

EXPOSURE DRAFT

ED XX/15
(February 2016)

Proposed Standard on Assurance Engagements ASAE 3100 *Compliance Engagements*

Issued for Comment by the **Auditing and Assurance Standards Board**

Draft

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Australian Government

Auditing and Assurance Standards Board

Commenting on this Exposure Draft

Comments on this Exposure Draft should be received by no later than 15 February 2016. Comments should be addressed to:

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Formal Submissions

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A copy of all non-confidential submissions will be placed on public record on the Auditing and Assurance Standards Board (AUASB) website: www.auasb.gov.au

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ISSN 1030-603X

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PREFACE

Reasons for Issuing ED XX/15

The AUASB issues exposure draft ED XX/15 of proposed Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* pursuant to the requirements of the legislative provisions explained below.

The AUASB is an independent statutory committee of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 227B of the ASIC Act, the AUASB may formulate assurance standards for other purposes.

Main Proposals

This proposed Standard on Assurance Engagements establishes requirements and provides application and other explanatory material regarding the conduct of and reporting on assurance engagements on compliance. The standard replaces Standard on Assurance Engagements ASAE 3100 *Compliance Engagements*, issued by the AUASB in July 2008 and last revised in October 2008.

This [proposed](#) Standard on Assurance Engagements facilitates conformity with current AUASB Standards and revised ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued in June 2014. The standard reflects best practice in compliance engagements and clarifies how to scope, conduct and report on an assurance engagement on compliance, to ensure that assurance engagement quality is maintained and where necessary improved.

Proposed Operative Date

It is intended that this proposed Standard on Assurance Engagements will be operative for assurance engagements commencing on or after 1 January 2017 with early adoption permitted.

~~Main changes from existing ASAE 3100 Compliance Engagements (September 2008)~~

~~The main differences between this proposed Standard on Assurance Engagements and the Standard on Assurance Engagements that it supersedes, ASAE 3100 Compliance Engagements (September 2008), are included in the Tables of Differences provided as an attachment to this Exposure Draft.~~

Request for Comments

Comments are invited on this Exposure Draft of the proposed re-issuance of ASAE 3100 *Compliance Engagements* by no later than ~~30XX June~~ **December 2016**. The AUASB is seeking comments from respondents on the following questions:

1. Have applicable laws and regulations been appropriately addressed in the proposed standard?
2. Are there any references to relevant laws or regulations that have been omitted?
3. Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard?
4. [Are the considerations for conducting a direct engagement adequately differentiated from an attestation engagement?](#)

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5. [Are the procedures required for limited and reasonable assurance appropriate and adequately distinguished?](#)
6. What, if any, are the additional significant costs to/benefits for assurance practitioners and the business community arising from compliance with the ~~main changes to the~~ requirements of this proposed standard? If there are significant costs, do these outweigh the benefits to the users of compliance engagements?
7. Are there any other significant public interest matters that constituents wish to raise?

The AUASB prefers that respondents express a clear opinion on whether the proposed Standard on Assurance Engagements, as a whole, is supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on the above matters. The AUASB regards both supportive and critical comments as essential to a balanced review of the proposed Standard on Assurance Engagements.

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AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates this Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*.

This Standard on Assurance Engagements is to be read in conjunction with ASA 100 *Preamble to AUASB Standards*, which sets out the intentions of the AUASB on how the AUASB Standards are to be understood, interpreted and applied and ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, which provides the overarching requirements for all assurance engagements other than those engagements relating to historical financial information.

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Conformity with International Standards on Assurance Engagements

This Standard on Assurance Engagements ASAE 3100 *Compliance Engagements* has been formulated for Australian public interest purposes and there is no equivalent International Standard on Assurance Engagements (ISAE), issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

This Standard does, however, reflect certain aspects of other Australian ASAEs, which reproduce substantial parts of the equivalent ISAEs issued by the IAASB and published by IFAC, including ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

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STANDARD ON ASSURANCE ENGAGEMENTS ASAE 3100

Compliance Engagements

Application

1. This Standard on Assurance Engagements applies to limited and reasonable assurance engagements to provide an assurance report on an entity's compliance with ~~the compliance requirements as evaluated against the suitable criteria~~. (Ref: Para. A1)

Operative Date

2. This Standard on Assurance Engagements is operative for assurance engagements commencing on or after **1 January 2017**, with early adoption permitted prior to this date.

Introduction

Scope of this Standard on Assurance Engagements

3. This Standard on Assurance Engagements (ASAE) deals with assurance engagements ~~undertaken by an assurance practitioner to provide an assurance report on whether an activity at an entity entity has complied in all material respects, with the compliance requirements, as evaluated against the suitable criteria achieved the intended outcomes, expressed as compliance in all material respects, throughout the period throughout the specified period or as at a specified date. A table showing the nature of assurance engagements on compliance is contained in Appendix 2.~~
4. This ASAE addresses assurance engagements on compliance; (Ref: Para. A2-A5) ~~of an activity:~~
 - (a) ~~With the compliance requirements evaluated against the achievement of either overall compliance objectives or compliance requirements;~~
 - (b) ~~Providing a limited or reasonable assurance conclusion;~~
 - (c) ~~For either restricted use, by those charged with governance of the entity -or specified third parties, or to be publicly available; and~~
 - (d) ~~Either based on an attestation engagement or a direct engagement. (Ref: Para. -17(a), 17(g), A4).~~
5. Agreed-upon procedures engagements, where procedures are conducted and factual findings are reported but no conclusion is provided, and consulting engagements, for the purpose of providing advice, on compliance are not assurance engagements and are not dealt with in this ASAE. Agreed-upon procedures engagements are addressed under Standard on Related Services, ASRS 4400.¹

Nature of a Compliance Engagement

6. Compliance engagements are conducted in both the private and public sector, in either case the engaging party will usually be the entity responsible for meeting the compliance requirements activity which ~~is~~ are subject to the compliance engagement. In these circumstances terms of engagement ~~are~~ would be agreed with the engaging party.
7. An entity may have an obligation to comply with externally and/or internally established compliance requirements. These compliance requirements may be established through law

¹ See ASRS 4400 Agreed upon Procedures Engagements to Report Factual Findings.

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and regulation, contractual arrangements or internally established requirements, for example company policies.

8. The style and content of reports for compliance engagements are most commonly not prescribed by a statutory authority, however, in limited circumstances this may be the case e.g. Australian Prudential Regulatory Authority (APRA) - Annual Registered Superannuation Entity (RSE) compliance reports. This ASAE provides minimum requirements with respect to reporting in a compliance engagement.

Relationship with ASAE 3000, Other Pronouncements and Other Requirements

9. The assurance practitioner is required to comply with ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ASAE 3000) and this ASAE when performing compliance engagements. This ASAE supplements, but does not replace, ASAE 3000, and expands on how ASAE 3000 is to be applied ~~to limited and reasonable assurance in a~~ compliance engagements. This ASAE applies the requirements in ASAE 3000 to attestation engagements and adapts those requirements, as necessary, to direct engagements on compliance. ASAE 3000 includes requirements in relation to such topics as engagement acceptance, planning, obtaining evidence and documentation that apply to all assurance engagements, including engagements conducted in accordance with this ASAE. The Assurance Framework for Assurance Engagements, which defines and describes the elements and objectives of an assurance engagement, provides the context for understanding this ASAE and ASAE 3000.
10. This ASAE requires the assurance practitioner to apply the Compliance with ASAE 3000 requirement to comply, among other things, that the assurance practitioner complies with relevant ethical requirements related to assurance engagements. It also requires the lead assurance practitioner to be a member of a firm that applies ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Financial Information, Other Assurance Engagements and Related Services Engagements.
11. An assurance engagement performed under this ASAE may be part of a larger engagement. In such circumstances, this ASAE is relevant only to the portion of the engagement relating to assurance on compliance.
12. If multiple standards are applicable to the assurance engagement, the assurance practitioner applies, in addition to ASAE 3000, either:
 - (a) If the engagement can be separated into parts, the standard relevant to each part of the engagement, including this ASAE for the part on compliance; or
 - (b) If the engagement cannot be separated into parts, the standard which is most directly relevant to the subject matter.
13. Assurance conclusions on compliance may be required by RegulatorsParliament, Government or other users in conjunction with assurance conclusions on financial reports, other historical financial information, and compliance with other requirements, controls and/or other subject matters. In these engagements the subject matter and, criteria against which that subject matter is evaluated and the level of assurance sought may vary, in which case different standards will apply. Assurance reports can include separate sections for each subject matter, criteria or level of assurance in order that the different matters concluded upon are clearly differentiated.
14. A table showing the AUASB Standards to apply to compliance engagements depending on the subject matter and engagement circumstances is contained in Appendix 3. (Ref: Para. A1)

Objectives

15. The objectives of the assurance practitioner for a compliance engagement are:
- (a) ~~To~~ obtain limited or reasonable assurance about whether, an entity has complied in all material respects, with ~~the compliance~~ requirements ~~as evaluated against the suitable criteria~~;
 - (b) ~~To~~ express a conclusion² 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.
16. In conducting the assurance engagement, the objectives of the assurance practitioner under ASAE 3000³ include: “to obtain either reasonable or limited assurance, as appropriate, about whether the subject matter information is free from material misstatement”. The subject matter information in a compliance engagement is the outcome of the evaluation of ~~the compliance activity against the suitable with the~~ criteria ~~as represented by the compliance requirements~~. The evaluation is conducted:
- (a) ~~In~~ an attestation engagement, by the responsible party or evaluator, and presented in a Statement, which addresses whether the compliance ~~requirements have been met~~ ~~activity achieved its compliance outcomes~~. The objective of the assurance practitioner is to obtain reasonable or limited assurance about whether the Statement is free from material misstatement, although the assurance practitioner’s conclusion may be expressed in terms of ~~whether the compliance activity’s met requirements have been met~~ ~~compliance~~; or
 - (b) ~~In~~ a direct engagement, by the assurance practitioner and presented in the assurance ~~conclusion report~~, therefore, no Statement is prepared by the responsible party or evaluator. The objective of the assurance practitioner is to obtain reasonable or limited assurance about whether the ~~compliance activity achieved its compliance outcomes~~ ~~met the compliance requirements have been met~~.

Definitions

17. For the purposes of this Standard on Assurance Engagements, the following terms have the meanings attributed below:
- (a) Attestation engagement on compliance—A reasonable or limited assurance engagement in which a party other than the assurance practitioner, being the responsible party or evaluator, ~~evaluates the compliance activity against with the~~ ~~compliance requirements suitable criteria~~. The outcome of that evaluation is provided in a Statement, which may either be available to the intended users or may be presented by the assurance practitioner in the assurance report. ~~In an attestation engagement, the assurance practitioner’s conclusion addresses whether the compliance outcome~~ ~~Statement is free from material misstatement. The assurance practitioner’s conclusion may be phrased in terms of: The assurance practitioner’s conclusion may be phrased in terms of the activity’s compliance or the Statement of the responsible entity or evaluator.~~ (Ref: Para. 4(d), A4)
 - (i) ~~The compliance activity requirements and the applicable criteria; or~~
~~The compliance outcome and the applicable criteria; or~~

² The term conclusion also extends to include an opinion expressed in a reasonable assurance engagement.
³ See ASAE 3000, paragraph 10.

- ~~(i)~~(ii) A Statement made by the appropriate party.
- (b) Criteria—The benchmarks, framework or legislation used to ~~measure or~~ evaluate whether the compliance requirements have been met ~~underlying subject matter~~. The “applicable criteria” are the criteria used for the particular engagement and are represented by one or more compliance requirements. (Ref: Para. ~~22~~, A13)
- (c) Compliance engagement—An assurance engagement in which an assurance practitioner expresses a conclusion after evaluating an entity’s compliance with the compliance requirements ~~to conclude on whether an activity has achieved the compliance requirements, which reflect the activity’s intended outcome/s~~.
- (d) Compliance framework—A framework adopted by the entity, which is designed to ensure that the entity achieves compliance, and includes governance structures, programs, processes, systems, controls and procedures.
- ~~(e)~~ Compliance objective—The outcome which a compliance activity is seeking to achieve.
- ~~(e)~~ Compliance requirement(s)—The specific requirements ~~May be of the criteria~~ established internally through laws, and regulations, other statutory requirements (e.g. ASIC Class Orders and Regulatory Guides and APRA Prudential Standards), contractual arrangements, ministerial directives, industry or professional obligations or internally via company policies, procedures and frameworks.
- ~~(f)~~ Compliance Outcome (subject matter information)—The outcome of the evaluation of the underlying subject matter (compliance activity) against the compliance requirements. The compliance outcome is the Statement of the responsible party or evaluator in an attestation compliance engagement, or the assurance practitioner’s conclusion in a direct compliance engagement, providing the outcome of their evaluation.
- ~~(g)~~ Compliance Activity (subject matter or underlying subject matter)—The activity that is undertaken to meet the compliance requirement(s).
- ~~(f)~~(h) Direct engagement on compliance—A reasonable or limited assurance engagement in which the assurance practitioner evaluates the activity’s compliance activities against the compliance requirements ~~suitable criteria~~. The outcome of the assurance practitioner’s evaluation (the subject matter information) is expressed in the assurance practitioner’s conclusion.
- ~~(g)~~(i) Engaging party—The party(ies) that engages the assurance practitioner to perform the assurance engagement.
- ~~(h)~~(j) Entity—The legal entity, economic entity, or the identifiable portion of a legal or economic entity, or combination of legal or other entities or portions of those entities (for example, a joint venture) to which the compliance requirements relate.
- ~~(i)~~(k) Evaluation—includes the concept of measurement for quantification aspects of a compliance engagement.
- ~~(j)~~(l) Evaluator—The party(ies) who evaluates the underlying subject matter ~~against~~ (compliance activities) against the criteria. The evaluator possesses expertise in the underlying subject matter.
- ~~(k)~~(m) Firm—A sole assurance practitioner, partnership or corporation or other entity of individual assurance practitioners. “Firm” should be read as referring to its public sector equivalents where relevant.

- (n) Intended users—The ~~Government, Parliament,~~ individual(s) or organisation(s), or group(s) thereof that the assurance practitioner expects will use the assurance report. In some cases, there may be intended users other than those to whom the assurance report is addressed.
- (o) Internal audit function—A function of an entity that performs assurance and consulting activities designed to evaluate and improve the effectiveness of the entity’s governance, risk management and internal control processes.
- (p) Limited assurance engagement—An assurance engagement in which the assurance practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the assurance practitioner’s attention to cause the assurance practitioner to believe the subject matter information (~~compliance outcome~~Statement) is materially misstated or ~~the compliance activities do not meet the compliance requirements have not been met~~non-compliant. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance practitioner’s professional judgement, meaningful. To be meaningful, the level of assurance obtained by the assurance practitioner is likely to enhance the intended users’ confidence about the subject matter information (compliance outcome) to a degree that is clearly more than inconsequential.
- (q) Long-form report—Assurance report including other information and explanations that are intended to meet the information needs of users but not to affect the assurance practitioner’s conclusion. In addition to the matters required to be contained in the assurance practitioner’s report, as set out in paragraph ~~61XX~~, long-form reports may describe in detail matters such as:
- (i) the terms of the engagement;
 - (ii) the criteria being used, ~~and such as~~ the specific ~~compliance requirements and compliance activities as~~ designed to ~~meet~~achieve each compliance requirement;
 - (iii) descriptions of the tests that were performed;
 - (iv) findings relating to the tests that were performed or particular aspects of the engagement;
 - (v) details of the qualifications and experience of the assurance practitioner and others involved with the engagement;
 - (vi) disclosure of materiality levels; or
 - (vii) recommendations.

The assurance practitioner may find it helpful to consider the significance of providing such information to meet the needs of the intended users. As required by paragraph ~~62XX~~, additional information is clearly separated from the assurance practitioner’s conclusion and worded in such a manner as make it clear that it is not intended to alter or detract from that conclusion.

- (r) Material in the context of a compliance engagement—
- (i) in relation to potential (for risk assessment purposes) or detected (for evaluation purposes) ~~non-compliance breaches~~ – instance(s) of

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non-compliance that are significant, individually or collectively, in the context of the entity's compliance with ~~the compliance~~ requirements ~~as evaluated against the suitable criteria~~, and that affect the assurance practitioner's conclusion; and/or

- (ii) in relation to the compliance framework and controls – instance(s) of deficiency that are significant in the context of the entity's control environment and that may raise the compliance engagement risk sufficiently to affect the assurance practitioner's conclusion.

~~(p)~~(s) Misstatement—~~For attestation engagements on compliance, a~~ difference between the ~~compliance outcome~~ subject matter information (compliance outcome) and the evaluation of the ~~compliance activity underlying subject matter (compliance activity)~~ in accordance with the ~~compliance requirements~~ criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.

~~(q)~~(t) Non-compliance—~~For both attestation and direct engagements on compliance, a~~ failure to ~~meet~~ achieve a compliance ~~requirement~~ outcome in whole or in part.

~~(r)~~(u) Professional judgement—The application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.

~~(s)~~(v) Professional scepticism—An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, and a critical assessment of evidence.

~~(t)~~(w) Reasonable assurance engagement—An assurance engagement in which the assurance practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the assurance practitioner's conclusion. The assurance practitioner's conclusion is expressed in a form that conveys the assurance practitioner's opinion on the outcome of the ~~measurement or~~ evaluation of the ~~compliance activities underlying subject matter~~ against ~~compliance requirements~~ criteria.

~~(u)~~(x) Representation—Statement by the responsible party, either oral or written, provided to the assurance practitioner to confirm certain matters or to support other evidence. A representation is additional to but may be provided in combination with the responsible party's or evaluator's Statement provided in an attestation engagement, as set out in paragraph ~~16(a)~~ XX.

~~(v)~~(y) Responsible party—The party ~~(ies)~~ responsible for the underlying subject matter, being the ~~activity's~~ compliance ~~activity(ies)~~ in a compliance engagement.

~~(w)~~(z) Short-form report—Assurance report including only the matters required under paragraph ~~61~~ XX of this ASAE.

~~(x)~~(aa) Statement—The outcome in writing of the responsible party or evaluator's evaluation of the ~~activity's~~ compliance ~~activities against the compliance requirements~~, provided to the assurance practitioner in an attestation engagement. A Statement is the subject matter information in an attestation engagement on compliance.

Requirements

Applicability of ASAE 3000

18. The assurance practitioner shall not represent compliance with this ASAE unless the assurance practitioner has complied with the requirements of this ASAE and ASAE 3000, adapted as

necessary in the case of direct engagements. ASAE 3000 contains requirements and application and other explanatory material specific to attestation assurance engagements but it also applies to direct assurance engagements, adapted as necessary in the engagement circumstances.⁴ If this ASAE makes reference to a requirement in ASAE 3000, that requirement shall be applied to both attestation and direct engagements, unless specified otherwise. (Ref: Para. A1, [Appendix 3](#))

Ethical Requirements

19. As required by ASAE 3000, the assurance practitioner shall comply with relevant ethical requirements related to assurance engagements.⁵ (Ref: Para. A6)

Acceptance and Continuance

Preconditions for the Assurance Engagement

- ~~20.~~—The assurance practitioner shall accept or continue a compliance engagement only in the circumstances required by ASAE 3000, including that the preconditions for an assurance engagement are present, unless required to accept the engagement by law or regulation.

~~21-20.~~

Appropriateness of the Subject Matter

21. When establishing whether the preconditions for an assurance engagement as required by ASAE 3000 are present, the assurance practitioner is required to assess the appropriateness of the subject matter.⁶ In doing so, the assurance practitioner shall determine whether [the compliance](#) activities which are to be evaluated are appropriate in addressing the needs of users, that is whether the [performance compliance](#) of those activities determines whether the [compliance](#) requirements ~~have been~~ met. ~~outcomes if the subject matter is not appropriate.~~ (Ref: Para. A9-A11)

22. [If the subject matter is not appropriate, the assurance practitioner shall not accept the engagement or, if this is determined after accepting the engagement, either withdraw from the engagement or issue a modified conclusion.](#)

Assessing the Suitability of the Criteria

- ~~23.~~—When establishing whether the preconditions for an assurance engagement as required by ASAE 3000 are present, the assurance practitioner shall determine the suitability of the criteria expected to be applied, whether the criteria are provided by the engaging party, as in an attestation engagement, or are to be identified, selected or developed by the assurance practitioner, as in a direct engagement, including that they exhibit the characteristics set out in ASAE 3000.⁷ ~~Ref: Para. 17(b)A12-A16 The criteria in a compliance engagement are the compliance requirements, whether overall or specific compliance requirements, which are to be concluded upon.~~ (Ref: Para. 17(b)17(b), [A12-A16](#)).

⁴ See ASAE 3000, paragraph 2.

⁵ See ASAE 3000, paragraphs Aus 20.1 and ASA 102 [Compliance with Ethical Requirements when Performing Audits, Reviews and Other assurance Engagements](#).

⁶ See ASAE 3000, paragraph 24(b)(i).

⁷ See ASAE 3000, paragraph 24(b).

Application and Other Explanatory Material

Application (Ref: Para. 1)

Assessing the Suitability of the Criteria (Ref: Para. 22)

- A1. Where the criteria are prescribed by legislation or regulation the criteria will be deemed to be suitable for the purposes of the compliance engagement. In limited circumstances where this is not the case, the assurance practitioner needs to assess the suitability of the criteria to evaluate the requirement.
- A2. In the context of a compliance engagement, examples of ~~suitable criteria~~criteria include:
- Externally imposed criteria under law or directives, including:
 - Legislation.
 - Regulation.
 - Other statutory requirements (e.g. ASIC Regulatory Guides and Practice Notes or APRA Prudential Standards).
 - Ministerial directives.
 - Industry or professional obligations (professional standards or guidance, codes of practice or conduct).
 - Enforceable contractual obligations.
 - Enforceable undertakings.
 - Internally imposed criteria, as determined by management, including:
 - Organisational policies and procedures.
 - Frameworks, for example, compliance framework based on ISO 19600 – Compliance Management Systems
- A3. ~~Suitable criteria~~Criteria need to be identified by the parties to the engagement and agreed by the engaging party and the assurance practitioner. The assurance practitioner may need to discuss the criteria to be used with those charged with governance, management and the intended users of the report. Criteria can be either established or specifically developed. The assurance practitioner normally concludes that established criteria embodied in laws or regulations or issued by professional bodies, associations or other recognised authorities that follow due process are suitable when the criteria are consistent with the objective. Other criteria may be agreed to by the intended users of the assurance practitioner's report, or a party entitled to act on their behalf, and may also be specifically developed for the engagement.
- A4. In situations where the criteria have been specifically developed for the engagement, including where the assurance practitioner develops or assists in developing ~~suitable criteria~~criteria, the assurance practitioner obtains from the intended users or a party entitled to act on their behalf, acknowledgment that the specifically developed criteria are sufficient for the user's purposes. (Ref: Para. 25)
- A5. The criteria may need to be amended during the engagement, if for example more information becomes available or the circumstances of the entity change. Any changes in the criteria are discussed with the engaging party and, if appropriate the intended users.

Appendix 2

(Ref: Para. 3, A2-A5)

NATURE OF ASSURANCE ENGAGEMENTS ON COMPLIANCE

Scope of the Engagement

A summary of the scope of assurance engagements which may be conducted with respect to compliance is set out in the following table:

Scope of Engagement / Compliance objective	Criteria for Evaluating Compliance Activity	Compliance Requirement	Subject Matter / Compliance Activity	Compliance Outcome of the Evaluation (Subject Matter Information)	Assurance Conclusion
Compliance of the Real Estate Trust with the requirements of s407 of the Property Agents and Motor dealers Act 2000 (the “Act”)	<i>s407 of the Act Property Agents and Motor Dealers Act 2000</i>	Applicable compliance requirements as specified under s407 of the Act. As an example: maintenance and controls over the Trustee Bank Account.	Trustee Account procedures; Trustee Bank Account and cash book procedures.	Evaluators’ Statement or assurance practitioner’s conclusion whether the Trust has complied in all material respects with s407 of the Act .	Reasonable Assurance – complied in all material respects with s407 of the Act.