



# **Corporate Plan 2017-2018**

**The Australian Accounting Standards Board**

**The Auditing and Assurance Standards Board**



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## Introduction

As agreed with the Department of Finance, the 2017-18 Corporate Plans for the Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AUASB) have been prepared as a single document, with the specific purpose and significant activities of each Board separately presented where required by Subsection 35(1) of the Public Governance, Performance and Accountability Act 2013.

## Accountable authority approval

### Australian Accounting Standards Board

I, Kris Peach, as the accountable authority of the Australian Accounting Standards Board, present the 2017-18 AASB Corporate Plan, which is prepared for the 2017-18 period and covers the periods 2017-18 to 2020-21, as required under paragraph 35(1) (b) of the *Public Governance, Performance and Accountability Act 2013*.

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24 August 2017

### Auditing and Assurance Standards Board

I, Roger Simnett AO, as the accountable authority of the Auditing and Assurance Standards Board, present the 2017-18 AUASB Corporate Plan, which is prepared for the 2017-18 period and covers the periods 2017-18 to 2020-21, as required under section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.

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24 August 2017



## The purpose of the AASB and AUASB

The AASB and AUASB's (the entities') vision is to contribute to stakeholder confidence in the Australian economy, (including its capital markets), external reporting and enhanced credibility through independent auditing and assurance by:

- developing, issuing and maintaining accounting and assurance standards and guidance that meet user needs and enhance consistency and quality
- contributing to the development of a single set of accounting and assurance standards for world-wide use.

### Objectives for accounting and auditing and assurance standard setting in Australia

The entities operate within a framework set out in Part 12 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act) (Table 1). The ASIC Act sets out core objectives for accounting and auditing and assurance standard setting in Australia.

Under section 224 of the ASIC Act, the main objects of Part 12 are that:

- a) accounting standards should require the provision of financial information that:
  - i. allows users to make and evaluate decisions about allocating scarce resources
  - ii. assists directors to discharge their obligations in relation to financial reporting
  - iii. is relevant to assessing performance, financial position, financing and investment
  - iv. is relevant and reliable
  - v. facilitates comparability
  - vi. is readily understandable.
- b) auditing and assurance standards should require the provision of information 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 (Corporations Act)
  - ii. require the preparation of auditors' reports that are reliable and readily understandable by the users of the financial reports to which they relate.
- c) the Australian financial reporting system should:
  - i. facilitate the Australian economy by reducing the cost of capital and enabling Australian entities to compete effectively overseas
  - ii. facilitate the Australian economy by having accounting and auditing and assurance standards that are clearly stated and easy to understand
  - iii. maintain investor confidence in the Australian economy, including its capital markets.

### Functions

For both entities the Boards perform a technical function and contribute to Board strategy. The Boards do not have supervisory powers in respect of the functions and administration of the Offices of the AASB and the AUASB, which are the responsibility of the respective Chairs.



The Boards do not determine who has to prepare and/or lodge financial statements and what level of assurance is required, if any. They also do not have enforcement powers, but consult with regulators in relation to implementation issues where appropriate.

Accounting standards set out how entities must report externally on key transactions and events, and on their performance and financial health, in a way that is consistent and comparable with other entities in Australia and internationally. This enables people outside the entity to make informed decisions about their dealings with that entity, such as whether to:

- invest in a listed company’s shares
- trade with/extend credit to an entity
- donate to a particular charity
- hold government accountable for use of taxpayer funds.

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

Auditing and assurance standards enable auditors and other assurance practitioners to enhance the credibility of an entity’s performance and reporting, thereby providing entities, users and investors with confidence and trust.

Table 1. The AASB and AUASB (‘the entities’) operate within a framework set out in Part 12 of the *Australian Securities and Investments Commission Act 2001*.

AASB	AUASB
<p>Under section 227 of the ASIC Act, the AASB’s functions are to:</p> <ol style="list-style-type: none"> <li>a) develop a conceptual framework, not having the force of an accounting standard, for the purpose of evaluating proposed accounting standards and international standards</li> <li>b) make accounting standards under section 334 of the Corporations Act for the purposes of the corporations legislation</li> <li>c) formulate accounting standards for other purposes</li> <li>d) participate in and contribute to the development of a single set of accounting standards for world-wide use</li> <li>e) advance and promote the main objects of Part 12 of the ASIC Act.</li> </ol> <p>In carrying out its functions, the AASB must have regard to the interests of Australian corporations which raise or propose to raise capital in major international financial centres.</p>	<p>Under section 227B of the ASIC Act, the AUASB’s functions are to:</p> <ol style="list-style-type: none"> <li>a) make auditing standards under section 336 of the Corporations Act for the purposes of the corporations legislation</li> <li>b) formulate auditing and assurance standards for other purposes</li> <li>c) formulate guidance on auditing and assurance matters</li> <li>d) participate in and contribute to the development of a single set of auditing standards for world-wide use</li> <li>e) advance and promote the main objects of Part 12 of the ASIC Act.</li> </ol>



# Environment

## The Australian Reporting Framework

The entities' visions are to contribute to stakeholder confidence in the Australian economy, (including its capital markets), external reporting and enhanced credibility through independent auditing and assurance. To this end, they take a lead role in assisting other regulators to shape the Australian Reporting Framework. Assisting regulators to clarify criteria and thresholds for different types of Australian entities to determine who should report and the appropriate associated level of assurance will provide a more robust framework to balance the costs and benefits of reporting and independent assurance, and result in 'fit for purpose' public information from different types of entities.

The entities are also implementing changes to ensure Australia remains at the forefront of international accounting and auditing and assurance practice and that standards are 'fit for purpose' in the Australian environment.

Technological advances, the rise in the importance of non-financial reporting, stakeholder demands for clearer and more frequent information, and the need for international alliances with other standard setters and better empirical evidence to effectively influence international developments, all pose potentially significant challenges.

The entities recognise they need to be more agile and responsive to meet these challenges and the steps it is taking to do so are set out under 'Performance: Achieving our strategy' below.

## Setting standards in the global economy

When setting standards, the entities are required to consider the interests of Australian corporations looking to raise capital in major international financial centres and/or who operate internationally.

The International Accounting Standards Board (IASB), International Accounting Standards Board (IPSASB) and the International Auditing and Assurance Standards Board (IAASB) are well-recognised as major international accounting, auditing and assurance standard setters, with International Financial Reporting Standards (IFRS Standards) and International Standards on Auditing (ISAs) being applied in more than 100 countries.

For this reason, and in accordance with the Financial Reporting Council (FRC) Strategic Direction given to the AASB in 2002<sup>1</sup> and the AUASB in 2005<sup>2</sup>, the AASB has adopted IFRS as the basis for Australian Accounting Standards and the AUASB has adopted ISAs<sup>3</sup> issued by the IAASB as the basis of the AUASB's auditing and assurance standards.

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<sup>1</sup> [www.aasb.gov.au/admin/file/content102/c3/FRC\\_Broad\\_Strategic\\_Direction.pdf](http://www.aasb.gov.au/admin/file/content102/c3/FRC_Broad_Strategic_Direction.pdf)

<sup>2</sup> [www.auasb.gov.au/admin/file/content2/c7/AUASB\\_Strategic\\_Direction\\_1242266219416.pdf](http://www.auasb.gov.au/admin/file/content2/c7/AUASB_Strategic_Direction_1242266219416.pdf)

<sup>3</sup> as well as International Standards on Review Engagements (ISREs) and International Standards on Assurance Engagements (ISAEs)



The use of International Accounting and Auditing and Assurance Standards enables Australian entities to raise capital and operate efficiently internationally. This has beneficial flow-on effects in the domestic capital market for all entities and individuals.

However, where International Accounting or Auditing and Assurance Standards do not cover a topic of importance or are not appropriate to the Australian community, the AASB and the AUASB set local standards or add to the international standards to fill that gap.

The AASB and the AUASB consult extensively with Australian entities and other stakeholders, so that they can properly reflect the interests of the Australian community at both the domestic and international levels. The AASB and the AUASB are also increasingly seeking the best available evidence, including empirical research from Australian academics, as a means of influencing internationally and to support the identification of issues, analysis of possible solutions and evidence of impact once a standard is finalised.

The quality of standards developed by the IASB, IPSASB and IAASB are dependent on three factors: quality of board membership, quality of staff resources and effective feedback from constituents. The AASB and the AUASB seek to mitigate potential risks to standards quality by engaging directly with the IASB, IPSASB and IAASB board members and staff, nominating/providing board/advisory committee members, participating in working groups, and by providing input into all significant exposure drafts and other consultation documents.

The AASB and the AUASB also seek to influence the IASB, IPSASB & IAASB by developing close working relationships and alliances with other national standards setters. In particular the accounting and auditing and assurance standard-setting boards in Australia and New Zealand work together in accordance with a protocol that drives co-operation and co-ordination between the different standard setting bodies in our region to reduce the transactional costs of entities operating in both Australian and New Zealand markets and achieve other common goals.

The international standard setting environment has complex dynamics. It is both collaborative and competitive; all see the sense of having commonly applied standards but each jurisdiction is keen to promote their own stakeholders' views, and it tends to be dominated by the larger geographical blocs. In this global environment, a national standards setter's reputation is crucial and the AASB and the AUASB's work is well regarded, admired and sought out regularly among other national standard setters.

## Regulatory

The AASB and the AUASB are standards setters but (unlike some overseas bodies) not a regulator of their own standards, which is largely the function of the ASIC, APRA and other Australian regulatory agencies such as the ACNC, ATO and CER. The perception of the AASB and AUASB's performance is impacted not only by the AASB and AUASB's own actions, but also how well its standards and guidance are implemented and enforced.

The process by which the AASB and the AUASB formulate its standards and guidance is expansive and interrelated with the international standard-setting processes, as well as being subject to Commonwealth due process requirements. Thorough and wide-ranging consultation with stakeholders is at the core of the AASB and the AUASB's work.

# Performance: achieving our strategy

## Vision, mission and strategy

In May 2017 both entities' board members and technical staff collaborated to revise their strategies at a Joint AASB/AUASB Strategy Day where the vision, mission (Figure 1) and strategic objectives (Table 2) for each Board updated and aligned where possible.

Figure 1. Aligned vision and mission.

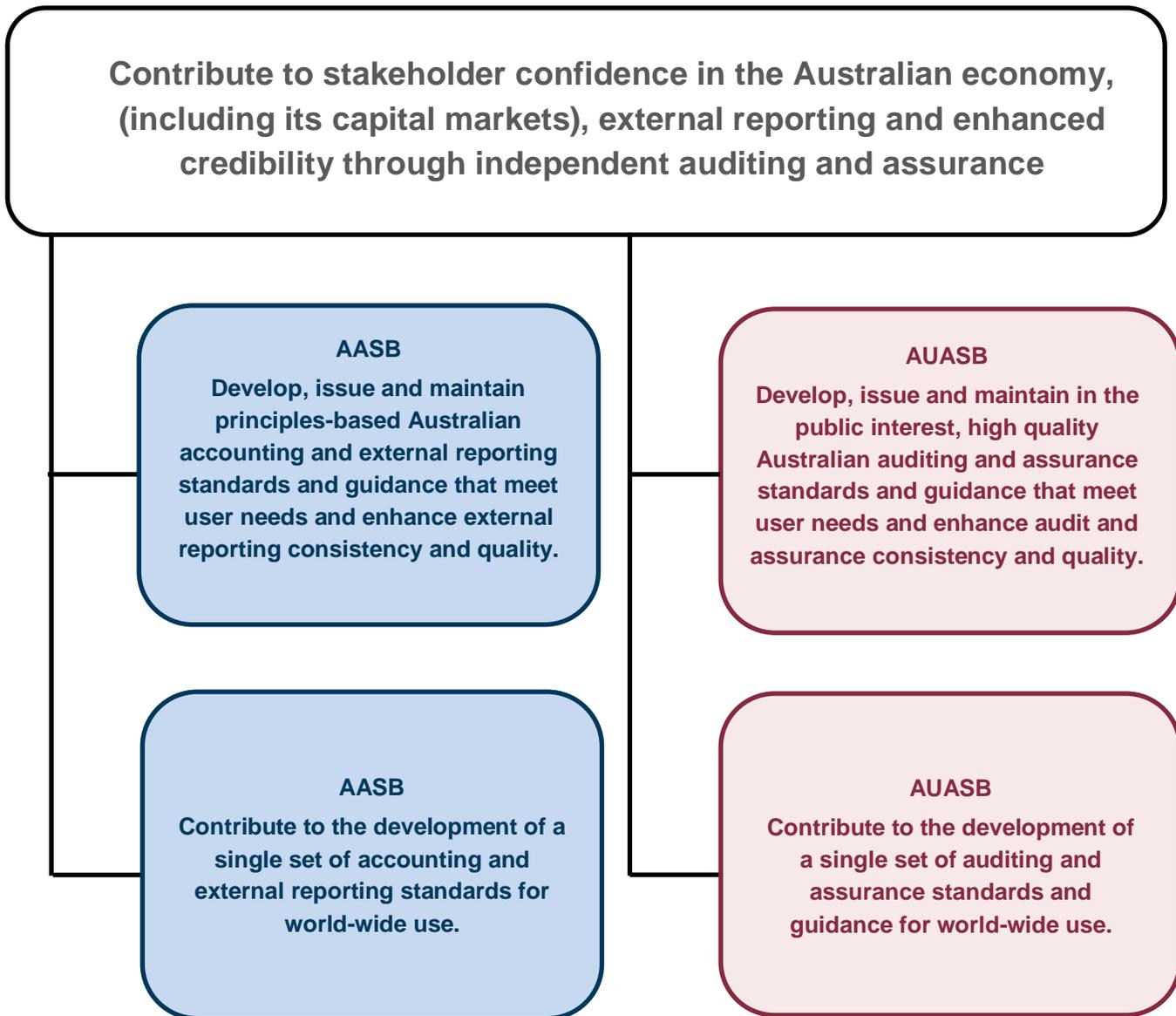




Table 2. Aligned strategies.

AASB	AUASB
<p>1. Develop, issue and maintain principles-based, Australian accounting and reporting standards and guidance that meet the needs of external report users. For ‘publicly accountable’<sup>1</sup> entities maintain IFRS<sup>2</sup> compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance.</p>	<p>1. Develop, issue and maintain high quality Australian auditing and assurance standards that meet the needs of report users. Use IAASB<sup>3</sup> Standards – where they exist, modified as necessary – or develop Australian-specific standards and guidance.</p>
<p>2. With the AUASB, play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on:</p> <ul style="list-style-type: none"> <li>• who prepares external reports (including financial reports)</li> <li>• the nature and extent of assurance required on these external reports.</li> </ul>	<p>2. With the AASB, play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on:</p> <ul style="list-style-type: none"> <li>• who prepares external reports (including financial reports)</li> <li>• the nature and extent of assurance required on external reports.</li> </ul>
<p>3. Actively influence IASB<sup>4</sup>, IPSASB<sup>5</sup> standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.</p>	<p>3. Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships.</p>
<p>4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.</p>	<p>4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.</p>
<p>5. Influence initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting.</p>	<p>5. Influence initiatives to develop assurance standards and guidance that meet user needs for external reporting beyond financial reporting.</p>
<p>6. Monitor and respond to emerging issues impacting the development of accounting and external reporting standards, including changing technologies.</p>	<p>6. Monitor and respond to emerging issues impacting the development of auditing and assurance standards and guidance, including changing technologies.</p>
<p>7. Develop guidance and education initiatives, or promote development by others, to enhance consistent application of accounting and external reporting standards and guidance.</p>	<p>7. Develop guidance and education initiatives, or promote development by others, to enhance consistent application of auditing and assurance standards and guidance.</p>

1. Publicly accountable entities include those: a) with debt or equity instruments traded in a public market b) holding assets in a fiduciary capacity. (AASB 1053 *Application of Tiers of Australian Accounting Standards*)

2. International Financial Reporting Standards

3. International Auditing and Assurance Standards Board

4. International Accounting Standards Board

5. International Public Sector Accounting Standards Board



## Activities mapped to strategy and KPIs for measuring success

Key performance indicators (KPIs) that relate to the strategies for each entity for the next four years have been developed (Tables 3 and 4). Annual performance statements will be based on these KPIs. Additionally, both entities' strategic priorities are mapped to their statutory functions (Tables 5 and 6).

The strategies, deliverables and performance criteria articulated in Tables 3 & 4 differ from what was presented in the AASB's and AUASB's Portfolio Budget Statements ('PBS') for 2017-18. Reference to the relevant PBS measures has been included in Tables 3 & 4 to ensure the information presented in each entity's Portfolio Budget Statement is acquitted in this corporate plan.

Many of the entities' priorities and KPIs presented in Tables 3 & 4 are impacted by events not wholly within their control. For example, much of the AASB's work is based on the work of the IASB and IPSASB and the work of the AUASB's work is based on the work of the IAASB, so delays can affect the AASB and the AUASB's achievement of its key priorities.

Unlike projects influenced by international standards setters and their project timetables, domestic projects are generally within the AASB and the AUASB's control. However, key factors that can influence the success of projects are the actions or published policy documents of other regulatory agencies (for example, ACNC, ASIC, APRA and the ATO) and feedback from constituents.

Table 3. AASB activities mapped to strategy and KPIs for measuring success.

High level priority activities to achieve AASB Strategy	Links to AASB Strategic Objectives	Key Priorities/KPI	2017-18	2018-19	2019-20	2020-21
<b>A. WORK PROGRAM ACTIVITIES</b>						
IASB equivalent Standards issued in the same timeframe of the release of the IFRS and in accordance with legislative drafting and registration requirements.	Strategy 1 PBS Outcome 1 Program 1 Deliverable 2 KPIs 1, 2	IASB equivalent Standards issued within two months of the release of the IFRS.	√	√	√	√
Develop Australian specific Standards and/or guidance for topics not specifically addressed by IFRS Standards within timelines in project plans agreed with the Board.	Strategy 1 PBS Outcome 1 Program 1 Deliverables 1, 2 KPIs 3, 4	Australian specific Standards for the projects outlined below developed within timelines agreed with the Board:				
		→ insurance in the NFP public sector	√	√	√	
		→ fair value measurement in the public sector	√	√		
		→ revenue from licences in the public sector – Note: project to be completed by Q4 2018 to align with application date for AASB 15 and AASB 1058 for NFP entities.	√	√		
		→ revise Tier 2:Reduced Disclosure Requirements.	√	√		
		→ other topics coming out of agenda consultation process.		√	√	
Develop consultative documents in relation to the Australian Financial Reporting Framework, to develop objective criteria for which entities in the for-profit sector and the not-for profit sector prepare external reports including financial reports and the type of assurance needed for these reports. Includes working with policy makers in the for-profit and not-for-profit sectors (including public sector policy makers).	Strategies 2, 5 PBS Outcome 1 Program 1, Deliverable 1 Strategies 1, 3 PBS Outcome 1 Program 1, Deliverable 4	Consultative Documents outlined below developed within timelines agreed with the Board:				
		→ NFP private sector	√	√	-	-
		→ NFP public sector		√	√	
		→ FP sector.		√	√	

High level priority activities to achieve AASB Strategy	Links to AASB Strategic Objectives	Key Priorities/KPI	2017-18	2018-19	2019-20	2020-21
Maintain Australia/New Zealand convergence in accordance with Trans-Tasman requirements for for-profit entities by harmonising, wherever possible given the different regulatory environments, Australian and New Zealand Accounting Standards through working actively with the NZASB.		Australian and New Zealand Accounting Standards harmonised for for-profit sector, wherever possible.	√	√	√	√
Maintain and enhance key international relationships (IASB, IPSASB and AOSSG).	Strategy 3 PBS Outcome 1 Program 1 deliverable 4, KPIs 5, 6	→ Maintain membership on the Accounting Standards Advisory Forum (ASAF).	√	√	√	√
		→ Maintain close relationships with IPSASB and provided technical support to Australian member on IPSASB.	√	√	√	√
		→ Maintain leadership of at least one AOSSG Working Group.	√	√	√	√
		→ Present at least one paper to ASAF, IFASS and/or AOSSG and received positive feedback on the paper.	√	√	√	√

High level priority activities to achieve AASB Strategy	Links to AASB Strategic Objectives	Key Priorities/KPI	2017-18	2018-19	2019-20	2020-21
<b>A. WORK PROGRAM ACTIVITIES</b>						
Complete projects for external reporting beyond financial reporting as per timelines in project plans agreed with the Board.	Strategy 5 PBS Outcome Program 1 Deliverables 1, 2	<p>The following projects for external reporting beyond financial reporting completed as per timelines in project plans agreed with the Board:</p> <ul style="list-style-type: none"> <li>guidance for entities adopting the Tax Transparency Code (TTC) in preparing and presenting tax disclosures</li> <li>reporting service performance information</li> <li>remuneration reporting.</li> </ul>	√	√	-	-
			√	√	√	-
Consider emerging issues and impact of changing technologies in all AASB submissions and each major AASB project.	Strategy 6	Emerging issues and impact of changing technologies considered in all AASB submissions and each major AASB project	√	√	√	√
Education initiatives, such as webinars and presentations for new major Standards issued considered effective by stakeholders.	Strategy 7 PBS Outcome 1 Program 1 KPI 6	Education initiatives for each major Standard issued agreed with Board and completed as per agreed timelines and receive positive feedback on education initiatives, such as webinars and presentations for new major Standards issued.	√	√	√	√
Promote the development of education initiatives by others (for example ACNC) by providing, technical input to their initiatives and co-presenting at their education sessions.	Strategies 4, 7 PBS Outcome 1 Program 1 KPI 6	Provided technical input to education initiatives by others (for example ACNC) and co-presented at their education sessions in accordance with project plans agreed with the Board.	√	√	√	√
Develop staff publications, and frequently asked questions (FAQs) to help with consistent application of accounting and external reporting standards as agreed with the Board.	Strategy 7 PBS Outcome 1 Program 1 KPI 6	Staff publications and FAQs developed, as agreed with the Board.	√	√	√	√

High level priority activities to achieve AASB Strategy	Links to AASB Strategic Objectives	Key Priorities/KPI	2017-18	2018-19	2019-20	2020-21
<b>B. STAKEHOLDER ACTIVITIES</b>						
Conduct agenda consultation, usually in connection with IASB agenda consultation, to seek formal input on AASB's work program.	Strategies 1, 2, 4, 6, 7 PBS Outcome 1 Program 1 Deliverable 1	Conduct formal agenda consultation every three years.	-	-	√	-
The AASB has a thorough awareness of ideas and concerns of Australian Stakeholders through effective engagement. Stakeholder satisfaction survey net promoter score used to obtain initial year results to benchmark for performance improvement including of Board and staff.	Strategies 1, 4 PBS Outcome 1 Program 1 Deliverable 1, KPI 7	<ul style="list-style-type: none"> <li>→ Annual survey conducted and improved stakeholder satisfaction compared to previous year</li> <li>→ Results of post-implementation reviews (PIRs) support issuance of Standards (and subsequent amendments), assessing user needs, benefits and costs</li> </ul>	√	√	√	√
Improved levels of stakeholder engagement.	Strategy 4 PBS Outcome 1 Program 1 Deliverable 1	<ul style="list-style-type: none"> <li>→ Participation at roundtables, education sessions, webinars, formal/informal submissions, targeted meetings, numbers of LinkedIn, Twitter and Facebook followers, requests for presentations, and publication articles, increased year-on-year</li> </ul>	√	√	√	√
		<ul style="list-style-type: none"> <li>→ At least four roundtables/education sessions held each year.</li> </ul>	√	√	√	√
		<ul style="list-style-type: none"> <li>→ Increased average number of responses per key topic compared to previous year</li> </ul>	√	√	√	√
		<ul style="list-style-type: none"> <li>→ increased social media follower numbers compared with previous year</li> </ul>	√	√	√	√
Monitor through press coverage, Minister, FRC and other stakeholder feedback, ASIC, APRA and other regulator surveillance program results that there is no evidence that confidence in the Australian economy, including its capital market has been lost due to accounting standard issues.	Strategy 1 PBS Outcome 1 Program 1 Deliverables 1, 2 KPIs 3, 4	There is no evidence that confidence in the Australian economy, including its capital market has been lost due to accounting standard issues.	√	√	√	√

Table 4. AUASB activities mapped to strategy and KPIs for measuring success.

High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements (PBS)	Current Priorities & KPIs	2017-18	2018-19	2019-20	2020-21
<b>A. WORK PROGRAM ACTIVITIES</b>						
Issue Australian Auditing and Assurance Standards (ASAs, ASREs, ASAEs & ASRSs) based on IAASB equivalent standards in accordance with AUASB legislative drafting and registration requirements.	Strategic Objective 1 PBS Outcome 1 PBS Programs 1, 2, 3 PBS Deliverables 1, 2, 3 PBS Performance Criteria 1, 2, 5, 6	<ul style="list-style-type: none"> <li>→ Issue all IAASB related Australian equivalent Exposure Drafts on a timely basis (within three months of PIOB clearance or within 1 month of AUASB approval, as appropriate).</li> <li>→ Develop and issue Australian Auditing and Assurance Standards (for 2017-18, ASA 540 <i>Auditing Accounting Estimates and Related Disclosures</i>) following the release of their equivalent ISA, ensuring all Australian legislative and regulatory requirements are considered, including changes required via application of the ‘compelling reason’ test.</li> <li>→ Coordinate and develop the AUASB’s response to existing and planned IAASB exposure drafts due for release (for 2017-18, ISA 315, ISQC 1, ISA 220 &amp; ISA 600).</li> <li>→ Develop high quality responses to other IAASB pronouncements or invitations to comment by the due date as they are released.</li> <li>→ Conduct post-implementation reviews of IAASB equivalent issued AUASB Standards, where deemed necessary.</li> </ul>	√	√	√	√
Develop, update and maintain Australian specific Standards and/or Guidance Statements for topics not specifically addressed by IAASB Standards as required.	Strategic Objective 1 PBS Outcome 1 PBS Programs 1, 2 PBS Deliverables 1, 2 PBS Performance Criteria 1, 2, 3, 4	<ul style="list-style-type: none"> <li>→ Develop and issue Australian specific Standards (for 2017-18, ASAE 3500 <i>Performance Engagements</i>) within one month of AUASB approval, in accordance with AUASB legislative drafting and registration requirements.</li> <li>→ Review and revise out of date Guidance Statements (for 2017-18, GS 010 &amp; GS 019, others to be reviewed 2018-2020).</li> <li>→ Review full suite of AUASB pronouncements to determine necessity and timing of other required updates.</li> <li>→ Conduct post-implementation reviews of Australian specific AUASB Standards, where deemed necessary.</li> </ul>	√	√	√	√

High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements (PBS)	Current Priorities & KPIs	2017-18	2018-19	2019-20	2020-21
<b>A. WORK PROGRAM ACTIVITIES</b>						
<p>Monitor the Assurance Environment, considering the implications for Australian auditing and assurance standards and guidance and responding as appropriate.</p>	<p>All Strategic Objectives PBS Outcome 1 PBS Programs 1, 2, 3 PBS Deliverables 1, 2, 3 PBS Performance Criteria 4</p>	<ul style="list-style-type: none"> <li>→ Conduct yearly AUASB Agenda Consultation Forums in various locations, either face to face or electronically, (for 2017-18 in late 2017) and update AUASB Workplan as required based on relevant feedback.</li> <li>→ Hold quarterly meetings with CPA Australia, and CA ANZ professional accounting bodies to discuss trends in assurance environment and identify impact for AUASB Agenda and Workplan.</li> <li>→ Ensure AUASB attendance and presentations at a number of research events (in 2017-18, including AFAANZ Conference and co-ordinating with the AFAANZ Auditing and Assurance Special Interest Group, and holding the AUASB / UNSW Audit Research Roundtable in Oct 2017).</li> <li>→ Develop and implement AUASB Research Strategy (for 2017-18, develop by March 2018).</li> <li>→ Assess and respond to implementation issues (for 2017-18, those identified in the June 2017 ASIC Inspection Report) in connection with the strategic project on 'Coordination and cooperation with Regulators'.</li> </ul>	√	√	√	√

High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements (PBS)	Current Priorities & KPIs	2017-18	2018-19	2019-20	2020-21
<b>A. WORK PROGRAM ACTIVITIES</b>						
<p>Build, maintain and enhance key international relationships around key focus areas with both global (eg IAASB, IFAC, IIRC) and national standard setters and professional bodies (eg FRC, PCAOB, CPAC, IRBA).</p>	<p>Strategic Objectives 3, 4 PBS Outcome 1 PBS Program 3 PBS Deliverable 3 PBS Performance Criteria 5, 6</p>	<ul style="list-style-type: none"> <li>→ AUASB to be represented at all IAASB meetings.</li> <li>→ Arrange for AUASB review of relevant IAASB board papers on a timely basis and share feedback on key matters with regional IAASB members before each IAASB meeting.</li> <li>→ Attend and present relevant topics at regional and global IAASB NSS meetings (NB: yet to be scheduled for 2018).</li> <li>→ Increase our awareness of and influence with IFAC SMP Committee activity given the high level of SMP/SME exposure in Australia and NZ</li> <li>→ Attend and contribute to other IAASB or International Standard Setting forums as appropriate</li> <li>→ Review and contribute as appropriate to other global initiatives, such as IIRC and GRI, on assurance issues.</li> </ul>	√	√	√	√
<p>Maintain harmonisation of auditing and assurance standards in Australia and New Zealand in accordance with relevant agreements and protocols.</p>	<p>Strategic Objectives 1, 3 PBS Outcome 1 PBS Programs 1, 2, 3 PBS Deliverables 1, 2, 3 All PBS Performance Criteria</p>	<ul style="list-style-type: none"> <li>→ AUASB Chair and/or Technical Director to attend all NZAuASB meetings.</li> <li>→ Ensure standards and guidance (in 2017-18, ASA 540) are issued in accordance with AU/NZ harmonisation requirements.</li> <li>→ Contribute to and work in parallel on a number of NZAuASB projects, specifically Auditor Reporting FAQs, the NZ FMA Report on Auditor Reporting and the Audit of Service Performance Information standard.</li> <li>→ Work collaboratively with NZAuASB Technical Staff to ensure co-operation and co-ordination between the AUASB and NZAuASB's activities (eg joint research programs and joint contributions on key focus areas, such as Assurance requirements for NFP's and Charities).</li> </ul>	√	√	√	√

High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements	Current Priorities & KPIs	2017-18	2018-19	2019-20	2020-21
<b>B. STAKEHOLDER ACTIVITIES</b>						
<p>Complete a number of strategic projects addressing current areas of auditing and assurance thought leadership and emerging issues, in particular the areas of external reporting beyond financial reporting (eg EER) and the impact of changing technologies (eg Data Analytics).</p>	<p>Strategic Objectives 2, 5, 6 PBS Outcome 1 PBS Programs 1, 2, 3 PBS Deliverables 1, 2, 3 PBS Performance Criteria 3, 4, 6</p>	<ul style="list-style-type: none"> <li>→ Scope and implement strategic thought leadership projects in the following areas:               <ul style="list-style-type: none"> <li>- Auditor Reporting Implementation</li> <li>- Coordination and cooperation with Regulators</li> <li>- Assurance over Emerging Forms of External Reporting (EER)</li> <li>- Auditing and Assurance issues in the Charities and NFP sector</li> <li>- Public Sector Auditing and Assurance Issues</li> <li>- Consideration of matters related to small and medium practices (SMPs) and audits of small- and medium-sized entities (SMEs)</li> <li>- Data Analytics/Digitisation of the Audit</li> <li>- The Auditor of the Future.</li> </ul> </li> <li>→ With the AASB, update the 'Alignment of Reporting and Auditing Frameworks' review completed by the University of Adelaide and CA ANZ to ensure it reflects current audit and assurance requirements, and consult with appropriate policy makers and regulators.</li> <li>→ Develop and maintain contact with other key national standard setters (eg Canada, France, Germany, Netherlands, United Kingdom, United States and South Africa) and identify opportunities to collaborate on key international auditing and assurance focus areas.</li> <li>→ Monitor key international regulator developments (including IOSCO, PCAOB and IFIAR) and consider impact for the local auditing and assurance environment.</li> <li>→ Work with relevant local and international stakeholders to influence and support emerging forms of assurance (eg IIRC).</li> </ul>	√	√	√	√

High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements	Current Priorities & KPIs	2017-18	2018-19	2019-20	2020-21
<b>B. STAKEHOLDER ACTIVITIES</b>						
<p>Achieve a high level of stakeholder satisfaction through increased engagement (i.e. events and publications) that demonstrate the AUASB has a thorough awareness of ideas and concerns of Australian stakeholders.</p>	<p>Strategic Objective 4 PBS Outcome 1 PBS Programs 1, 2 PBS Deliverables 1, 2 PBS Performance Criteria 3, 4</p>	<ul style="list-style-type: none"> <li>→ Hold quarterly meetings with key stakeholders (CPA Australia, CA ANZ, APESB, ASIC) and ensure regular contact with other stakeholders (ACAG, ACNC, CER, APRA, AICD &amp; IPA) as required to:               <ul style="list-style-type: none"> <li>- gather timely and relevant feedback on AUASB activities</li> <li>- ensure the AUASB Workplan is responsive to stakeholder needs.</li> </ul> </li> <li>→ Attend and present at regular professional and regulatory forums (e.g. ASIC Standing Committee, Emerging Accounting and Auditing, Issues Discussion Group, BLRF etc).</li> <li>→ AUASB Board members or staff to present at a number of auditing or assurance related events/conferences (eg CA ANZ Audit Conference).</li> <li>→ Author or contribute to multiple articles on major auditing and assurance developments for CPA Australia and CA ANZ professional bulletins and other publication outlets.</li> <li>→ Complete quarterly reports for the FRC and obtain positive feedback from FRC members on AUASB activities.</li> <li>→ Develop and distribute a regular AUASB Update Newsletter (at least quarterly).</li> <li>→ Conduct an AUASB Stakeholder satisfaction survey in the second half of 2017-18.</li> <li>→ Create and maintain details of AUASB stakeholders in the new AASB/AUASB Stakeholder Database.</li> <li>→ Contribute to the design and development of the new AASB/AUASB website.</li> <li>→ In conjunction with the AASB/AUASB Communications Manager, implement initiatives to monitor and grow stakeholder engagement, measured via increased media mentions, social media activity and level of participation at AUASB events.</li> <li>→ Make all AUASB meeting board papers available on the AUASB website a week in advance and highlights/podcast available within two working days after each meeting.</li> </ul>	√	√	√	√

High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements	Current Priorities & KPIs	2017-18	2018-19	2019-20	2020-21
<b>B. STAKEHOLDER ACTIVITIES</b>						
<p>Conduct awareness initiatives, such as webinars and presentations for new major Standards issued, and promote the development of education initiatives by others (for example professional bodies, regulators, accounting firms and tertiary institutions) by providing, technical input to their initiatives and co-presenting at their education sessions.</p>	<p>Strategic Objectives 4 &amp; 7 PBS Outcome 1 PBS Programs 1 &amp; 2 PBS Deliverables 1 &amp; 2 PBS Performance Criteria 3, 4</p>	<ul style="list-style-type: none"> <li>→ Record and release AUASB podcasts and/or webcasts on all major audit and assurance pronouncements (e.g. ASA 540, Auditor Reporting).</li> <li>→ Engage with the CA ANZ and CPA Australia to support the currency and appropriateness of auditing and assurance professional program course materials.</li> <li>→ AUASB Board members or staff to present at a number of auditing or assurance related events/conferences (eg CA ANZ Audit Conference).</li> <li>→ Author or contribute to multiple articles on major auditing and assurance developments for CPA Australia and CA ANZ professional bulletins.</li> <li>→ Identify opportunities to present guest lectures or be represented on course advisory panels for auditing and assurance topics at major tertiary institutions.</li> <li>→ Partner with respected auditing and assurance academics on AUASB strategic projects and research activities, for example on Auditor Reporting implementation.</li> </ul>	√	√	√	√

High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements	Current Priorities & KPIs	2017-18	2018-19	2019-20	2020-21
<b>B. STAKEHOLDER ACTIVITIES</b>						
<p>Analyse regulator inspection findings to identify AUASB actions that help improve audit quality and the consistency of audit execution, predominately through the development of new publications (such as AUASB Bulletins and frequently asked questions ('FAQs')) that facilitate the consistent application of auditing and assurance standards.</p>	<p>Strategic Objective 7 PBS Outcome 1 PBS Programs 1, 2 PBS Deliverables 1, 2 PBS Performance Criteria 3, 4</p>	<ul style="list-style-type: none"> <li>→ Increased and timelier engagement with ASIC and other regulators responsible for audit and assurance inspections.</li> <li>→ Assess and respond to implementation issues (for 2017-18, those identified in the June 2017 ASIC Inspection Report) and identify opportunities to create additional AUASB guidance to address findings.</li> <li>→ Hold quarterly meetings with ASIC and meet at least annually with other regulators (APRA, CER) to discuss audit inspection developments and identify opportunities for AUASB staff involvement.</li> <li>→ In conjunction with the NZAuASB, issue new and revised Auditor Reporting FAQs based on stakeholder feedback and issues noted by AUASB staff.</li> <li>→ Develop and issue AUASB Bulletins to provide guidance to Stakeholders as required on AUASB Pronouncements and topical/emerging auditing and assurance issues and in conjunction with the release of all major AUASB standards and guidance statements.</li> </ul> <p>Monitor global audit inspection developments and trends and consider impact for Australian auditing and assurance environment.</p>	√	√	√	√



Table 5. AASB's strategies to achieve its statutory functions and relationship to priorities for each of the next four years.

<p><b>Function</b></p> <p><b>Strategic Objective</b></p>	<p>Develop a conceptual framework, not having the force of an accounting standard, for the purpose of evaluating proposed accounting standards and international standards</p>	<p>Make accounting standards under section 334 of the Corporations Act for the purposes of the corporations legislation (other than the excluded provisions)</p>	<p>Formulate accounting standards for other purposes</p>	<p>Participate in and contribute to the development of a single set of accounting standards for world-wide use</p>	<p>To advance and promote the main objects of Part 12 of the ASIC Act: 'facilitate the Australian economy by reducing cost of capital; enable Australian entities to compete effectively; and maintain investor confidence in the Australian economy, including capital markets'.</p>
<p>1. Develop, issue and maintain principles-based, Australian accounting and reporting standards that meet the needs of external report users. For 'publicly accountable' entities maintain IFRS compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance.</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>
<p>2. With the AUASB, play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on:</p> <ul style="list-style-type: none"> <li>• who prepares external reports (including financial reports)</li> <li>• the nature and extent of assurance required on these external reports.</li> </ul>		<p>√</p>	<p>√</p>		<p>√</p>



<p><b>Function</b></p> <p><b>Strategic Objective</b></p>	<p>Develop a conceptual framework, not having the force of an accounting standard, for the purpose of evaluating proposed accounting standards and international standards</p>	<p>Make accounting standards under section 334 of the Corporations Act for the purposes of the corporations legislation (other than the excluded provisions)</p>	<p>Formulate accounting standards for other purposes</p>	<p>Participate in and contribute to the development of a single set of accounting standards for world-wide use</p>	<p>To advance and promote the main objects of Part 12 of the ASIC Act: 'facilitate the Australian economy by reducing cost of capital; enable Australian entities to compete effectively; and maintain investor confidence in the Australian economy, including capital markets'.</p>
<p>3. Actively influence IASB, IPSASB standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>
<p>4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>
<p>5. Influence initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting.</p>			<p>√</p>	<p>√</p>	<p>√</p>
<p>6. Monitor and respond to emerging issues impacting the development of accounting and external reporting standards, including changing technologies.</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>
<p>7. Develop guidance and education initiatives, or promote development by others, to enhance consistent application of accounting and external reporting standards and guidance.</p>					<p>√</p>



Table 6. AUASB activities mapped to strategy and KPIs for measuring success.

<b>Strategic Objective</b> / <b>Function</b>	Make auditing standards under section 336 of the <i>Corporations Act</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.	Advance and promote the core objectives of auditing and assurance standard setting as required by Part 12 of the ASIC Act.
1. Develop, issue and maintain high quality Australian auditing and assurance standards and guidance that meet the needs of external report users. Use IAASB Standards – where they exist, modified as necessary – or develop Australian-specific standards and guidance.	√	√	√	√	√
2. With the AASB, play a leading role in reshaping the Australian external reporting framework by working with regulators to develop objective criteria on: <ul style="list-style-type: none"> <li>• who prepares external reports (including financial reports)</li> <li>• the nature and extent of assurance required on external reports.</li> </ul>			√		√
3. Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships.	√	√		√	√



<b>Strategic Objective</b> / <b>Function</b>	Make auditing standards under section 336 of the <i>Corporations Act</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.	Advance and promote the core objectives of auditing and assurance standard setting as required by Part 12 of the ASIC Act.
4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.	✓	✓	✓	✓	✓
5. Influence initiatives to develop assurance standards and guidance that meet user needs for external reporting beyond financial reporting.		✓	✓	✓	✓
6. Monitor and respond to emerging issues impacting the development of auditing and assurance standards and guidance, including changing technologies.	✓	✓	✓	✓	✓
7. Develop guidance and education initiatives, or promote development by others, to enhance consistent application of auditing and assurance standards and guidance.			✓		✓



## Capability: Strategic enablers

To achieve its strategies during the period of the Corporate Plan, the AASB and the AUASB will make use of the following enablers:

### Technology

The AASB and AUASB are increasingly using online platforms (ie, websites, social media, event management tools, broadcasting) to engage with and educate their constituents. This will continue to evolve as technology and user preferences change.

Technology is also critical to improving knowledge management and reducing compliance risk. The entities have implemented SharePoint to manage much of their core operations, which will enhance program and project control, and address compliance risks such as document control and record retention. This will be further developed and additional functionality added to fully harvest the productivity benefits.

### People

In 2016 in order to focus more effectively and efficiently on their core standard setting activities the entities implemented a major restructure. The move by the Boards to a shared support model where both Boards are supported by a single National Director and combined business services staff is now in place. The Boards have adopted a more flexible, 'program management' approach to standard setting, focusing efforts on turning around critical projects and bringing in critical resources on a project basis as needed.

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

### Operational efficiency – support services

There will be further focus on improving the efficiency of the support service during the period of the Corporate Plan, including finance, information technology, human resources, in accordance with programs agreed with the entities' Chairs.

### Our Boards

The entities' board members are experienced and diverse in background. The FRC appoints all board members as individuals, except for the Chairs, who are appointed by the Minister.

Board members serve on Project Advisory Panels and Groups and participate in a range of public forums. In addition:

- the Australian representative on the IPSASB and a member of the IASB's IFRS Interpretations Committee, are both observers at AASB meetings



- the AASB Chair is a member of the IASB's Accounting Standards Advisory Forum (ASAF), held in conjunction with the NZASB Chair
- the Australian based member of the IAASB is an observer at AUASB meetings
- the AASB Chair and the AUASB Chair are both members of the respective New Zealand Boards.

## Our staff

The entities are well-placed to implement the seven strategies with the skills and expertise currently available to it.

The entities' staff have a range of professional backgrounds, including accounting and auditing practice, industry, public sector and academia. Collectively, they possess technical and practical accounting and auditing experience, which they bring to standard setting, together with a paramount understanding of standard setting in the public interest.

There is an active staff professional development program, a graduate intern program, as well as opportunities for staff secondments to and from other standard setters, professional accounting firms and corporates.

## Our peers

The entities have a wide network of contacts among Australian stakeholders who have proven willing to volunteer their time and expertise to help us fulfil our strategies by providing technical input, thoughts and ideas on our work. The AASB and AUASB also have a strong network of contacts throughout the international standard-setting community, which is a valuable source of collaboration and alliances.

## Risk oversight and management

Each of the entities has two arms:

1. the Board itself
2. the technical staff of each entity who are employed by their respective entities and support the respective Boards, and the office of the AASB that employs the administrative staff who support the AASB and the AUASB.

The Boards set standards and provide guidance on application of standards with the benefit of information from the staff, preparers, academics, international counterparts, the audit profession, and other sources.

All technical deliberations are conducted in public. Accordingly, the standards setting process is conducted in a transparent manner. The basis for the Boards' major decisions are made public in board meeting minutes and published in Basis for Conclusions documents. The Boards development of standards carefully considers the costs and benefits of introducing new or amended standards, and complies with *The Australian Government Guide to Regulation*.



The AASB and the AUASB comply with the Commonwealth Risk Management Policy. The policy is reviewed at least annually in consultation with the AASB and AUASB's joint Audit Committee. The Audit Committee is composed of external members and oversees risk management at the administrative level.

A comprehensive risk review was undertaken during the past year, including assessment of the risks associated with the 2016 restructure which were added to the risk registry. Mitigation measures were identified and are being implemented and reviewed by the Joint Audit Committee.