



Australian Government

Australian Accounting Standards Board



Australian Government

Auditing and Assurance Standards Board

Australian Accounting Standards Board  
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# CORPORATE PLAN

## 2020 - 2021

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## Preface

As the Australian Accounting Standards Board (AASB) and Auditing and Assurance Standards Board (AUASB) look ahead to 2021, it is important that we acknowledge the changes our economy and society have and will continue to face in 2020 and beyond. The COVID-19 pandemic has changed the way we live, work, and interact with one another; from staff meetings, project management, and recruitment, to everyday work tasks, stakeholder engagement, and reporting. ‘Business as usual’ will have a new meaning once this crisis passes.

Together, we (AASB and AUASB) have worked to create and communicate standards and guidance related to the impacts of COVID-19 on financial reporting, which came not too long after our climate change guidance began picking up steam both internationally and domestically. Together, we have responded to both of these external forces by producing documents such as ‘The Impact of Coronavirus on Financial Reporting and the Auditor’s Considerations’, and ‘The Impact of COVID-19 on Going Concern and Related Assessments’. We have also created website repositories for International Financial Reporting Standards (IFRS) guidance, Australian regulator publications such as those from the ASX, ASIC, APRA, ATO, ACNC, and Treasury, as well as documents from accounting firms, professional bodies, and other international bodies.

Our plan for 2021 is to continue providing the public with support and guidance in response to the economic impact of COVID-19, while also continuing our work economic drivers that impact the domestic and global economy. Our joint climate change document, ‘Climate-related and Other Emerging Risks Disclosures: Assessing Financial Statement Materiality Using AASB/IASB Practice Statement 2’ was recognised, supported, and endorsed by the International Accounting Standards Board’s Chair, Hans Hoogervorst, who referenced the paper in his speech at the Climate-Related Financial Reporting Conference in Cambridge, UK (2019).

These acts of support at the global level give us well-placed confidence that the work we are doing not only matters, but that it is having an impact. Our ability to produce excellent outcomes in response to external forces allows us to influence key global stakeholders such as the International Accounting Standards Board, and the International Auditing and Assurance Standards Board, whose mission it is to create one set of globally-applicable standards that stakeholders world-wide can use with confidence, pursuant to the chief goals of transparency, accountability, reliability, and comparability in financial statement reporting.

The following Corporate Plan outlines our strategy for continuing our work in the dynamic environment we find ourselves in; one that is fast-moving, susceptible to outside forces, and requires an agile approach.



## Introduction

As agreed with the Department of Finance, the 2020-21 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, Dr Keith Kendall, as the accountable authority of the Australian Accounting Standards Board, present the 2020-21 AASB Corporate Plan, which is prepared for the 2020-21 period and covers the periods 2020-21 to 2023, as required under paragraph 35(1) (b) of the *Public Governance, Performance and Accountability Act 2013*.

26 August 2020

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### Auditing and Assurance Standards Board

I, Roger Simnett AO, as the accountable authority of the Auditing and Assurance Standards Board, present the 2020-21 AUASB Corporate Plan, which is prepared for the 2020-21 period and covers the periods 2020-21 to 2023, as required under section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.

26 August 2020

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# The AASB and AUASB Corporate Plan

The corporate plan of the AASB and AUASB sets out why we exist, what we need to do to achieve our purpose, the factors that influence how we achieve our purpose, the activities we intend to undertake and the ways in which we measure whether we have achieved our purpose, as set out in the diagrams below.

The elements of the AASB’s operations are set out below:





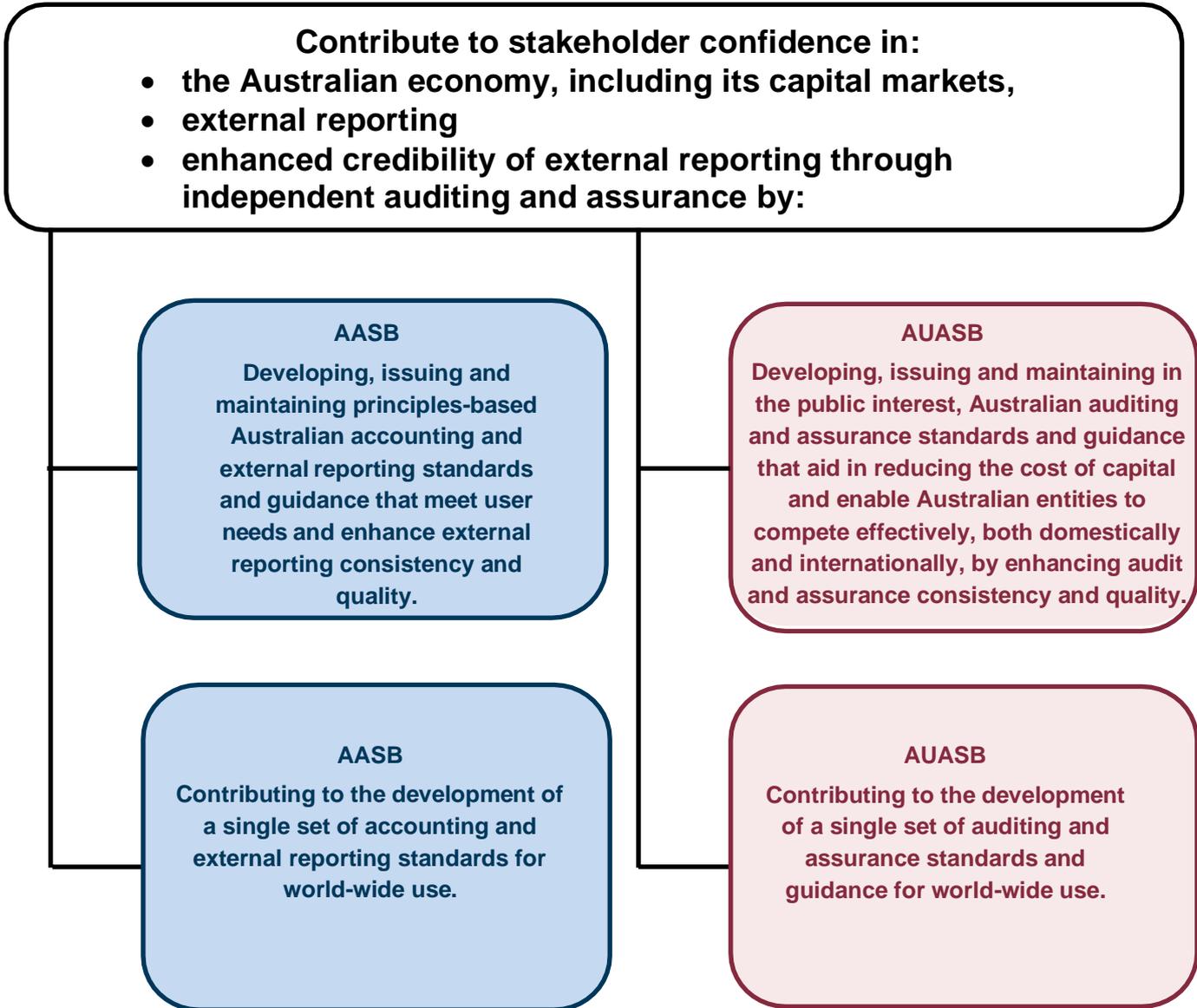
The elements of the AUASB's operations are set out below:





## The Purpose of the AASB and AUASB

The AASB and AUASB's (the entities') purpose, vision and mission are set out below.





The strategic objectives of the Boards to achieve their purpose under the Australian Securities and Investment Commission (ASIC) Act and the Financial Reporting Council (FRC) directives are set out below:

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 (including financial reports) and are capable of being assured and enforced. 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 and issue Australian Auditing and Assurance Standards that are in the public interest and meet the needs of stakeholders based on IAASB equivalents in accordance with AUASB functions and our direction from the Financial Reporting Council (FRC).</p>
<p>2. With the AUASB, play a leading role in reshaping the Australian external reporting framework by working with the 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. Develop and maintain Australian-specific Standards and/or Guidance for topics not specifically addressed by IAASB Standards where required.</p>
<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. Influence international standards and guidance to achieve public interest outcomes and serve as the most effective base possible for Australian auditing and assurance standards.</p>
<p>4. Attain significant levels of key stakeholder engagement, through collaboration, partnerships and outreach.</p>	<p>4. In conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia.</p>
<p>5. Influence initiatives to develop standards and guidance that meet user needs for external reporting integral to financial reporting.</p>	<p>5. Demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance.</p>
<p>6. Monitor and respond to, or lead on, emerging issues impacting the development of accounting and external reporting standards, including changing technologies.</p>	<p>6. Partner with the AASB and others to reform the Australian external reporting and assurance frameworks.</p>
<p>7. Develop guidance and education initiatives, or promote development by others, to enhance the consistent application of accounting and external reporting standards and guidance.</p>	<p>7. Monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards.</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



# Environment

## What we do

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, and making decisions such as whether to:

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

The AASB has a Conceptual framework that sets out the purpose of preparing financial statements, the key elements of financial statements (assets, liabilities, revenue, expenses and equity), and provides guidance on how to set standards. Accounting standards generally set recognition, measurement, classification, presentation and disclosure requirements for the elements of financial statements.

The transparency, comparability and accountability required by accounting standards underpin public and investor confidence in the Australian economy. Accounting standards reduce information gaps and enable more efficient resource/capital allocations. To be effective, they must be capable of being audited and enforceable by other regulators.

Auditing and Assurance standards include requirements and application guidance that set out how auditors and assurance practitioners conduct an audit or assurance engagement. The AUASB is an independent standard-setting body that serves the public interest by setting high-quality auditing and assurance standards which are based on International Standards issued by the International Auditing and Assurance Standards Board (IAASB) that are generally accepted worldwide. The use of a single set of robust auditing and assurance standards contributes to enhanced engagement quality and consistency of practice throughout the world, and strengthens public confidence in the global auditing and assurance profession.

The AUASB has a well-established Assurance Framework that includes different types of assurance standards depending on the nature and extent of assurance required. They are sector and framework neutral, and principles-based to encourage the auditor or assurance practitioner to apply their professional judgement and exercise professional skepticism at all times.

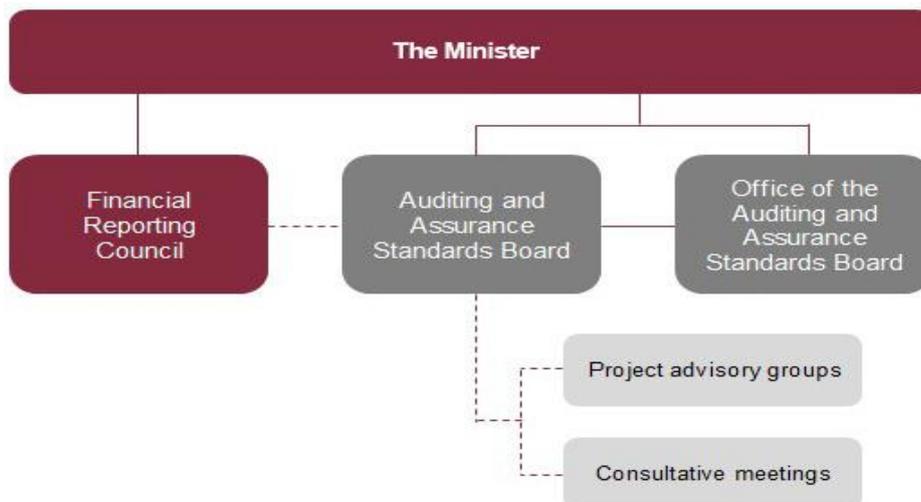
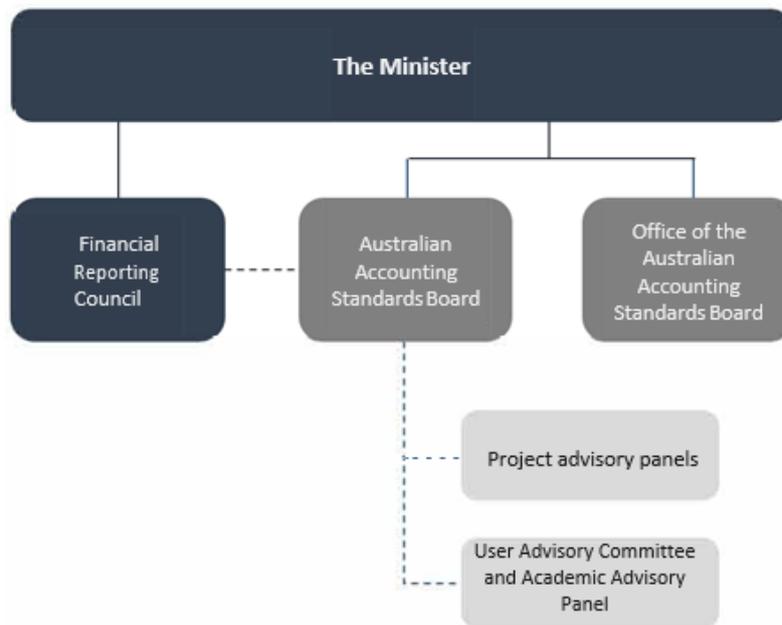
The AASB and AUASB are responsible for setting standards in three sectors, being for-profit companies, not-for-profit private sector entities (e.g. charities and incorporated associations), and the public sector. The



complexities of setting standards appropriate for all three sectors increases the challenges of achieving appropriate stakeholder understanding of the AASB's and AUASB's roles and engagement with their standard-setting activities.

## How we operate

The AASB and AUASB operate within a framework set out in Part 12 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act) and are part of the Commonwealth Treasury portfolio. See Appendix 1. Our funding is provided by the Commonwealth and the States and Territories. Our accountability responsibilities are set out below.





## The Boards and their Offices

Each entity has two arms:

- the Board itself
- the technical staff of each entity who are employed by the relevant Office of the AASB or Office of the AUASB (the non-corporate government entity). The office of the AASB employs the administrative staff who support both the AASB and the AUASB.

The Boards of the AASB and AUASB are technical boards contributing to the strategic direction of the entities. 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. Our Board members have a diverse range of skills, experiences, professional affiliations, geographies and industry and sector experience to enhance the quality of our standards.

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 the AASB meetings
- the Australian-based member of the IAASB is an observer at the AUASB meetings
- the AASB Chair and the AUASB Chair are both members of the respective New Zealand Boards.

Each year, the FRC advertises for new Board members across both entities.

## Financial Reporting Council and Minister Oversight

The FRC provides broad strategic direction and advice to the Boards and has oversight of the process for setting accounting and assurance standards in Australia. The FRC appoints Board members (other than the Chairs).

The FRC has directed the AASB to:

- adopt accounting standards that are the same as those issued by the International Accounting Standards Board (IASB) (Direction approved on 5 September 2002);
- pursue the harmonisation of Government Financial Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) reporting for the public sector (Direction approved on 12 December 2002).

The FRC has directed the AUASB on 6 April 2005 to:

- Develop Australian Auditing Standards that have a clear public interest focus and are of the highest quality;



- Use, as appropriate, International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB) as a base from which to develop Australian Auditing Standards;
- Make such amendments to ISAs as necessary to accommodate and ensure that Australian Auditing Standards both exhibit and conform to the Australian regulatory environment and statutory requirements, including amendments as necessary for Australian Auditing Standards to be legally enforceable under the requirements of the Corporations Act 2001;
- Monitor and review auditing and assurance standards issued by other standard-setting bodies in other national jurisdictions; and
- Continue to develop auditing and assurance standards for other than historical financial information as well as develop and issue other guidance on auditing and assurance matters, and participate in audit research that is conducive to, and which significantly benefits, the standard-setting activities of the AUASB.

The relevant Minister appoints the Chairs of the AASB and AUASB. The Chairs are accountable to the Minister regarding the operations of the Board and the supporting Offices.

Although our funding is provided by government, we are independent as the ASIC Act expressly limits the FRC's and Minister's ability to direct the AASB or AUASB in relation to the development, or making, of a particular standard. The FRC and Minister do not have the power to veto a standard made, formulated or recommended by the AASB or the AUASB in that neither the FRC nor the Minister can direct a particular technical outcome.

### **The Standards as Legislative Instruments**

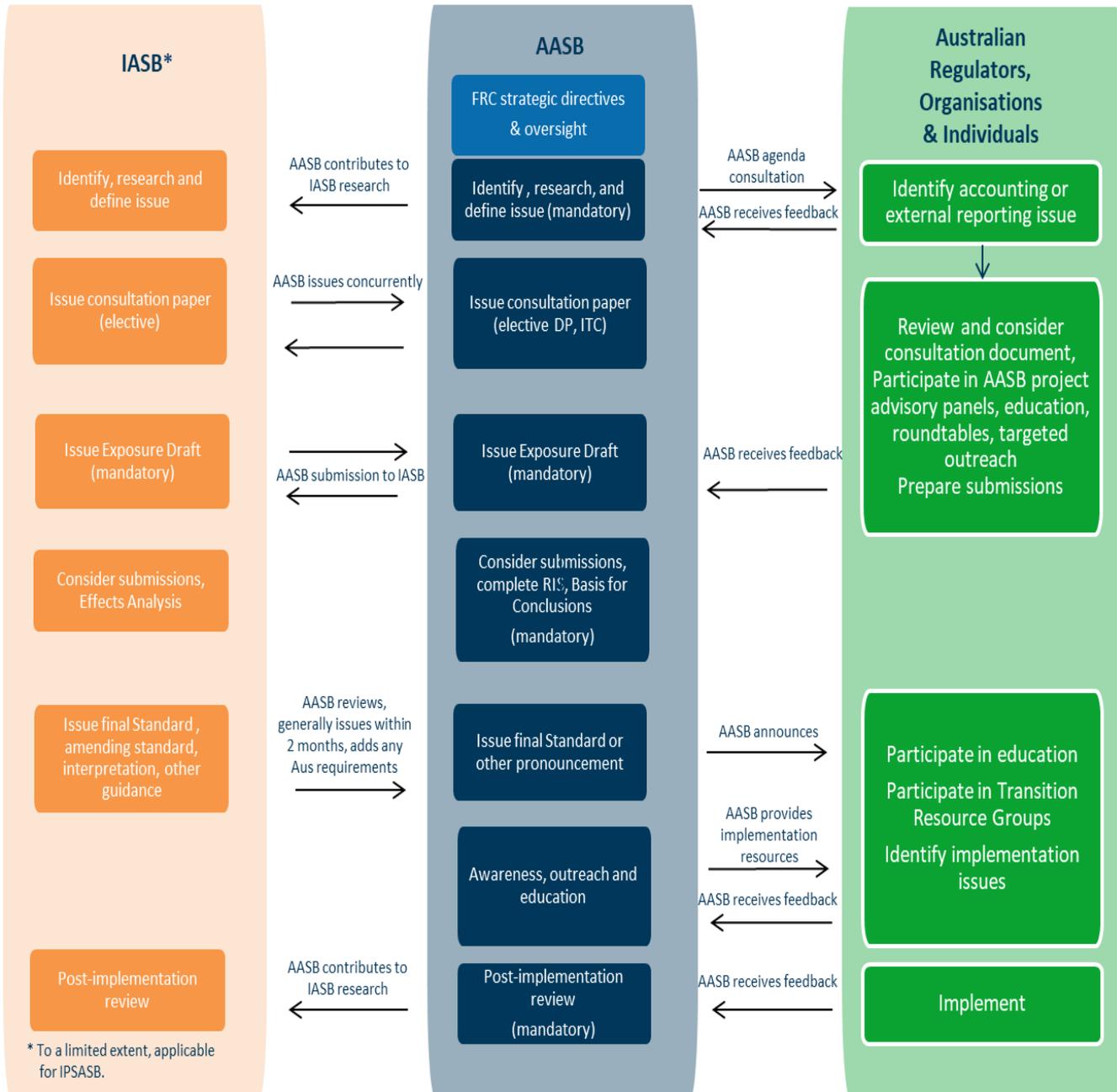
The standards issued by the AASB and the AUASB are legislative instruments and in accordance with regulatory best practice, are principle-based rather than rules-based. Accordingly, professional judgement is a critical element when implementing accounting and auditing standards.

The Boards comply with *The Australian Government Guide to Regulation* when assessing the regulatory impacts of significant changes.

The AASB uses its Due Process Framework and Evidence Informed Frameworks to ensure the quality of its standards and that the benefits of its standards outweigh the costs to its constituents. This includes use of empirical research from Australian and international academics to support the identification of issues, analysis of possible solutions and evidence of impact once a standard is finalised, as well as a means of influencing internationally. The AASB's Due Process Framework is set out below:



## AASB Due Process Framework for Setting Standards





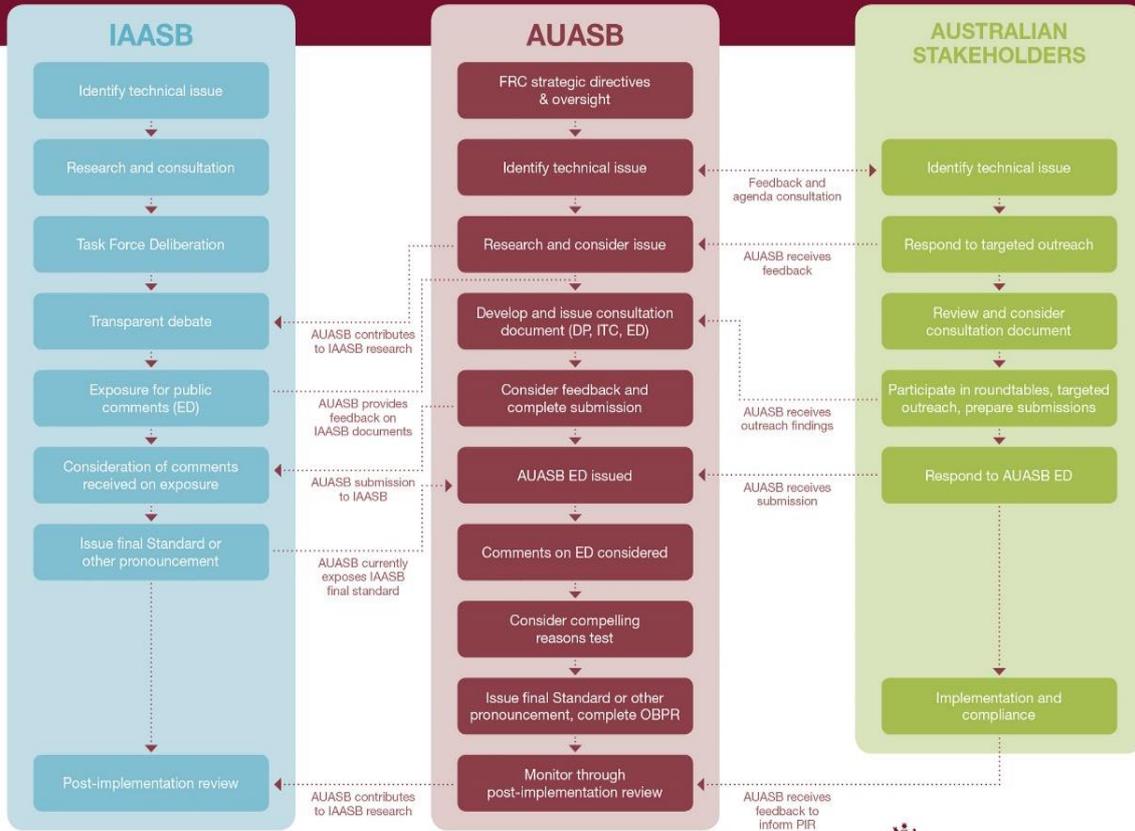
The AUASB uses its Due Process and Evidence-Informed Standards-Setting Strategy to ensure the quality of its standards and that the benefits of its standards outweigh the costs. This includes use of empirical research from Australian and international academics to support the identification of issues, analysis of possible solutions and evidence of impact once a standard is finalised, as well as a means of influencing internationally.

In order to increase our influence during the formative stages of standards development, in 2019-20 the AUASB implemented a revised process for issuing IAASB Exposure Drafts (EDs) in Australia, where the EDs are issued concurrently with their release internationally. This approach is consistent with the way the AASB and many other auditing and assurance standards setters seek to inform and influence international standards setting. Having adopted this new approach, the AUASB is currently in the process of reviewing and updating its standard-setting and due process documentation.

The AUASB's Standard-Setting process is set out below. Following the review and update of the AUASB's standard-setting and due process documentation, there will be some minor adjustments required to the AUASB Standard Setting Process diagram presented below.



## AUASB Standard-Setting Process



DP Discussion Paper | ITC Invitation to Comment | ED Exposure Draft | OBPR Office of Best Practice Regulation | PIR Post-Implementation Reviews



Both Boards consult extensively with Australian entities and other key stakeholders, so that they can properly reflect the interests of the Australian community at both domestic and international levels. The AASB's and AUASB's key stakeholders and their roles and responsibilities are set out below:



**REPORT USERS**  
Debt and equity providers, analysts, credit rating agencies, creditors, customers, employees, regulators, grant providers, investors/investor associations, academics, media, government

**ROLE**

1. Make resource allocation decisions
2. Identify issues
3. Provide feedback to regulators

**OVERSIGHT BODY: FINANCIAL REPORTING COUNCIL**  
**ROLE:** Oversight of processes for setting accounting and auditing standards, determining broad strategic directions, reporting to the Finance Minister

**REGULATORY BODIES**

**A:** Who determines who reports and what level of assurance is required  
Federal, State & Territory Governments, Ministers, (Treasuries, ATO, ACNC etc)

**B:** Who develops the accounting and assurance standards for what is reported  
AASB, AUASB, Stock Exchanges, ACNC

**C:** Who develops other reporting requirements  
ASIC, APRA, ATO, Professional bodies

**D:** Who enforces Standards  
ASIC, APRA, ATO, Professional bodies

<p><b>PREPARERS</b> For profit and Not-for-profit entities, Directors, CEOs, CFOs, officers, accountants, members of professional bodies (CPA Australia, CA ANZ, IPA).</p> <p><b>ROLE</b></p> <ol style="list-style-type: none"> <li>1. Provide transparent, comparable, relevant and reliable information for users to make resource allocation decisions.</li> <li>2. Comply with regulations.</li> <li>3. Identify issues.</li> <li>4. Provide feedback to regulators.</li> </ol>	<p><b>REGULATED BY:</b> ASIC &amp; APRA (directors &amp; officers), ACNC (responsible persons), professional bodies (their members).</p> <p><b>ROLE</b></p> <ol style="list-style-type: none"> <li>1. Determine who must comply with standards.</li> <li>2. Set standards – directors &amp; officers, responsible persons and professionals.</li> <li>3. Enforce.</li> </ol>
<p><b>AUDITORS</b> Accounting firms, government audit offices, sole practitioners, registered company auditors, members of the professional bodies.</p> <p><b>ROLE</b></p> <ol style="list-style-type: none"> <li>1. Provide assurance that reports are prepared in accordance with the relevant requirements.</li> <li>2. Comply with regulations.</li> <li>3. Identify issues.</li> <li>4. Provide feedback to regulators.</li> </ol>	<p><b>REGULATED BY</b> ASIC (registered company auditors), ACNC, professional bodies, APRA, AUASB.</p> <p><b>ROLE</b></p> <ol style="list-style-type: none"> <li>1. Determine who must comply with standards.</li> <li>2. Set standards for audit profession and auditors.</li> <li>3. Enforce.</li> </ol>



The AASB and the AUASB have a wide network of contacts among Australian stakeholders who 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.

## External and internal factors influencing delivery of our objectives

### People

AASB and AUASB are committed to the development of a high-performing team culture. This commitment leverages off work that the AASB conducted in the 2019-2020 financial year. Both organisations are utilising internal and external expertise including training needs analysis, coaching and mentoring, and team sessions to enhance individual and team culture and performance.

### AASB

Over the past 12 months, the focus has been on the staffing of the AASB technical group to ensure the AASB has staff from a broad range of professional backgrounds, including accounting and auditing



practice, industry, public sector and academia. Collectively, the AASB technical group possess technical and practical accounting experience, which they bring to standard-setting, together with a paramount understanding of standard-setting in public interest.

The AASB will continue our staff professional development program, which includes coaching and mentoring, secondment opportunities, 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. A key focus for 2020-2021 will be to successfully integrate new recruits to develop a strong core group of standard-setters, supported by secondments for specialist skills needed for particular projects where we lack expertise in-house.

### **AUASB**

The AUASB maintained the level and expertise of its Technical staff over the last 12 months and in 2020-21, following the receipt of additional funds in the Federal Government 2020-2021 Budget, has been able to employ an additional staff member. This additional funding acknowledges the work the AUASB has done and will continue to do supporting the FRC in oversight of Audit Quality in Australia.

Collectively, the AUASB staff possess technical and practical auditing experience, which they bring to standard-setting, together with a paramount understanding of standard-setting in the public interest.

Our technical staff are supported, from time-to-time, by AUASB Academic Scholars. The AUASB Academic Scholar Role provides an opportunity for highly-respected auditing and assurance academics to work with the Chair and the Technical Group on research topics that are mutually agreed and relevant to the outcomes of the AUASB. The first 2 AUASB Academic Scholars will be collaborating with the AUASB in the first half of 2020-21.

### **Technology**

The AASB and the AUASB are increasingly using online platforms (i.e. websites, social media, event management tools, broadcasting, webinars) 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 following 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; and
- Connectivity and engagement with external stakeholders.



This financial year the entities will be focused on implementing an Information and Communications Technology (ICT) strategy involving a transition to the cloud, and full deployment of Office 365 to allow the teams to operate anywhere, any time and on any device. This will ensure that the entities' core operations can be completed efficiently and securely in a flexible and adaptable work environment. The ICT strategy is designed to address compliance risks such as access, security, document control and record retention.

## Other Regulators

Although responsible only for setting accounting and auditing and assurance standards, the entities play a key role in assisting regulators at both the State and the Commonwealth levels to clarify criteria and thresholds for different types of Australian entities, in order to determine who should report and the appropriate associated level of assurance. The current Australian Reporting Framework is complex, with numerous duplicated requirements, which results in financial reporting that is often not objective, transparent and comparable. A more robust framework that balances the needs of users with the costs to preparers of reporting and independent assurance, and results in 'fit for purpose' public information for different types of entities, is a key objective that involves obtaining the commitment of numerous relevant regulators and overcoming a history of reluctance to change.

Other key regulators who enforce the AASB and the AUASB standards include the Australian Securities and Investment 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 the AUASB's performance is impacted not only by the AASB and AUASB's actions, but also how well its standards and guidance are implemented and enforced.

## Global Standards

In accordance with the ASIC Act, when setting standards, the entities are required to consider the interests of Australian corporations aiming 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 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.

In accordance with its FRC<sup>1</sup> directive, the AASB uses IFRS Standards as the basis for Australian

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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)



Accounting Standards, implemented as follows

- for-profit private sector “publicly accountable” entities (e.g. listed entities or those with significant fiduciary responsibilities like banks and insurance companies) benefit most from global comparability. The AASB ensures they can claim IFRS and New Zealand compliance in their financial statements.
- Other for-profit private and public sector entities. The AASB applies its [For-Profit Standard Setting Framework](#) to tailor IFRS standards appropriately, and provide a second tier of reporting that has the same recognition and measurement requirements, but simplified disclosures.
- Other not-for-profit private and public sector entities. The AASB applies its [Not-for-profit Standard Setting Framework](#) to use transaction neutrality (like transactions should be accounted for in the same way), and modifies IFRS as needed to cater for the unique characteristics of the sector. This includes developing appropriate Australian standards and guidance and providing a second tier of reporting that has the same recognition and measurement requirements, but with simplified disclosures.

The AUASB is required, under its directive from the FRC<sup>2</sup>, to use the International Standards on Auditing of the International Auditing and Assurance Standards Board, as appropriate, as a base from which to develop Australian Auditing Standards (ASAs) and then make such amendments to the ISAs<sup>3</sup> that are necessary to accommodate and ensure that the ASAs both exhibit and conform to the Australian regulatory environment and statutory requirements. Both the ASA’s and the ISA’s are principles based, rely on the application of professional judgment and professional skepticism and are sector and framework neutral.

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 entities and individuals.

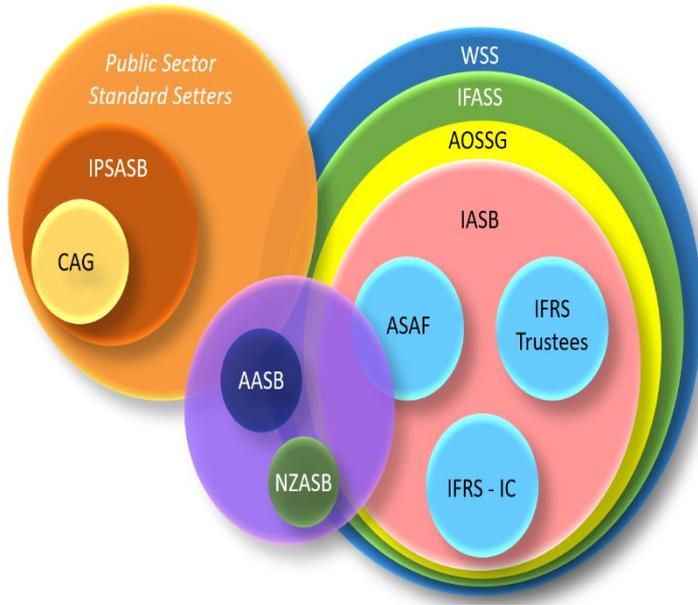
However, where IFRS Standards and ISAs do not cover a topic of importance or are not appropriate for the Australian community, the AASB and the AUASB set local standards or add to the international standards to fill that gap. The AASB uses its Approach to International Public Sector Accounting Standards to regularly assess whether IFRS remains the appropriate base for public sector accounting.

To help ensure international standards remain appropriate for use in Australia, the AASB aims to ensure Australia remains at the forefront of international accounting practices. The key international and domestic bodies the AASB must influence are set out below:

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<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)



### Glossary

#### Standard setters

- [AASB](#) – Australian Accounting Standards Board
- [IASB](#) – International Accounting Standards Board
- [IPSASB](#) – International Public Sector Accounting Standards Board
- [NZASB](#) – New Zealand Accounting Standards Board

#### Interpretive Committees

- [IFRS - IC](#) – IFRS Interpretations Committee
- Advisory/Consultative Groups*

- [ASAF](#) – Accounting Standards Advisory Forum
- [CAG](#) – Consultative Advisory Group

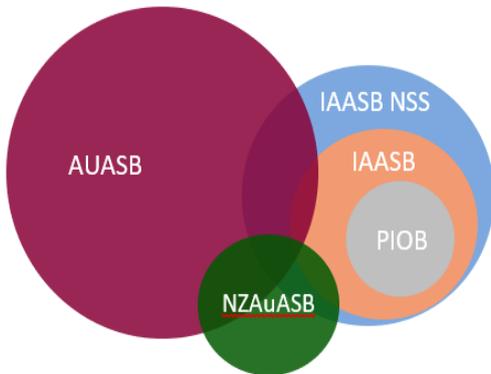
#### Standard-setter Forums

- [AOSSG](#) – Asian-Oceanian Standard-Setters Group
- [IFASS](#) – International Forum of Accounting Standard Setters
- [WSS](#) – World Standard Setters

#### Oversight

- [IFRS Trustees](#)

To help ensure international auditing and assurance standards remain appropriate for use in Australia, the AUASB aims to ensure Australia remains at the forefront of international auditing practice. The key international bodies the AUASB must influence for this purpose are:



### Glossary

#### Standard setters

- [AUASB](#) – Australian Auditing and Assurance Standards Board
- [IAASB](#) – International Auditing and Assurance Standards Board
- [NZAuASB](#) – New Zealand Auditing and Assurance Standards Board

#### Standard-setter Forums

- [IAASB NSS](#) – IAASB National Standard Setters Group

#### Oversight

- [PIOB](#) – Public Interest Oversight Board

In 2020-21 the AUASB will identify and implement initiatives to drive increased sharing and collaboration across the global National Standards Setting (NSS) network, including attending and presenting relevant topics at regional and global IAASB NSS meetings.

## The Australian and Global Economy

Although entities are expected to cease operations as a natural part of their life cycle, in difficult economic conditions, accounting and auditing standards come under extra scrutiny. As well as economic uncertainty, there are also documented changing expectations and declining trust in the services accountants and auditors traditionally provide, arising principally from continuing high levels of reported



poor results of external inspections and recent high-profile corporate failures in some overseas jurisdictions. Stakeholders' expectations are also changing about what the standards should require. This has resulted in there being numerous parliamentary or regulatory inquiries under way and around the globe, triggered by corporate collapses or poor audit inspection outcomes.

In Australia, the Parliamentary Joint Committee on Corporations and Financial Services has been asked to review the regulation of auditing in Australia with particular reference to, amongst other things, Audit Quality and the adequacy and performance of regulatory, standards, disciplinary and other bodies. This inquiry will impact both the AASB and AUASB and is scheduled to report by the end of March 2020.

## Key strategic risks

The AASB's and AUASB's key strategic risks and how they are managed are set out in the table on the following page.



Risk	Impact	Mitigating Actions
<p>Quality of international standards on which AASB and AUASB rely is not adequate. International standard-setting bodies unduly influenced by national or regional stakeholders.</p>	<ul style="list-style-type: none"> <li>• Australian user needs are not met</li> <li>• Inability to influence internationally</li> <li>• Brand and reputation issues</li> <li>• Loss of funding</li> </ul>	<ul style="list-style-type: none"> <li>• Influence IASB, IPSASB, IAASB board members and staff by nominating/providing board/advisory committee/Task Force members, participating in working groups, by providing input into all significant exposure drafts and other consultation documents, being seen as thought leaders and problem solvers</li> <li>• Apply established standard-setting frameworks that outline when quality is not acceptable to be adopted in Australia</li> <li>• Establish close working relationships and alliances with other national standard setters, particularly New Zealand</li> </ul>
<p>Quality of Australian standards not seen as appropriate or contributing to confidence in the Australian economy. Value of financial reporting and auditing perceived as diminishing.</p>	<ul style="list-style-type: none"> <li>• Standards not capable of being consistently implemented</li> <li>• Australian user needs are not met, loss of confidence in capital markets</li> <li>• Costs of standards outweigh benefits</li> <li>• Brand and reputation issues</li> <li>• Loss of funding</li> <li>• Not-for-profit sector no longer supports IFRS as a base, tailoring not seen as sufficient</li> <li>• Perceived or actual loss of independence of the Board and ability to act in the public interest</li> </ul>	<ul style="list-style-type: none"> <li>• For-profit, Not-for-profit Standard-Setting, Due process and Evidence-informed frameworks followed, including obtaining appropriate evidence, consulting extensively, assessing costs and benefits of change</li> <li>• Public and transparent process, basis for conclusions in all standards</li> <li>• Post-implementation reviews of standards</li> <li>• Diverse board membership, use of technical advisory panels and Project Advisory Groups to enhance quality of standards</li> <li>• Submissions and presentations to public enquiries when requested (e.g. Joint Parliamentary Inquiry into the Regulation of auditing in Australia.)</li> </ul>
<p>Multiple other regulators requiring and/or enforcing accounting and auditing standards.</p>	<ul style="list-style-type: none"> <li>• Accounting and auditing standards:               <ul style="list-style-type: none"> <li>○ required inappropriately</li> <li>○ not enforced appropriately</li> </ul> </li> <li>• Stakeholders not understanding AASB and AUASB responsibilities</li> <li>• Brand and reputation issues as standards not seen as fit for purpose</li> </ul>	<ul style="list-style-type: none"> <li>• Regular liaison with other key regulators</li> <li>• Collaboration with other regulators when developing standards</li> <li>• Working with regulators and practitioners to develop guidance in response to inspection review findings</li> </ul>
<p>Economic conditions contribute to entities' financial collapse.</p>	<ul style="list-style-type: none"> <li>• Difficult economic conditions result in more corporate collapse and more pressure on whether standards are fit for purpose</li> <li>• Changing expectations of standard setters to respond quickly</li> </ul>	<p>As above</p>



Risk	Impact	Mitigating Actions
<p>Not seen as a competitive employer in the marketplace.</p>	<ul style="list-style-type: none"> <li>• Culture and environment not supporting productivity and effectiveness</li> <li>• Brand and reputation issues</li> </ul>	<ul style="list-style-type: none"> <li>• Use of HR consultants to identify People and Culture gaps</li> <li>• Appropriate systems of reward and recognition established</li> <li>• Monitoring of employee engagement</li> <li>• Performance development process implemented to provide timely constructive feedback, career paths, development opportunities</li> </ul>
<p>Increasing complexity of businesses, technological advances, the rise in the importance of non-financial reporting and assurance, stakeholder demands for clearer, better communication and more frequent information, new business practices.</p>	<ul style="list-style-type: none"> <li>• Not responding on a timely basis</li> <li>• No response to key changing issues</li> <li>• Lack of credibility or subject matter experts for external reporting integral to financial statements</li> <li>• Exceeding mandated scope of accounting standards</li> <li>• Brand and reputation issues</li> </ul>	<ul style="list-style-type: none"> <li>• Regular monitoring of domestic and international environments</li> <li>• Use of advisory panels and secondees to provide adequate skills and credibility</li> <li>• Engagement with stakeholders on major accounting and auditing issues impacting our standards</li> <li>• Influencing reporting and audit thresholds to reduce red tape for small and medium entities</li> <li>• Adapting standards for different sectors so fit for purpose</li> </ul>
<p>Financial risk of inadequate funding to perform mandate.</p>	<ul style="list-style-type: none"> <li>• Limited finances, headcount flexibility and IT spend impact on the quality of standards</li> </ul>	<ul style="list-style-type: none"> <li>• Maximise use of existing resources, collaborate with other government agencies</li> <li>• MOU for shared services between AASB and AUASB regularly reviewed</li> <li>• Regular benchmarking of Australian standard-setting process against international counterparts</li> <li>• Identify joint projects and opportunities to leverage resources with other like-minded standard setters</li> </ul>
<p>Operational legislative requirements and government policies are numerous, complex and subject to frequent change. Inadequate technology to deliver on objectives.</p>	<ul style="list-style-type: none"> <li>• Non-compliance</li> <li>• Critical business systems failure (data security, business continuity)</li> <li>• Brand and reputation issues</li> <li>• Financial impact</li> <li>• Combined Chair and CEO role not recommended best practice corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Oversight by the Audit and Risk Committee with independent members, compliance with Commonwealth Risk Management Policy</li> <li>• Software to assist in meeting compliance requirements</li> <li>• Risk Register and Fraud Control Plan reviewed quarterly by the Chairs and the ARC</li> <li>• Regular training of AASB and AUASB staff on PGPA and APS Code of Conduct requirements</li> <li>• Regular review of IT strategy and capability</li> </ul>



## **Performance: Delivering Our Strategy**

### **Activities mapped to strategy and KPIs for measuring success**

The following tables set out the planned activities and Key Performance Indicators (KPIs) that are intended to achieve our purpose, vision and mission for each entity for the next four years. We report quarterly against these plans to the Boards, the FRC and the Minister and in our Annual Performance Statements in our Annual Reports.

The strategies, deliverables and performance criteria are aligned to the AASB's and the AUASB's Portfolio Budget Statements ('PBS') for 2020-2021.

Many of the entities' priorities and KPIs 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 the constituents.

AASB activities mapped to strategies and KPIs for measuring success

## Strategic Priority 1 - Performance Activity Focus: Brand/Reputation

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				(Measures of success outputs & outcomes)
		20	21	22	23	
<b>Strategy 2</b> <i>PBS Outcome 1<sup>4</sup></i> <i>Program 1</i> <i>Deliverables 3</i>	Define appropriate reporting frameworks for each of the three sectors - for-profit (e.g., listed and large proprietary companies), not-for-profit (e.g. charities) and public sector	X	X	X	X	<ul style="list-style-type: none"> <li>Appropriate framework for not-for-profit private and public sector defined and other regulator (e.g. ACNC) sponsorship obtained by 30/6/2021</li> </ul>
<b>Strategy 1,5,6</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 1,2,4,7,8</i> <i>KPIs 1, 2,</i>	Agree on 3-year program of work and deliver <ul style="list-style-type: none"> <li>Maintain IFRS and New Zealand compliance for for-profit Private sector “publicly accountable” entities</li> <li>Tailor IFRS appropriately for other sectors, including developing Australian specific guidance</li> <li>Develop guidance on external reporting integral to financial reporting</li> <li>Develop guidance on emerging issues related to financial reporting</li> </ul>	X	X	X	X	<ul style="list-style-type: none"> <li>Annual program of standards issued, delivered to plan agreed with the Board</li> <li>IASB equivalent Standards issued within two months of the release of the IFRS for for-profit entities</li> <li>IFRS and NZ compliance maintained for the for-profit private sector “publicly accountable” entities</li> <li>Feedback from NFP sector positive regarding the appropriateness of the IFRS tailoring</li> </ul>
<b>Strategy 3</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 5,6</i> <i>KPIs</i>	<ul style="list-style-type: none"> <li>Enhance profile domestically and internationally</li> <li>Maintain and enhance key international relationships with IASB, IPSASB, NZASB, AOSSG, International Financial Reporting for NPOs</li> </ul>	X	X	X	X	<ul style="list-style-type: none"> <li>Be viewed as experts as measured by stakeholder, IASB and IPSASB feedback</li> <li>Two thought leadership pieces completed per annum and presented internationally</li> </ul>
<b>Strategy 4</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 1,2</i> <i>KPIs 5,6,7,13,14</i>	<ul style="list-style-type: none"> <li>Due process followed to ensure the quality of standard-setting:</li> <li>Evidence-informed approach to standard setting activities supports need for regulation and proposed solution</li> </ul>	X	X	X	X	<ul style="list-style-type: none"> <li>Due process followed for all significant projects</li> <li>Positive feedback from the FRC and the stakeholders</li> </ul>

<sup>4</sup> Link to AASB PBS [http://www.treasury.gov.au/sites/default/files/2019-04/pbs\\_2020-21\\_13\\_aasb.pdf](http://www.treasury.gov.au/sites/default/files/2019-04/pbs_2020-21_13_aasb.pdf)



	<ul style="list-style-type: none"> <li>appropriate consultation in accordance with the due process framework</li> <li>preparation of regulatory impact statement assessing costs and benefits</li> </ul>					
<b>Strategy 1,3,4</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 1,2</i>	Post-implementation reviews conducted (PIR) for all significant projects to assess quality of standard-setting	X	X	X	X	<ul style="list-style-type: none"> <li>No significant changes needed</li> <li>PIR feedback is acted upon</li> <li>No evidence not contributing to the confidence in the economy.</li> <li>Feedback from ASIC, APRA, ACNC surveillance reviews does not indicate loss of confidence due to accounting standard issues</li> <li>No significant decline in relevance of financial statements in the capital market</li> </ul>
<b>Strategy 7</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 10,11</i>	Improve consistency of implementation: <ul style="list-style-type: none"> <li>Educate stakeholders on the AASB standards, support materials available, including why standards introduced</li> <li>Support and encourage high quality teaching of the Australian financial reporting framework and standards at Australian educational institutions</li> </ul>	X	X	X	X	<ul style="list-style-type: none"> <li>Education initiatives, such as webinars, providing appropriate educational materials to key stakeholders for all significant projects</li> <li>FAQs, illustrative examples, staff publications developed on significant interpretive issues</li> <li>Feedback from ASIC, APRA, ACNC surveillance reviews indicates no significant interpretive issues impacting the consistency of implementation</li> <li>Positive stakeholder feedback on education initiatives</li> </ul>

## Strategic Priority 2 - Performance Activity Focus: Stakeholder Engagement

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				(Measures of success outputs & outcomes)
		20	21	22	23	
<b>Strategy 4</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 12,13</i> <i>KPIs 3,5</i>	Enhance stakeholder engagement	X	X	X	X	<ul style="list-style-type: none"> <li>Key stakeholders identified by 30 June 2020 and planned program of engagement executed as planned</li> <li>Positive stakeholder feedback on the consultation process</li> <li>Increase in engagement results (newsletter, website, LinkedIn, Twitter, webinar, outreach numbers)</li> </ul>
<b>Strategy 4</b> <i>PBS Outcome 1</i> <i>Program 1</i> <i>Deliverables 15</i> <i>KPIs 5,</i>	Conduct Agenda consultations to determine projects and priorities	X			X	<ul style="list-style-type: none"> <li>Agenda consultation conducted every 3-5 years</li> </ul>

## Strategic Priority 3 - Performance Activity Focus: People & Culture

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				(Measures of success outputs & outcomes)
		20	21	22	23	
<b>Strategies 1-7</b> <i>PBS Outcome 1 Program 1</i>	Develop and implement People and Culture strategy	X	X	X	X	<ul style="list-style-type: none"> <li>Employee survey, employee engagement</li> <li>Building towards high-performance team as measured by Board and stakeholder feedback on delivery of program and all other measures of success</li> </ul>
	New starter processes improved to support flexible subject matter expert involvement	X	X	X	X	<ul style="list-style-type: none"> <li>New team members embedded successfully within six months of starting as measured by internal and external stakeholders' feedback (as appropriate)</li> </ul>
	Understand current capability (talent mapping)	X	X	X	X	<ul style="list-style-type: none"> <li>Continuous review of external talent pool to timely identify when/where to buy or borrow capability</li> </ul>
	Resource planning to develop skills and allocate them appropriately	X	X	X	X	<ul style="list-style-type: none"> <li>KPIs for all employees</li> <li>Leveraging diversity of skills and people as measured by employee and Board feedback and delivering an agreed program of work</li> <li>Retain core group of technical experts and leaders</li> <li>Fair allocation of workload measured by employee and Board feedback</li> </ul>

## Strategic Priority 4 - Performance Activity Focus: Technology

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				(Measures of success outputs & outcomes)
		20	21	22	23	
<b>Strategies 1-7</b> <i>PBS Outcome 1 Program 1</i>	Develop and implement an IT strategy that enables flexible, seamless working via cloud	X	X	X	X	<ul style="list-style-type: none"> <li>Independent of Productivity Commission hardware by 30 June 2021</li> <li>IT supports flexible work including remote locations</li> </ul>
<b>Strategy 4</b> <i>PBS Outcome 1 Program 1 Deliverables 12, KPIs 5,</i>	Website redesigned to improve stakeholder experience and engagement	X	X	X	X	<ul style="list-style-type: none"> <li>AASB website to be redeveloped by 30 September 2020</li> </ul>

## Strategic Priority 5 - Performance Activity Focus: Operational & Business Excellence

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				Measures of success outputs & outcomes
		20	21	22	23	
<b>Strategies 1-7</b> <i>PBS Outcome 1</i> <i>Program 1</i>	Develop strategy supporting operational excellence and regulatory compliance	X	X	X	X	<ul style="list-style-type: none"> <li>Strategy created and implemented by 30 June 2021</li> <li>Comply with regulatory obligations</li> </ul>
	Key processes and standards documented	X	X			<ul style="list-style-type: none"> <li>Processes and standards identified, created and communicated by 30 June 2021</li> </ul>
	Knowledge and information sharing support flexible subject matter expert involvement	X	X	X	X	<ul style="list-style-type: none"> <li>Key knowledge imparted across teams within six months of joining</li> </ul>
	Continuous improvement of operational processes to achieve planned outcomes	X	X	X	X	<ul style="list-style-type: none"> <li>Review of operational processes on an ongoing basis</li> </ul>

## Strategic Priority 6 - Performance Activity Focus: Program & Project Management

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				Measures of success outputs & outcomes
		20	21	22	23	
<b>Strategies 1-7</b> <i>PBS Outcome 1</i> <i>Program 1</i>	Develop a strategy to improve program and project management	X	X			<ul style="list-style-type: none"> <li>Continuous review and improvement of program and project management approach</li> </ul>
	Identify and establish frameworks and processes to allocate resources appropriately, establish and monitor accountabilities	X	X			<ul style="list-style-type: none"> <li>Project management processes and frameworks identified, created and embedded by 30 June 2021</li> <li>Communicated processes and frameworks so team members are clear and deliver on expectations</li> </ul>
	Allocate resources efficiently and effectively	X	X	X	X	<ul style="list-style-type: none"> <li>Deliver agreed program of work as planned</li> </ul>

AUASB activities mapped to strategy and KPIs for measuring success.

## Strategic Priority Area One: Standards and Guidance

**Strategic Objective One - Develop and issue Australian Auditing and Assurance Standards that are in the public interest and meet the needs of stakeholders based on IAASB equivalents in accordance with AUASB functions and our direction from the Financial Reporting Council (FRC).**

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				Measures of success outputs & outcomes
		20	21	22	23	
PBS Outcome 1 PBS Program 1 PBS Deliverable 1 PBS Performance Criteria 1, 3, 4, 6 & 7	Issue all IAASB-based AUASB standards and guidance in a timely manner with accompanying implementation materials and communications that are tailored for Australian stakeholders	X	X	X	X	<ul style="list-style-type: none"> <li>Issue all Australian IAASB equivalent Standards and Exposure Drafts within 3 months of PIOB clearance or 1 month of AUASB approval, as appropriate</li> <li>Release Exposure Drafts/Discussion Papers via the AUASB Website within two weeks of approval by AUASB</li> <li>AUASB implementation support materials and activities for all new IAASB/AUASB standards in place before effective date</li> <li>Revised AUASB Due Process for exposing and issuing International Exposure Drafts in place for all IAASB Standards and EDs issued in 2020-21</li> </ul>
	Seek feedback on relevance, effectiveness and public interest of these standards through stakeholder feedback, outreach programs and post-implementation reviews	X	X	X	X	<ul style="list-style-type: none"> <li>Stakeholder engagement and Communications plan developed and implemented for each IAASB pronouncement</li> <li>Responses to each IAASB Exposure Draft or Discussion Paper developed with appropriate AUASB input and sent to the IAASB by the closing date</li> <li>Obtain evidence appropriately evaluating implementation of IAASB equivalent issued AUASB Standards in Australia</li> </ul>

**Strategic Objective Two: Develop and maintain Australian-specific Standards and/or Guidance for topics not specifically addressed by IAASB Standards where required.**

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				Measures of success outputs & outcomes
		20	21	22	23	
PBS Outcome 1 PBS Program 1 PBS Deliverable 1 PBS Performance Criteria 2, 3, 5 & 6	Issue Australian-specific AUASB standards and guidance in a timely manner with accompanying implementation materials and communications that are tailored for Australian stakeholders	X	X	X	X	<ul style="list-style-type: none"> <li>Issue all Australian-specific AUASB Standards and Exposure Drafts within one month of AUASB approval</li> <li>Complete by December 2020 project plan outlining the review of all AUASB Guidance Statements (GS)</li> <li>Develop and implement Project Plans for the update or removal of all GS identified as out of date</li> <li>Release updated GS within two weeks of approval by AUASB</li> <li>Finalise conforming amendments and compilation standards as a result of changes to AUASB standards within one month of the AUASB standard being issued</li> </ul>



	Seek feedback on relevance, effectiveness and public interest of Australian-specific standards and guidance through stakeholder feedback, outreach programs and post-implementation reviews	X	X	X	X	<ul style="list-style-type: none"> <li>Stakeholder engagement and Communications plan developed and implemented for each AUASB pronouncement</li> <li>Conduct post-implementation reviews of Australian specific AUASB Standards, within 2 years of their operative date.</li> </ul>
	Identify gaps in the AUASB Framework where guidance is required and issue Guidance Statements or Bulletins to address these	X	X	X	X	<ul style="list-style-type: none"> <li>Review and update other AUASB Framework Pronouncements, as required.</li> </ul>

## Strategic Priority Area Two: International Influence

*Strategic Objective Three: Influence international standards and guidance to achieve public interest outcomes and serve as the most effective base possible for Australian auditing and assurance standards.*

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				Measures of success outputs & outcomes
		20	21	22	23	
PBS Outcome 1 PBS Program 1 PBS Deliverable 3 PBS Performance Criteria 1, 3, 4 & 7	Build and maintain strong international relationships with the IAASB and like-minded Global and National Auditing Standard Setters, particularly New Zealand and Canada.	X	X	X	X	<ul style="list-style-type: none"> <li>Increased dialogue with and recognition from IAASB for NSS initiatives</li> <li>Increased interaction and collaboration with likeminded National Auditing Standards Setters, particularly New Zealand and Canada, on Identified Projects on each Standard-Setters' Work Agenda.</li> <li>Increased influence of NSS on IAASB Agenda and Outcomes</li> <li>Identify and implement initiatives to collaborate on key international auditing and assurance focus areas with other key national standard-setters</li> </ul>
	Demonstrate the AUASB's influence on major international auditing and assurance developments by implementing the AUASB's International Strategy	X	X	X	X	<ul style="list-style-type: none"> <li>AUASB Chair and Technical Team member to attend all IAASB meetings and participate in IAASB Task Forces/Working Groups</li> <li>IAASB papers reviewed and papers prepared by AUASB staff for each AUASB meeting</li> <li>Feedback on AUASB key issues prepared and sent to Australasian IAASB members and relevant Task Forces prior to each IAASB meeting</li> <li>Summary of outcomes of each IAASB meeting prepared and presented to the AUASB at next AUASB meeting</li> </ul>



	Provide input to the international standard setting process through responding to international pronouncements using input from Australian stakeholders	X	X	X	X	<ul style="list-style-type: none"> <li>Responses to each IAASB Exposure Draft or Discussion Paper developed with appropriate AUASB input and sent to the IAASB by the closing date</li> <li>Engagement with Australian Stakeholders on all IAASB Projects</li> </ul>
	Maintain harmonisation of auditing and assurance standards in Australia and New Zealand in accordance with relevant agreements and protocols	X	X	X	X	<ul style="list-style-type: none"> <li>Attend and contribute to NZAuASB meetings as required</li> <li>Identification and prioritisation of joint AUASB/NZAuASB projects, with AUASB and NZAuASB staff to ensure appropriate levels of collaboration</li> <li>AUASB/NZAuASB joint activities incorporated into each board's respective technical work programs</li> </ul>

## Strategic Priority Area Three: Audit Quality

*Strategic Objective Four: In conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia.*

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				Measures of success outputs & outcomes
		20	21	22	23	
PBS Outcome 1 PBS Program 1 PBS Deliverable 7 PBS Performance Criteria 3, 5 & 6	With the FRC, devise and complete activities to implement the FRC's Audit Quality Action Plan and contribute to improved audit quality outcomes in the Australian auditing environment	X	X	X	X	<ul style="list-style-type: none"> <li>AUASB involvement in FRC Audit Quality Plan</li> <li>AUASB Audit Quality activities delivered as planned by the updated FRC Audit Quality Plan</li> <li>AUASB staff to develop auditing and assurance related papers for FRC meetings</li> <li>Collaborate with FRC on matters related to the Parliamentary Joint Committee Inquiry on the regulation of Auditing</li> </ul>
	Work with ASIC, the AASB, practitioners and other stakeholders to identify and address significant inspection findings associated with accounting and auditing standards	X	X	X	X	<ul style="list-style-type: none"> <li>Undertake consultation with ASIC and practitioners to identify areas which suggest improvement needed to auditing standards and develop relevant guidance materials addressing common inspection findings in key audit areas</li> <li>Work with AASB to address accounting issues impacting audit quality</li> <li>Prepare and assist the AUASB Chair with any presentations to the Joint Parliamentary Inquiry on the regulation of Auditing, coordinating with other key stakeholders across the profession (e.g. FRC, APESB) as required</li> <li>Monitor and respond to any recommendations from the Joint Parliamentary Inquiry on the regulation of Auditing relevant to the AUASB</li> </ul>

## Strategic Priority Area Four: Thought Leadership

*Strategic Objective Five: Demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance.*

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				Measures of success outputs & outcomes
		20	21	22	23	
PBS Outcome 1 PBS Program 1 PBS Deliverable 5 PBS Performance Criteria 3, 4, 5, 6 & 7	Develop thought leadership and implement strategic projects to improve auditing and assurance practice in priority areas such as Extended External Reporting (EER), Audits of Less Complex Entities (LCEs) and the use of Technology in the Audit	X	X	X	X	<ul style="list-style-type: none"> <li>Project plans developed and 2020-21 outputs identified for each strategic thought leadership project area</li> <li>Develop and implement outreach and engagement plans with subject matter experts and key stakeholders for each strategic thought leadership project area</li> <li>Regular updates provided to AUASB members at AUASB meetings</li> <li>AUASB board members or staff to publish articles or publications on selected strategic thought leadership project areas</li> </ul>
	Support the development and publishing of relevant and high-quality auditing and assurance evidence-based research in accordance with the AUASB Evidence Informed Standard Setting (EISS) Strategy	X	X	X	X	<ul style="list-style-type: none"> <li>Promote research opportunities in strategic thought leadership projects through academic networks and conferences in accordance with the EISS strategy</li> <li>Work with AUASB Academic Scholars and other researchers to develop relevant and timely research reports on AUASB strategic thought leadership priority areas</li> <li>Communicate benefits of EISS Strategy to, and encourage broader participation from, academic community at conferences and technical forums</li> </ul>

## Strategic Priority Area Five: Frameworks

*Strategic Objective Six: Partner with the AASB and others to reform the Australian external reporting and assurance frameworks.*

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				Measures of success outputs & outcomes
		20	21	22	23	
PBS Outcome 1 PBS Programs 1 PBS Deliverable 2 PBS Performance Criteria 2, 3, 5 & 6	Seek feedback on proposed changes to assurance requirements to ensure they are fit for the intended purpose and support changes to the external reporting framework	X	X	X	X	<ul style="list-style-type: none"> <li>Engage with AASB and relevant stakeholders to determine assurance issues related to changes to the external reporting framework and support AASB project to define appropriate reporting frameworks across different sectors</li> <li>Work with the AASB to conduct outreach and develop appropriate guidance materials on any changes to assurance</li> </ul>



						requirements relating to changes to the external reporting framework
	Support initiatives that promote consistency and understanding of the nature and extent of assurance required for external reporting requirements in Australia	X	X	X	X	<ul style="list-style-type: none"> <li>Share and Collaborate with the AASB on common areas of focus for Reporting and Assurance Frameworks, including relevant research reports and discussion papers</li> <li>Issue AUASB publications and guidance that support and promote consistency and understanding of the AUASB's Assurance Framework</li> </ul>

## Strategic Priority Area Six: Stakeholder Engagement

*Strategic Objective Seven: Monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards.*

Link to strategy (Impact)	What do we need to do? (Objectives)	Year				Measures of success outputs & outcomes
		20	21	22	23	
PBS Outcome 1 PBS Program 1 PBS Deliverable 4 All PBS Performance Criteria	Increase engagement with stakeholders through new and existing AUASB communications activities and events	X	X	X	X	<ul style="list-style-type: none"> <li>Develop and rollout new AUASB Digital Standards Portal</li> <li>Develop various AUASB publications and guidance for stakeholders based on evidence and existing AUASB requirements, incl. quarterly AUASB Update Newsletters</li> <li>Promote availability of AUASB guidance through various communication channels, including greater use of online tools to communicate AUASB projects (e.g. Webinars)</li> <li>Evaluate results from and develop actions in response to inaugural AUASB Stakeholder Satisfaction Survey</li> <li>Finalise and implement combined AASB-AUASB Communications Strategy and updated AUASB Website</li> <li>For all AUASB Meetings ensure board papers are available on the AUASB website a week in advance and Highlights/Podcast are available within two working days after each AUASB meeting</li> </ul>

# Appendix 1

AASB's strategies to achieve its ASIC Act S227 statutory functions and relationship to priorities for each of the next four years.

<p><b>Strategic Objective</b></p> <p><b>Function</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 objectives of Part 12 of the ASIC Act: 'facilitate the Australian economy by reducing the 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 and guidance that meet the needs of external report users (including financial reports) and are capable of being assured and enforced. 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>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>a. who prepares external reports (including financial reports)</li> <li>b. the nature and extent of assurance required on these external reports.</li> </ul>		√	√		√



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<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 integral to financial reporting.</p>			<p>√</p>	<p>√</p>	<p>√</p>
<p>6. Monitor and respond to, or lead on, emerging issues impacting the development of accounting and external reporting standards and guidance, 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>



AUASB activities mapped to strategy and KPIs for measuring success.

<p><b>Strategic Objective</b></p> <p><b>Function</b></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 and issue Australian Auditing and Assurance Standards that are in the public interest and meet the needs of stakeholders based on IAASB equivalents in accordance with AUASB functions and our direction from the Financial Reporting Council (FRC).</p>	<p>√</p>	<p>√</p>	<p></p>	<p>√</p>	<p>√</p>
<p>2. Develop and maintain Australian-specific Standards and/or Guidance for topics not specifically addressed by IAASB Standards where required.</p>	<p></p>	<p>√</p>	<p>√</p>	<p></p>	<p>√</p>
<p>3. Influence international standards and guidance to achieve public interest outcomes and serve as the most effective base possible for Australian auditing and assurance standards</p>	<p>√</p>	<p>√</p>	<p></p>	<p>√</p>	<p>√</p>



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<p>4. In conjunction with the Financial Reporting Council, identify and implement initiatives designed to enhance Audit Quality in Australia.</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>
<p>5. Demonstrate thought leadership through robust evidence-based research to inform strategic projects that address emerging areas of auditing and assurance</p>		<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>
<p>6. Partner with the AASB and others to reform the Australian external reporting and assurance frameworks.</p>		<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>
<p>7. Monitor the Australian Assurance Environment and build strong stakeholder relationships to inform our AUASB priorities and facilitate consistent implementation of the AUASB's Standards.</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>	<p>√</p>

Table 7: S224 of the ASIC Act sets out core objectives for accounting and auditing and assurance standard-setting in Australia:

AASB	AUASB
<p>Accounting standards should require the provision of financial information that:</p> <ul style="list-style-type: none"> <li>i. allows users to make and evaluate decisions about allocating scarce resources</li> <li>ii. assists directors to discharge their obligations in relation to financial reporting</li> <li>iii. is relevant to assessing performance, financial position, financing and investment</li> <li>iv. is relevant and reliable</li> <li>v. facilitates comparability is readily understandable</li> </ul>	<p>Auditing and assurance standards should require the provision of information that:</p> <ul style="list-style-type: none"> <li>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)</li> <li>ii. requires the preparation of auditors' reports that are reliable and readily understandable by the users of the financial reports to which they relate</li> </ul>
<p>The Australian financial reporting system should:</p> <ul style="list-style-type: none"> <li>i. facilitate the Australian economy by reducing the cost of capital and enabling Australian entities to compete effectively domestically and internationally</li> <li>ii. facilitate the Australian economy by developing accounting and auditing and assurance standards that are clearly stated and easy to understand to maintain investor confidence in the Australian economy, including its capital markets</li> </ul>	