



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **6**

Meeting Date: 1 March 2017

Subject: 1st Read draft revised ASAE 3500 Performance Engagements

Date Prepared: 21 February 2017

Action Required

For Information Purposes Only

Agenda Item Objectives

To provide the AUASB with a 1st read draft of revised ED XX ASAE 3500 *Performance Engagements* project.

Background

1. ASAE 3500 was issued in 2008 and a post-implementation survey was conducted in 2012. The results of that survey identified a number of matters to be addressed in any future revisions to ASAE 3500.
2. The AUASB approved a project plan to revise ASAE 3500 at the AUASB meeting 24 February 2015 and an updated timetable at the 9 June 2015 meeting. Following approval of the project, the AUASB Technical Group met with the Australasian Council of Auditors-General (ACAG) Heads of Performance Audit at their annual meeting in late March 2015, in order to bring the project to the attention of the Auditors-General and to obtain initial feedback on the scope of the revised standard and issues to be addressed in the redrafting.
3. A Project Advisory Group was formed in April, with representatives from each of the audit offices which conduct performance engagements and an academic. PAG discussions were held in mid-May 2015, to discuss the proposed approach to addressing issues identified and to recommend the scope of the revised standard; mid-June 2015, to discuss an initial draft standard; late July 2015 and late August 2015 to discuss further drafts.
4. The revised draft ASAE 3500 was discussed at the September 2015 meeting and since this time no further work has progressed on the project due to resource constraints at the AUASB.
5. A PAG Meeting was held on 15 September 2016 to discuss the outstanding comments on the revised draft ED XX ASAE 3500 that went to the September 2015 meeting. At this meeting it was decided by the PAG that certain terminology – inputs, outputs and outcomes would not be used in the revised standard because the PAG members felt that ASAE 3500 should reflect the current practice of a performance engagement which deals with the concepts of Economy, Efficiency and Effectiveness (EEE). [Note: The terminology of inputs, outputs and outcomes is more closely aligned with that used in Service Performance Reporting and Assurance - please refer the comments under NZAuASB point 2 re: NAZB Service Performance Reporting Standard below].

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

- A further PAG Meeting was held on 6 February 2017 to discuss the revised draft standard and incorporate any further suggested changes from the PAG.

Matters to Consider

Part A – General

- Drafting of the ED XX 3500 has continued post the 6 February 2017 PAG Meeting and all suggested changes have been incorporated in the revised draft ASAE 3500 as attached. The drafting very much follows the structure and form of ASAE 3000 and is consistent in its approach to revised ASAE 3100 in terminology. The PAG have provided some very useful feedback in the various PAG meetings to date and across the board there is general agreement as to the progress of the revision.
- As this is the first read draft of the revised standard since the PAG was reinvigorated in September 2016 and essentially resets the project to the beginning, any detailed comments from the AUASB would be useful.

Part B – NZAuASB

- This is not a joint project with NZAuASB, as currently NZAuASB does not plan to issue an equivalent of ASAE 3500, as this topic is not within its mandate.
- The AUASB Technical Group is participating in the NZAuASB Working Group to support the NZ project to develop a standard on assurance of *Service Performance Information* and monitoring the joint AASB and NZ XRB project to develop an accounting standard on *Reporting Service Performance Information*. It was noted from the minutes of the December NAZB meeting that the NZ Accounting Standard on Service Performance Reporting has replaced the term “outcomes” with other words and phrases etc. The NZAuASB’s draft Assurance Standard on Performance Reporting will also follow the lead of the NAZB. Engagements under ASAE 3500 are distinct from engagements on Service Performance Information. Consequently ASAE 3500 will not include those engagements.

AUASB Technical Group Recommendations

Material Presented

- Agenda Item 6 AUASB Board Meeting Summary Paper
- Agenda Item 6.1 Revised Draft ASAE 3500 *Performance Engagements*

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	AUASB to provide feedback on 1 st read draft revised ASAE 3500.	Detailed comments on revised draft ASAE 3500.	AUASB	1 March 2017	