



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **5**

Meeting Date: 26 July 2016

Subject: ASAE 3100 *Compliance Engagements*

Date Prepared: 18 July 2016

Action Required

For Information Purposes Only

Agenda Item Objectives

AUASB to consider the final draft ED XX ASAE 3100 *Compliance Engagements* for comment prior to finalisation for exposure.

Background

1. ASAE 3100 was issued in 2008 and a post-implementation survey was conducted in 2012. The results of that survey identified some matters to be addressed in any future revisions to ASAE 3100.
2. The NZAuASB also completed a post-implementation survey for SAE 3100 in April 2015 and any matters raised will be addressed by the NZAuASB in their revision of SAE 3100 and considered by the AUASB in the revision of ASAE 3100 to ensure consistency.
3. The AUASB approved a project plan to revise ASAE 3100 at the AUASB meeting in February 2015.
4. A project advisory group (PAG) was formed in March 2015 to advise the AUASB Technical Group specifically on the subject matter and issues encountered in practice with compliance engagements. Four project advisory (PAG) meetings were held in the 2015 calendar year.
5. A PAG meeting was held on 22 March 2016 to discuss with the PAG suggested changes made by the AUASB to ED ASAE 3100 at the December 2015 and February 2016 meetings.
6. A PAG meeting was held on 14 July 2016 to discuss the outcomes of the June AUASB board meeting and to seek input on the final draft of the ED XX ASAE 3100. The feedback from this PAG meeting is reflected in the final draft ED.

Matters to Consider

Part A – General

1. Areas for Board consideration:

1.1 Definition of Attestation Engagement on Compliance (paragraph 17(a))

The addition of (ii) is to make this definition consistent with the options given under ASAE 3000.

Board to advise if they agree with the suggested changes?

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1.2 **Limited vs Reasonable Tables** (paragraphs 32L(b)(i) and (ii) and 43L)

The PAG have suggested changes to the use of the term 'risk' in these paragraphs for limited assurance engagements as this term is not used in ASAE 3000. This term is however used for reasonable assurance engagements thus making a distinction between the two levels of assurance. The term 'risk' has been used in both ASAE 3150 *Controls* and the extant ASAE 3100.

Board to advise whether they agree with the suggested changes by the PAG or want to retain the current wording?

1.3 **NOCLAR** (paragraph 46)

Noclar not included in ASAE 3000 as issued in June 2014. This Noclar paragraph was included and is consistent with ASAE 3150 as ASAE 3000 is currently silent and presents a gap on this issue. The updated markups use wording in proposed Noclar standard which is yet to be approved. There will be some consequential changes to ISAE 3000 from the Noclar standard which will flow through to ASAE 3000. The other alternative is that this requirement may not be required as para 19 is a cover-all.

Board to advise what approach they want to take re: Noclar?

1.4 **Communicating material non-compliance** (paragraph 52)

The requirement to report all material non-compliance is consistent with the extant ASAE 3100. If we are going to require "all" non-compliance to be communicated even if not required by law or regulation this will increase the current requirement. The PAG discussion reflected that the material override should be retained and the assurance practitioner can apply professional judgement if they believe anything 'significant' but not trivial needs to be reported.

Board to advise if they want this changed?

2. General consideration of all other marked up changes in the ED which stem from comments at the 14 June AUASB meeting.

In Progress

3. The OBPR process and clearance is yet to be completed.

Part B – NZAuASB

1. This is a joint project with NZAuASB, as they currently have SAE 3100 *Compliance Engagements* (August 2011) which is in clarity format however needs to be revised to remain consistent with ISAE 3000 (revised) and ASAE 3100 (revised).
2. The NZAuASB technical group provided a second draft of the ED (as provided to the AUASB at its 15 September meeting) to the NZAuASB for consideration at their 21 October meeting.
3. The NZAuASB also considered a draft of an ITC and ED SAE 3100 (Revised) *Compliance Engagements* for approval to expose at its December meeting on 9 December. This was subject to the approval of the AUASB's exposure draft earlier in December. Draft ED SAE 3100 (Revised) is similar to draft AUASB ED, with amendments for New Zealand examples and ethical references. The New Zealand exposure draft will not include the equivalent of para 38 prohibiting direct assistance (this is consistent with harmonisation differences across the suite of New Zealand and Australian standards).
4. The AUASB has liaised with the NZAuASB who have completed the Quality Assurance process for ED XX ASAE 3100. No substantive technical points were raised. Points raised were primarily format and editorial in nature and these changes are now reflected in the final draft ED XX ASAE 3100.

AUASB Technical Group Recommendations

The AUASB to approve the final draft ED XX ASAE 3100 *Compliance Engagements* for exposure.

Material Presented

- Agenda Item 5 AUASB Board Meeting Summary Paper
- Agenda Item 5.1 ED XX ASAE 3100 *Compliance Engagements* (marked up)

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Consider and approve the ED XX ASAE 3100 for exposure.	Feedback and approval of ED XX ASAE 3100.	AUASB	26 July 2016	Pending
