046</b>
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	-	-	579 <sup>4</sup>	579
<b>Total other services</b>	<b>B</b>	<b>-</b>	<b>579</b>	<b>579</b>
<b>Special accounts</b>				
Opening balance	-	-	-	-
Non-appropriation receipts	-	900	-	900
<b>Total special accounts</b>	<b>C</b>	<b>900</b>	<b>-</b>	<b>900</b>
<b>Total resourcing (A + B + C)</b>		<b>2,905</b>	<b>620</b>	<b>3,525</b>
Less receipts from other sources credited to special accounts	-	900	-	900
<b>Total net resourcing for AUASB</b>		<b>2,005</b>	<b>620</b>	<b>2,625</b>

1. The AUASB did not receive a separate appropriation in the 2008-09 Budget.
2. Appropriation was transferred from the Department of the Treasury to the AUASB under section 32 of the *Financial Management and Accountability Act 1997*.
3. Appropriation Bill (No. 3) 2008-09.
4. Appropriation Bill (No. 4) 2008-09.

## 1.3 AGENCY MEASURES TABLE

**Table 1.2: Agency measures since Budget**

The AUASB does not have any measures since the 2008-09 Budget.

## 1.4 ADDITIONAL ESTIMATES AND VARIATIONS

Table 1.4 details the additional estimates and variations sought as a result of the AUASB transferring governance arrangements from the *Commonwealth Authorities and Companies Act 1997* framework to the *Financial Management and Accountability Act 1997* framework through Appropriation Bills No. 3 and No. 4.

### Table 1.3: Additional estimates and variations to outcomes from measures since 2008-09 Budget

The AUASB does not have any additional estimates or variations as a result of Budget measures.

### Table 1.4: Additional estimates and variations to outcomes from other variations

	Output Group impacted	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000
<b>Outcome 1</b>					
<b>Increase in estimates (departmental)</b>					
Interest revenue forgone as a result of becoming an agency subject to the <i>Financial Management and Accountability Act 1997</i>	1.1	41	41	41	41
Equity injection equivalent to the cash at bank amount as a result of becoming an agency subject to the <i>Financial Management and Accountability Act 1997</i>	1.1	579	-	-	-
<b>Net impact on estimates for outcome 1 (departmental)</b>		<b>620</b>	<b>41</b>	<b>41</b>	<b>41</b>

*Agency Additional Estimates Statements — AUASB*

## 1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5 details the additional estimates sought for the AUASB through Appropriation Bill No. 3. Table 1.6 details the additional estimates sought for the AUASB through Appropriation Bill No. 4.

**Table 1.5: Appropriation Bill (No. 3) 2008-09**

	2008-09 Budget <sup>1</sup> \$'000	2008-09 Budget <sup>2</sup> \$'000	2008-09 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
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					
	-	1,078	1,119	41	-
<b>Total</b>	<b>-</b>	<b>1,078</b>	<b>1,119</b>	<b>41</b>	<b>-</b>

1. The AUASB did not receive a separate appropriation in the 2008-09 Budget.
2. Appropriation was transferred from the Department of the Treasury to the AUASB under section 32 of the *Financial Management and Accountability Act 1997*.

**Table 1.6: Appropriation Bill (No. 4) 2008-09**

	2008-09 Budget <sup>1</sup> \$'000	2008-09 Budget <sup>2</sup> \$'000	2008-09 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>Non-operating</b>					
Equity injections	-	-	579	579	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>579</b>	<b>579</b>	<b>-</b>

1. The AUASB did not receive a separate appropriation in the 2008-09 Budget.
2. Appropriation was transferred from the Department of the Treasury to the AUASB under section 32 of the *Financial Management and Accountability Act 1997*.

## Section 2: Outcomes and planned performance

### **2.1 OUTCOMES AND PERFORMANCE INFORMATION**

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community.

The AUASB's outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of the AUASB in achieving government outcomes.

#### **2.1.1 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**

##### **Outcome 1 strategy**

The key strategies to achieve Outcome 1 are:

- making auditing standards under section 336 of the *Corporations Act 2001* and for related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of the Corporations legislation (Output 1.1.1);
- formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing or assurance engagements for purposes other than the purposes of the Corporations legislation (Output 1.1.2); and
- to provide Australian participation in, and contribution to, the development of a single set of auditing standards for world-wide use (Output 1.1.3).

The AUASB will continue its role in the development of auditing and assurance standards guidance, identifying emerging auditing and assurance issues and contributing to and influence the development of international auditing standards.

**Agency Additional Estimates Statements —AUASB**

**Contributions to Outcome 1**

<b>Output Group 1.1 — Auditing and Assurance Standards Board</b>	
Components of Output Group 1.1 AUASB are:	
<ul style="list-style-type: none"> <li>• Output 1.1.1 — making auditing standards under section 336 of the <i>Corporations Act 2001</i> and related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of Corporations legislation.</li> <li>• Output 1.1.2 — formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing or assurance engagements for purposes other than for the purposes of the Corporations legislation.</li> <li>• Output 1.1.3 — to provide Australian participation in, and contribution to, the development of a single set of auditing standards for world-wide use.</li> </ul>	
Output 1.1.1 — making auditing standards under section 336 of the <i>Corporations Act 2001</i> and related guidance for use by Australian auditors who are undertaking audit engagements for the purposes of Corporations legislation.	
Output 1.1.1 reflects the AUASB's role in the development of standards that are legally enforceable under the Corporations Act. This output involves:	
<ul style="list-style-type: none"> <li>• monitoring the International Assurance and Accounting Standards Board (IAASB) and other international standard setters' activities;</li> <li>• issuing exposure drafts of proposed auditing standards for public comment;</li> <li>• issuing auditing standards;</li> <li>• issuing amending auditing standards;</li> <li>• assessing the regulatory impact of proposed standards; and</li> <li>• issuing related guidance statement on auditing and assurance matters.</li> </ul>	
<b>Key performance indicators</b>	<b>2008-09 target</b>
Issuing auditing standards of the highest quality that are consistent with those developed by the IAASB, subject to revision: <ul style="list-style-type: none"> <li>• for Australian legal and regulatory requirements;</li> <li>• to a form suitable as a legal instrument; and</li> <li>• allowing for any additional Australian public interest considerations.</li> </ul>	Develop a set of revised and redrafted legally enforceable auditing standards based on the 'clarity' versions of International Standards on Auditing.  Develop amending auditing standards as required on a timely basis.
Output 1.1.2 — formulating auditing and assurance standards and related guidance for use by Australian auditors who are undertaking auditing or assurance engagements for purposes other than the purposes of Corporations legislation.	
Output 1.1.2 reflects the AUASB's role in the development of auditing standards for other purposes. This output involves:	
<ul style="list-style-type: none"> <li>• issuing assurance standards and auditing standards for other purposes.</li> </ul>	

**Agency Additional Estimates Statements —AUASB**

**Contributions to Outcome 1 (continued)**

Key performance indicators	2008-09 target
Revising existing assurance standards. Developing new assurance standards.	Revise and issue assurance standards for other purposes as required on a timely basis.
Output 1.1.3 — to provide Australian participation in, and contribution to, the development of a single set of auditing standards for world-wide use.	
Output 1.1.3 reflects the AUASB's role in the development of global auditing standards. This output involves:	
<ul style="list-style-type: none"> <li>• contributing to the development of international auditing and assurance standards.</li> </ul>	
Key performance indicators	2008-09 target
Contribute to and influence the development of international auditing and assurance standards that will result in a single set of robust and high quality standards for world-wide use.	Respond to all significant IAASB exposure drafts. Monitor IAASB activities. Provide technical support to IAASB member. Provide technical assistance for IAASB projects.
Identify emerging auditing and assurance issues of public interest and address as appropriate on a timely basis.	Monitor the activities of other National Standards Setters. Participate in the work of the IAASB National Standards Setters forum. Participate in the work of the Trans-Tasman Accounting and Auditing Standards Advisory Group.

## Section 3: Explanatory tables and budgeted financial statements

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specified purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by the AUASB.

**Table 3.1.1: Estimates of special account flows**

		Opening balance <b>2008-09</b> 2007-08	Receipts <b>2008-09</b> 2007-08	Payments <b>2008-09</b> 2007-08	Adjustments <b>2008-09</b> 2007-08	Closing balance <b>2008-09</b> 2007-08
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Auditing and Assurance Standards Board Special Account	1	-	<b>900</b>	<b>900</b>	-	-
		-	-	-	-	-
Office of the Auditing and Assurance Standards Board Services for Other Entities and Trust Moneys Special Account	1	-	-	-	-	-
		-	-	-	-	-
<b>Total special accounts</b>						
<b>2008-09 Budget estimate</b>		-	<b>900</b>	<b>900</b>	-	-
Total special accounts 2007-08 estimate actual		-	-	-	-	-

#### 3.1.2 Estimates of variations to Average Staffing Level

Table 3.1.2 provides the Average Staffing Level for the AUASB.

**Table 3.1.2: Average Staffing Level**

	2008-09 Budget	2008-09 Revised	Variation
<b>Outcome 1</b>			
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	9	9	-
<b>Total</b>	<b>9</b>	<b>9</b>	<b>-</b>

## 3.2 BUDGETED FINANCIAL STATEMENTS

### Departmental financial statements

**Table 3.2.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Actual 2007-08 \$'000	Budget estimates 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	1,379	1,119	1,128	1,167	1,230
Goods and services	26	28	29	30	31
Interest	41	-	-	-	-
Other <sup>1</sup>	900	900	900	900	900
<b>Total revenue</b>	<b>2,346</b>	<b>2,047</b>	<b>2,057</b>	<b>2,097</b>	<b>2,161</b>
<b>EXPENSE</b>					
Employees	1,426	1,287	1,269	1,279	1,313
Suppliers	775	701	729	758	789
Depreciation and amortisation	59	59	59	59	59
Finance costs	3	-	-	-	-
<b>Total expenses</b>	<b>2,263</b>	<b>2,047</b>	<b>2,057</b>	<b>2,096</b>	<b>2,161</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1. Estimates for other revenue for 2009-10 and onwards are yet to be confirmed.  
Prepared on an Australian Accounting Standards basis.

**Agency Additional Estimates Statements —AUASB**

**Table 3.2.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	579	579	579	579	579
Receivables	285	344	403	462	521
<b>Total financial assets</b>	<b>864</b>	<b>923</b>	<b>982</b>	<b>1,041</b>	<b>1,100</b>
<b>Non-financial assets</b>					
Infrastructure, plant and equipment	309	250	191	132	73
Intangibles	10	10	10	10	10
Other non-financial assets	49	49	49	49	49
<b>Total non-financial assets</b>	<b>368</b>	<b>309</b>	<b>250</b>	<b>191</b>	<b>132</b>
<b>Total assets</b>	<b>1,232</b>	<b>1,232</b>	<b>1,232</b>	<b>1,232</b>	<b>1,232</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Other payables	374	374	374	374	374
<b>Total payables</b>	<b>374</b>	<b>374</b>	<b>374</b>	<b>374</b>	<b>374</b>
<b>Provisions</b>					
Employees	271	371	371	371	371
Other provisions	61	61	61	61	61
<b>Total provisions</b>	<b>332</b>	<b>432</b>	<b>432</b>	<b>432</b>	<b>432</b>
<b>Total liabilities</b>	<b>706</b>	<b>806</b>	<b>806</b>	<b>806</b>	<b>806</b>
<b>EQUITY</b>					
<b>Parent entity interest</b>					
Retained surpluses or accumulated deficits	526	426	426	426	426
<b>Total equity</b>	<b>526</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>426</b>
<b>Current assets</b>	<b>870</b>	<b>923</b>	<b>982</b>	<b>1,041</b>	<b>1,100</b>
<b>Non-current assets</b>	<b>362</b>	<b>309</b>	<b>250</b>	<b>191</b>	<b>132</b>
<b>Current liabilities</b>	<b>336</b>	<b>545</b>	<b>545</b>	<b>545</b>	<b>545</b>
<b>Non-current liabilities</b>	<b>370</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>

Prepared on an Australian Accounting Standards basis.

**Agency Additional Estimates Statements —AUASB**

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	-	28	29	30	31
Appropriations	-	1,059	1,069	1,108	1,171
Interest	41	-	-	-	-
Net GST received	93	-	-	-	-
Other cash received <sup>1</sup>	2,435	900	900	900	900
<b>Total cash received</b>	<b>2,569</b>	<b>1,987</b>	<b>1,998</b>	<b>2,038</b>	<b>2,102</b>
<b>Cash used</b>					
Employees	1,408	1,286	1,269	1,280	1,313
Suppliers	979	701	729	758	789
Net GST paid	101	-	-	-	-
<b>Total cash used</b>	<b>2,488</b>	<b>1,987</b>	<b>1,998</b>	<b>2,038</b>	<b>2,102</b>
<b>Net cash from or (used by) operating activities</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	9	-	-	-	-
<b>Total cash used</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) investing activities</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	507	579	579	579	579
<b>Cash at the end of the reporting period</b>	<b>579</b>	<b>579</b>	<b>579</b>	<b>579</b>	<b>579</b>

1. Estimates for other cash received for 2009-10 and onwards are yet to be confirmed.  
Prepared on an Australian Accounting Standards basis.

**Agency Additional Estimates Statements —AUASB**

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget 2008-09)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2008</b>					
Balance carried forward from previous period	526	-	-	-	526
<b>Adjusted opening balance</b>	526	-	-	-	526
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Actuarial losses	(100)	-	-	-	(100)
<b>Sub-total transactions with owners</b>	(100)	-	-	-	(100)
<b>Estimated closing balance as at 30 June 2009</b>	426	-	-	-	426

Prepared on an Australian Accounting Standards basis.

**Table 3.2.5: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

The AUASB does not have any administered funds.

**Table 3.2.6: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

The AUASB does not have any administered funds.

**Table 3.2.7: Schedule of budgeted administered cash flows (for the period ended 30 June)**

The AUASB does not have any administered funds.