



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **9(b)**
Meeting Date: 9 June 2015
Subject: Revision of ASAE 3500 *Performance Engagements*
Date Prepared: 21 May 2015

Action Required

For Information Purposes Only

Agenda Item Objectives

1. To consider an update of the project to revise ASAE 3500 *Performance Engagements*.
2. To confirm the proposed approach to the scope and content and/or provide comment or additional considerations.

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 in February 2015.

Matters to Consider

Part A – General

1. 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, 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. Following that meeting, the AUASB invited the Auditors General to nominate representatives to participate on a Project Advisory Group (PAG) to advise the AUASB on development of a revised standard.
2. Following formation of the PAG, a PAG discussion was held in mid-May to discuss the proposed approach to addressing issues identified to that point, to identify any further matters to be addressed in the revision and to recommend the scope of the revised standard. Due to the delays in finalising the PAG, the project plan timetable has been revised (Agenda Item 9(b).1).

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3. In summary the outcome of the PAG discussion was that the scope of the revised ASAE 3500 is recommended to address:
 - (a) assurance over performance outcomes rather than outputs, so as to exclude assurance on service performance information or other information measured purely by key performance indicators (KPIs) or other performance metrics;
 - (b) both direct engagements and attestation engagements, including “follow-on” engagements but excluding assurance over service performance information reported;
 - (c) both reasonable and limited assurance;
 - (d) both long form and short form reporting;
 - (e) flexible scope and reporting to accommodate different Government reporting requirements; and
 - (f) broad objectives of a performance engagement not limited to economy, efficiency and effectiveness to allow flexibility to address other objectives.
4. The recommended content of the revised ASAE 3500 would include:
 - (a) requirements anchoring to ASAE 3000, but as the subject matter specific standard would need to override ASAE 3000 if any inconsistency arose;
 - (b) tabular format to separate limited and reasonable assurance requirements;
 - (c) explanation of materiality and risk assessment in the context of performance engagements;
 - (d) consideration of the needs of users, such as plain English wording of conclusions so they are more meaningful to Parliament and other users;
 - (e) management representations supported by documentation at the entity;
 - (f) the manner in which “acceptance and continuance” of engagements is undertaken in a performance engagement, where the engagement is usually chosen by the Auditor General as part of strategic planning rather than requested by the entity; and
 - (g) incorporation of public sector specific needs in reporting such as descriptive sections as engagements are primarily public sector.
5. The issues paper (Agenda Item 9(b).2) provides more detailed discussion of the background to these recommendations.
6. The PAG will meet again on 11 June to further discuss this project.

Part B – NZAuASB

1. 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.
2. The AUASB Technical Group is monitoring the current NZAuASB project to develop a standard on assurance of *Service Performance Information* and the joint AASB and NZ XRB project to develop an accounting standard on *Reporting Service Performance Information* in order to differentiate from ASAE 3500 engagements. The AUASB as a result will determine any implications for the AUASB arising from the NZAuASB and joint AASB-NZ XRB projects.

AUASB Technical Group Recommendations

The AUASB Technical Group recommends that the AUASB confirm the approach recommended with respect to the scope and content of revised ASAE 3500.

Material Presented

Agenda Item 9(b)	AUASB Board Meeting Summary Paper
Agenda Item 9(b).1	Revised Project Plan for revision of ASAE 3500 <i>Performance Engagements</i>
Agenda Item 9(b).2	Issues Paper – Revision of ASAE 3500 <i>Performance Engagements</i> – Recommended Scope and Content
Agenda Item 9(b).3	Project Timeline

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Consider scope and content of revised standard	Confirm recommended scope and content.	AUASB	9 June 2015	Pending
