



Project Plan

Project Title: Post Implementation Review – ASAE 3100 *Compliance Engagements*

Objective

To conduct a post implementation review in accordance with the AUASB due process framework to gather information about the application of ASAE 3100 *Compliance Engagements* issued by the AUASB in February 2017.

To evaluate the effectiveness and efficiency of implementation since ASAE 3100 was applicable, the ATG will engage with stakeholders on specific implementation issues to understand the impact and effect of the standard including whether benefits have been achieved. These findings can then be shared with other jurisdictions that have also adopted a compliance standard. If any issues come to the ATG's attention during the PIR, that may require consideration of changes to the standard, these will be considered by the AUASB as part of an overall revision project.

Background

ASAE 3100 *Compliance engagements* standard (ASAE 3100) was issued by the AUASB in February 2017 in clarity format. The standard replaces ASAE 3100, issued by the AUASB in October 2008. This standard is explicitly linked to the current ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the AUASB in May 2017 which is based on the revised International equivalent standard issued by the IAASB in 2013.

A PIR for ASAE 3100 was previously conducted by the AUASB in 2013 prior to its revision and reissuance in 2017.

Scope

This project specifically covers consultation with key stakeholders on the implementation and use of ASAE 3100. The consultation is likely to take two forms being a survey and targeted outreach with key stakeholders.

Information and issues raised in this PIR will then be considered by the ATG to determine next steps that may be required by the AUASB. The AUASB will receive a report back on steps undertaken in the PIR, feedback received and recommendations as to whether standard setting activities are appropriate and required at this time.

Key stakeholders include:

- Assurance practitioners providing compliance and performance engagements, including big 4, mid-tier and small accounting firms.
- Industry Groups e.g. SNACC and SMSF Industry Association Groups etc.
- Professional bodies representing practitioners, including CAANZ and CPA Australia.



- Regulatory bodies requiring compliance assurance through regulation, including Australian Securities and Investments Commission and Australian Prudential Regulation Authority and Australian Tax Office.
- Auditors General, conducting compliance and performance engagements in conjunction with financial report assurance or as part of their mandates.

Risks/Issues

1. Lack of engagement with the relevant stakeholders to gather effective and timely feedback via the survey and/or targeted outreach on practical implementation of the standards.
2. Targeted outreach does not illicit stakeholder engagement and useful feedback which will assist in improving the standard for all assurance practitioners.

In order to manage these risks the Board sponsor, Chair and Technical Director will agree on the project plan and consultation steps to be undertaken for ASAE 3100.

Collaboration with NZAuASB

1. Consultation with NZAuASB – ASAE 3100 was developed in collaboration with the NZAuASB and adopted by the NZAuASB as NZ SAE 3100 (February 2017) effective from 1 January 2018 in line with ASAE 3100. There will need to be further discussions with NZAuASB about whether we undertake this PIR as a collaboration project or separately in each jurisdiction.

Communications Plan

1. Determine which stakeholder groups are the focus of the targeted outreach for example SMSF and RSE auditors through the ATO and APRA industry groups and potentially ASIC surveillance areas that use ASAE 3100 as part of their monitoring activities.
2. Directly invite these stakeholders to participant in smaller targeted outreach sessions through the regulators that convene these groups.
3. The AUASB will concurrently undertake public outreach. The communication to a broad range of stakeholders could be undertaken through a news item on AUASB website/newsletter, promote it on LinkedIn and/or through the Professional Accounting bodies newsletters and updates.

Recommendation for PIR – ASAE 3100 Compliance Engagements (February 2017)

Based on limited feedback received to date from stakeholders around the use and application of ASAE 3100 in practice and any current issues with the standard, the ATG recommend the following steps:

1. Adoption of targeted and public outreach on ASAE 3100 to occur concurrently. Agree with Board sponsor, AUASB Chair and Technical Director the targeted stakeholder groups that will be included.
2. Commence targeted and public outreach activities concurrently and depending on the feedback from both levels of outreach the ATG will determine what recommendations will be proposed to the AUASB under the options outlined in the AUASB PIR methodology. This may include further outreach in the form of a survey if deemed necessary. See Appendix 1 for some suggested survey questions.



**AUASB Post Implementation Review ASAE 3100 (2022)
Draft Survey Questions**

1. Please provide the name of your organisation. Can you advise what types of compliance engagements you are conducting under ASAE 3100 *Compliance Engagements*?
2. In conducting a compliance engagement applying ASAE 3100 *Compliance Engagements*, the objectives of the assurance practitioner are:
 - a. To obtain reasonable or limited assurance, about whether the entity has complied in all material respects, with compliance requirements as evaluated against the suitable criteria;
 - b. To express a conclusion through a written report on the matters in (a) above which expresses either a reasonable or limited assurance conclusion and describes the basis for the conclusion; and/or
 - c. To communicate further as required by this ASAE and any other relevant ASAEs.

Do you believe the objective of a compliance engagement as outlined in ASAE 3100 is clearly stated and readily applied in practice? (Please provide brief details to support your answer).

3. Do the requirements of ASAE 3100 specifically help to achieve the overall objective of the engagement? (Please provide brief details to support your answer).
4. Are there any specific requirements that need further clarification, or amendment to improve their understanding and to meet the standards objectives? (Please provide brief details to support your answer).
5. Are the concepts of materiality and assessment of compliance engagement risk adequately explained in the standard? If not please provide comments on how this may be improved.
6. Is the requirement for assessing the elements of an entity's compliance framework clear? Does the standard provide sufficient and appropriate application material for carrying out the requirements by the assurance practitioner? (Please provide brief details to support your answer)
7. Are the requirements specific to determining, evaluating, and communicating material deficiencies and breaches in an entity's compliance framework clearly? Does the standard provide sufficient and appropriate application material for carrying out the requirements by the assurance practitioner? (Please provide brief details to support your answer)
8. Are there any additional requirements that should be considered in the standard?
9. Are there any existing requirements in the standard that you think may not be needed or are not useful in meeting the standard's overall objective? (Please provide brief details to support your answer).
10. Are there any additional considerations specific to public sector and smaller entity engagements that should be considered for inclusion within the "Application and Other Explanatory Material" section of the Standard or that should be addressed by the AUASB in targeted industry specific guidance?
11. Are there any other areas or comments you would like to raise regarding the current standard and its application?