



Australian Government
Australian Accounting Standards Board



Australian Government
Auditing and Assurance Standards Board

Corporate Plan 2018 – 2019

The Australian Accounting Standards Board

The Auditing and Assurance Standards Board



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Introduction

As agreed with the Department of Finance, the 2018-19 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 2018-19 AASB Corporate Plan, which is prepared for the 2018-19 period and covers the periods 2018-19 to 2021-22, as required under paragraph 35(1) (b) of the *Public Governance, Performance and Accountability Act 2013*.

31 August 2018

Auditing and Assurance Standards Board

I, Roger Simnett AO, as the accountable authority of the Auditing and Assurance Standards Board, present the 2018-19 AUASB Corporate Plan, which is prepared for the 2018-19 period and covers the periods 2018-19 to 2021- 2022, as required under section 35(1)(b) of *the Public Governance, Performance and Accountability*.

31 August 2018



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 of external reporting 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. provides 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. requires 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"> a) develop a conceptual framework, not having the force of an accounting standard, for the purpose of evaluating proposed accounting standards and international standards b) make accounting standards under section 334 of the Corporations Act for the purposes of the corporations legislation c) formulate accounting standards for other purposes d) participate in and contribute to the development of a single set of accounting standards for world-wide use e) advance and promote the main objects of Part 12 of the ASIC Act. <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"> a) make auditing standards under section 336 of the Corporations Act for the purposes of the corporations legislation b) formulate auditing and assurance standards for other purposes c) formulate guidance on auditing and assurance matters d) participate in and contribute to the development of a single set of auditing standards for world-wide use e) advance and promote the main objects of Part 12 of the ASIC Act.



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 of external reporting 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 also aim 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 Public Sector 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 2002¹ and the AUASB in 2005², the AASB has adopted IFRS Standards as the basis for Australian Accounting Standards and the AUASB has adopted ISAs³ issued by the IAASB as the basis of the AUASB's auditing and assurance standards.

¹ www.aasb.gov.au/admin/file/content102/c3/FRC_Broad_Strategic_Direction.pdf

² www.auasb.gov.au/admin/file/content2/c7/AUASB_Strategic_Direction_1242266219416.pdf

³ As well as International Standards on Review Engagements (ISREs) and International Standards on Assurance Engagements (ISAEs)



The use of IFRS Standards and ISAs 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 IFRS Standards and ISAs 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 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 Australian Securities and Investments Commission (ASIC) , Australian Prudential Regulatory Authority (APRA) and other Australian regulatory agencies such as the Australian Charities and Not for Profit Commissions (ACNC) , Australian Taxation Office (ATO) and the Clean Energy Regulator (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

The joint strategy developed by both board members and technical staff reflects the interdependence required in order to achieve confidence in the Australian economy.

The vision, mission (Figure 1) and strategic objectives (Table 2) for each Board are aligned where appropriate in order to ensure we deliver on our outcomes.

Figure 1. Aligned vision and mission.

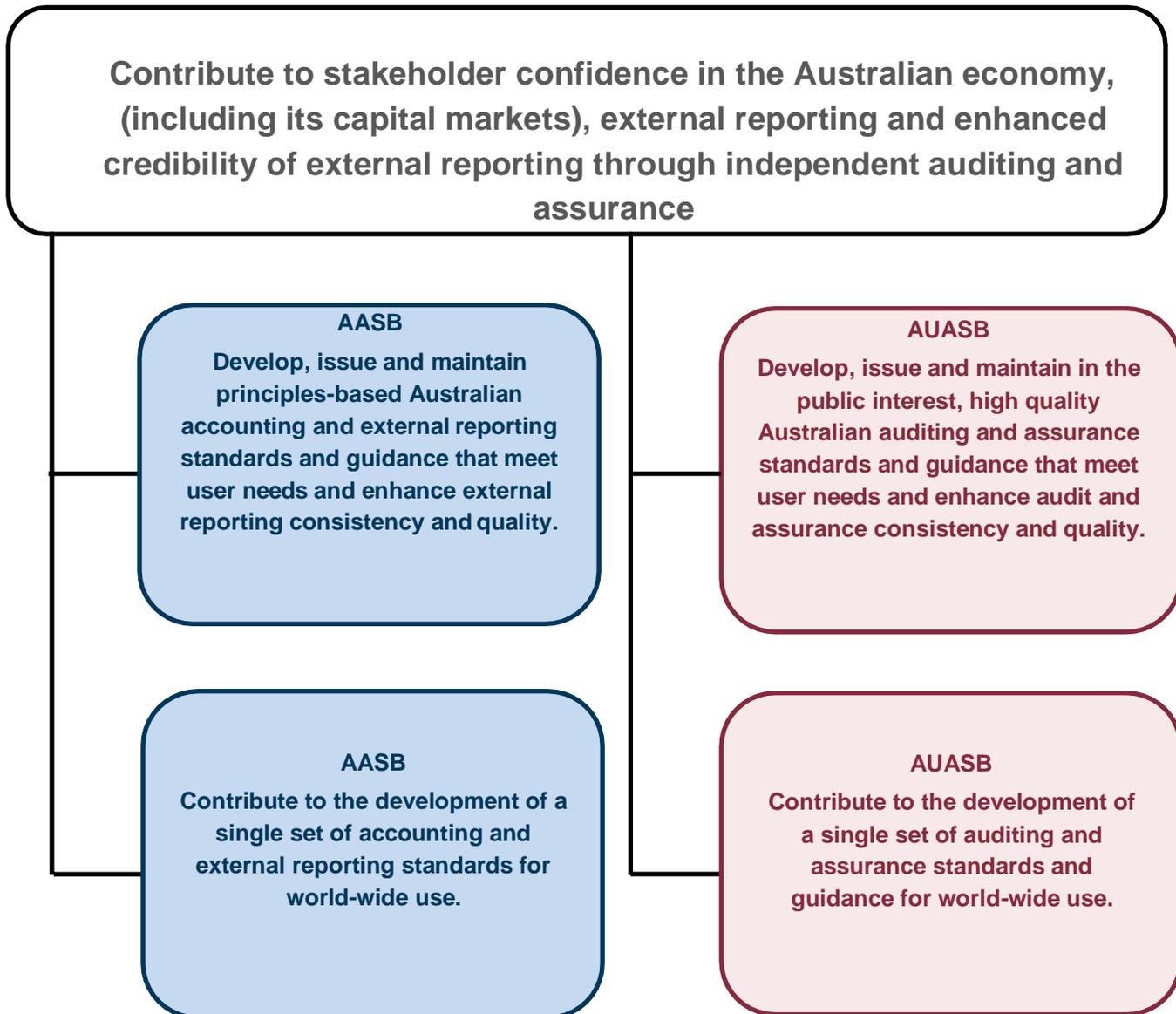




Table 2. Aligned strategies.

AASB	AUASB
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’ ¹ entities maintain IFRS ² compliance; for others, use IFRS Standards (where they exist), and transaction neutrality (modified as necessary), or develop Australian-specific standards and guidance.	1. Develop, issue and maintain high quality Australian auditing and assurance standards that meet the needs of report users. Use IAASB ³ Standards – where they exist, modified as necessary – or develop Australian-specific standards and guidance.
2. With the AUASB, 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"> • who prepares external reports (including financial reports) • the nature and extent of assurance required on these external reports. 	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"> • who prepares external reports (including financial reports) • the nature and extent of assurance required on external reports.
3. Actively influence IASB ⁴ , IPSASB ⁵ standards and other international accounting and external reporting standards and guidance, by demonstrating thought leadership and enhancing key international relationships.	3. Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships.
4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.	4. Attain significant levels of key stakeholder engagement, through collaboration, partnership and outreach.
5. Influence initiatives to develop standards and guidance that meet user needs for external reporting beyond financial reporting.	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 accounting and external reporting standards, including changing technologies.	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 accounting and external reporting standards and guidance.	7. Develop guidance and education initiatives, or promote development by others, to enhance consistent application of auditing and assurance standards and guidance.

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 and work plans are 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 are aligned to the AASB's and AUASB's Portfolio Budget Statements ('PBS') for 2018-19.

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 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	2018-19	2019-20	2020-21	2021-22
A. WORK PROGRAM ACTIVITIES						
IASB equivalent Standards issued within the set timeframe of the release of the IFRS and in accordance with legislative drafting and registration requirements.	Strategy 1 PBS Outcome 1 Program 1 Deliverable 1 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 2,3	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, depending on outcomes of the Australian Financial Reporting Framework.	√			
		→ implement the IASB Revised Conceptual Framework in Australia for publicly accountable entities	√			
		→ implement the IASB Revised Conceptual Framework in Australia for other entities		√		
→ other topics coming out of agenda consultation process.	√	√	√			
Develop consultative documents in relation to the Australian Financial Reporting Framework, to	Strategies 2, 5 PBS Outcome 1	Consultative Documents outlined below developed within timelines agreed with the Board:	√	√	-	-

High level priority activities to achieve AASB Strategy	Links to AASB Strategic Objectives	Key Priorities/KPI	2018-19	2019-20	2020-21	2021-22
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).	Program 1, Deliverable 1 Strategies 1, 3 PBS Outcome 1 Program 1, Deliverable 4	<ul style="list-style-type: none"> → FP private sector removal of special purpose financial statements exposure draft and consultation → NFP private sector development of tiering proposal in conjunction with ACNC and state and territory regulators → NFP public sector consultation on AASB Discussion Paper: Improving Financial Reporting for Australian Public Sector, including discussion with parliamentary accounts committees. 				
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.	Strategy 6 PBS Outcome 1 Program 1 Deliverables 2,6 KPIs 3	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 4,7	<ul style="list-style-type: none"> → Maintain membership on the Accounting Standards Advisory Forum (ASAF). → Maintain close relationships with IPSASB and provide technical support to Australian member on IPSASB. → Maintain leadership of at least one AOSSG Working Group. → Present at least two papers to ASAF, IFASS and/or AOSSG and receive positive feedback on the paper. 	√	√	√	√
			√	√	√	√
			√	√	√	√
			√	√	√	√

High level priority activities to achieve AASB Strategy	Links to AASB Strategic Objectives	Key Priorities/KPI	2018-18	2019-20	2020-21	2021-22
A. WORK PROGRAM ACTIVITIES						
Complete projects for external reporting beyond financial reporting as per timelines in project plans agreed with the Board.	Strategy 5 PBS Outcome 1 Program 1 Deliverables 2,5,6	<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"> guidance for entities adopting the Tax Transparency Code (TTC) in preparing and presenting tax disclosures reporting service performance information remuneration reporting management commentary 	√		-	-
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 7	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 7	Provided technical input to education initiatives by others (for example ACNC) and co-present at their education sessions in accordance with project plans agreed with the Board.	√	√	√	√

High level priority activities to achieve AASB Strategy	Links to AASB Strategic Objectives	Key Priorities/KPI	2018-18	2019-20	2020-21	2021-22
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 7	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	2018-18	2019-20	2020-21	2021-22
B. STAKEHOLDER ACTIVITIES						
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 3	→ Annual survey conducted and improved stakeholder satisfaction compared to previous year → Results of post-implementation reviews (PIRs) support issuance of Standards (and subsequent amendments), assessing user needs, benefits and costs	√	√	√	√
Improved levels of stakeholder engagement.	Strategy 4 PBS Outcome 1 Program 1 Deliverable 1	→ 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 → At least four roundtables/education sessions held each year. → Increased average number of responses per key topic compared to previous year → increased social media follower numbers compared with previous year	√	√	√	√



High level priority activities to achieve AASB Strategy	Links to AASB Strategic Objectives	Key Priorities/KPI	2018-18	2019-20	2020-21	2021-22
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, 2,5 KPIs 6	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 & 2018-19 Portfolio Budget Statements (PBS)	Current Priorities & KPIs	2018-19	2019-20	2020-21	2021-22
A. WORK PROGRAM ACTIVITIES						
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"> → 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). → Develop and issue Australian Auditing and Assurance Standards 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. → Coordinate and develop the AUASB’s response to existing and planned IAASB exposure drafts. → Develop high quality responses to other IAASB pronouncements or invitations to comment by the due date as they are released. → Conduct post-implementation reviews of IAASB equivalent issued AUASB Standards, as required. → Implement revised AUASB Process for exposing and issuing International Exposure Drafts concurrently with the IAASB 	√	√	√	√
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"> → Develop and issue Australian specific Standards within one month of AUASB approval, in accordance with AUASB legislative drafting and registration requirements. → Review full suite of AUASB pronouncements, including revising out of date Guidance Statements to determine necessity and timing of updates required. → Conduct post-implementation reviews of Australian specific AUASB Standards, as required. → Review and update of AUASB Framework Pronouncements, including the AUASB Glossary 	√	√	√	√



High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2018-19 Portfolio Budget Statements (PBS)	Current Priorities & KPIs	2018-19	2019-20	2020-21	2021-22
A. WORK PROGRAM ACTIVITIES						
<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"> → Conduct regular AUASB Agenda Consultation Forums in various locations, either face to face or electronically, and update AUASB Workplan as required based on relevant feedback. → Hold quarterly meetings with the professional accounting bodies to discuss trends in assurance environment and identify impact for AUASB Agenda and Workplan. → Ensure AUASB attendance and presentations at a number of research events (eg. AFAANZ Conference and AFAANZ Auditing and Assurance Special Interest Group, the UNSW Audit Research Roundtable, and the ANU ANZAAR Conference). → Develop and implement an AUASB Research Strategy. → Work with the FRC to implement the elements of the FRC Audit Quality Plan that are the responsibility of the AUASB → Monitor key international regulator developments (including IOSCO, PCAOB and IFIAR Monitoring Group) and consider impact for the local auditing and assurance environment. → Develop updated guidance to encourage the increased application and understanding of review engagements → Consider audit quality and implementation issues associated with the audit and assurance issues specific to the financial services sector, including any matters arising from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry 	√	√	√	√



High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2018-19 Portfolio Budget Statements (PBS)	Current Priorities & KPIs	2018-19	2019-20	2020-21	2021-22
A. WORK PROGRAM ACTIVITIES						
<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"> → AUASB to be represented at all IAASB meetings. → 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. → Attend and present relevant topics at regional and global IAASB NSS meetings. → With the IAASB and NZAuASB, identify and implement initiatives to drive increased sharing and collaboration across the National Standards Setting network → Attend and contribute to other IAASB or International Standard Setting forums as appropriate → Review and contribute as appropriate to other global initiatives, such as IIRC, GRI and WBCSD, on assurance issues. → Engage with the Global EER Project Advisory Panel and support associated regional activities and local panel members. 	√	√	√	√
<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"> → AUASB Chair and/or Technical Director to attend all NZAuASB meetings. → Ensure standards and guidance are issued in accordance with AU/NZ harmonisation requirements. → Contribute to and work in parallel on a number of NZAuASB projects, such as Auditor Reporting FAQs, and the Audit of Service Performance Information standard. → Work collaboratively with NZAuASB Technical Staff to ensure co-operation and co-ordination between the AUASB and NZAuASB's activities (e.g. joint research programs and joint contributions on key focus areas, such as Assurance requirements for NFP's and Charities). 	√	√	√	√



High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements	Current Priorities & KPIs	2018-19	2019-20	2020-21	2021-22
B. STAKEHOLDER ACTIVITIES						
<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>	<p>→ Scope and implement strategic thought leadership projects in the following areas:</p> <ul style="list-style-type: none"> - Auditor Reporting Implementation - Audit Quality / Coordination and cooperation with Regulators - Assurance over Emerging Forms of External Reporting (EER) - Financial Reporting and Assurance Frameworks - Public Sector Auditing and Assurance Issues - Consideration of matters related to small and medium practices (SMPs) and audits of small- and medium-sized entities (SMEs) - Use of Technology in the Audit including Data Analytics <p>→ Develop and maintain contact with other key national standard setters and identify opportunities to collaborate on key international auditing and assurance focus areas.</p> <p>→ Work with relevant local and international stakeholders to influence and support emerging forms of assurance (eg IIRC).</p>	√	√	√	√



High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements	Current Priorities & KPIs	2018-19	2019-20	2020-21	2021-22
B. STAKEHOLDER ACTIVITIES						
<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"> → Hold quarterly meetings with key stakeholders (CPA, CA ANZ, APESB, ASIC) and ensure regular contact with other stakeholders (ACAG, ACNC, CER, APRA, AICD & IPA) as required to: <ul style="list-style-type: none"> - gather timely and relevant feedback on AUASB activities; and - ensure the AUASB Workplan is responsive to user needs. → Attend and present at regular professional and regulatory forums (e.g. ASIC Standing Committee, Emerging Accounting and Auditing, Issues Discussion Group, BLRF etc). → AUASB Board members or staff to present at a number of auditing or assurance related events/conferences. → Author or contribute to multiple articles on major auditing and assurance developments for CPA Australia and CA ANZ professional bulletins and other publication outlets. → Complete quarterly reports for the FRC and obtain positive feedback from FRC members on AUASB activities. → Develop and distribute a quarterly AUASB update. → In conjunction with the AASB, conduct regular AUASB Stakeholder satisfaction surveys. → Create and maintain details of AUASB stakeholders in the new AASB/AUASB Stakeholder Database. → Contribute to the planning of the new AASB/AUASB website. → 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. → Ensure all AUASB meeting board papers are available on the AUASB website a week in advance → Ensure all AUASB meeting highlights/podcast available within two working days after each meeting. 	√	√	√	√



High level priorities to achieve AUASB Strategy & Outcomes	Links to AUASB Strategic Objectives & 2017-18 Portfolio Budget Statements	Current Priorities & KPIs	2018-19	2019-20	2020-21	2021-22
B. STAKEHOLDER ACTIVITIES						
<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 & 7 PBS Outcome 1 PBS Programs 1 & 2 PBS Deliverables 1 & 2 PBS Performance Criteria 3, 4</p>	<ul style="list-style-type: none"> → Record and release AUASB podcasts and/or webcasts for all AUASB meetings on all major audit and assurance pronouncements. → Engage with the CA ANZ and CPA Australia to support the currency and appropriateness of auditing and assurance professional program course materials. → AUASB Board members or staff to present at a number of auditing or assurance related events/conferences (eg CA ANZ Audit Conference; CPA Congress). → Author or contribute to multiple articles on major auditing and assurance developments for CPA Australia and CA ANZ professional bulletins. → Identify opportunities to present guest lectures or be represented on advisory panels for auditing and assurance topics at major tertiary institutions. → Partner with respected auditing and assurance academics on AUASB strategic projects and research activities, for example on Auditor Reporting implementation. 	√	√	√	√
<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"> → Increased and timelier engagement with ASIC and other regulators responsible for audit and assurance inspections. → Assess and respond to implementation issues and identify opportunities to create additional AUASB guidance to address inspection findings. → 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. → In conjunction with the NZAuASB, issue new and revised Auditor Reporting FAQs based on stakeholder feedback and issues noted by AUASB staff. → 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. → Monitor global audit inspection developments and trends and consider impact for Australian auditing and assurance environment. 	√	√	√	√



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

<p>Function</p> <p>Strategic Objective</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>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"> • who prepares external reports (including financial reports) • the nature and extent of assurance required on these external reports. 		√	√		√



<p>Function</p> <p>Strategic Objective</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.

<p>Strategic Objective</p> <p>Function</p>	<p>Make auditing standards under section 336 of the <i>Corporations Act</i> for the purposes of the corporations legislation.</p>	<p>Formulate auditing and assurance standards for other purposes.</p>	<p>Formulate guidance on auditing and assurance matters.</p>	<p>Participate in and contribute to the development of a single set of auditing standards for world-wide use.</p>	<p>Advance and promote the core objectives of auditing and assurance standard setting as required by Part 12 of the ASIC Act.</p>
<p>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.</p> <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"> • who prepares external reports (including financial reports) • the nature and extent of assurance required on external reports. 	√	√	√	√	√
<p>3. Actively influence international auditing and assurance standards and guidance by demonstrating thought leadership and enhancing key international relationships.</p>	√	√		√	√



Strategic Objective

Function

Make auditing standards under section 336 of the *Corporations Act* 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.

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5. Influence initiatives to develop assurance standards and guidance that meet user needs for external reporting beyond financial reporting.

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6. Monitor and respond to emerging issues impacting the development of auditing and assurance standards and guidance, including changing technologies.

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7. Develop guidance and education initiatives, or promote development by others, to enhance consistent application of auditing and assurance standards and guidance.

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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:

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 based representatives (if any) on the IPSASB and the IASB's IFRS Interpretations Committee, are observers at AASB meetings
- 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.

This year the FRC will be advertising for a number of new Board members across both entities. It is anticipated that the new Board Members will further complement the diversity and expertise of the current Boards and bring new insights and skills to assist in assessing the impacts of emerging issues.

People

A shared support model, agreed by both Boards has now been implemented with the appointment of a single National Director and combined corporate services team.

These changes have been supported by changes in systems and processes with the implementation of a new on-line compliance program that is helping us build a more efficient approach to accountability, training and compliance. This year we will continue the deployment of the Financial Management Compliance System (FMCS) and migrate our KPI and performance reporting to the cloud. These changes will allow the teams to collaborate and influence more effectively, focusing on their core skills and delivering quality and cost-effective standards.



Over the past 12 months we have been focusing on the staffing across the entities to ensure we have a broad 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.

In 2018-2019 , we will see the consolidation of the performance management process that has improved staff resilience and trust across the entities and we will ensure we continue our active staff professional development program, which includes coaching and mentoring, secondment opportunities, a graduate cadetship and intern program, as well as opportunities for staff to engage with the Boards, Regulators, other international standard setters, professional accounting firms and corporates.

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 assessed the business needs with a view to achieving the flowing technology objectives:

- Mobility and flexibility of working arrangements
- Collaboration on standards delivery internally and externally
- Productivity efficiency of standards delivery
- Effective internal and external communications
- Connectivity and engagement with external stakeholders

This financial year the entities will be focused on building the foundations of our ICT strategy which will involve the transition to the cloud, deployment of a new operating environment with the shift to Office 365 to allow the teams to operate anywhere, any time and on any device. This will ensure that much of their core operations can be completed efficiently and securely in a flexible and agile work environment. In addition the deployment of cloud based project management and CRM will enhance program and project control, and address compliance risks such as access, document control and record retention. With foundations of the ICT program embedded in both entities, and the immediate business needs satisfied , the program will move towards better integration to release further productivity benefits.



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.

This year we are moving our risk management and control assurance into the cloud via the FMCS. This allow us to better assess and understand the enterprise risks, compliance requirements and assurance regarding effectiveness of the control environment, on line and in real time. In addition, with the online breach reporting we will be able to quickly assess in the rare cases where breaches occur, and where required, report them, while providing transparency to the leaders group.