



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **7**

Meeting Date: 14 June 2016

Subject: Revision of ASAE 3100 *Compliance Engagements*

Date Prepared: 7 June 2016

Action Required

For Information Purposes Only

Agenda Item Objectives

AUASB to consider a further draft ED XX ASAE 3100 *Compliance Engagements* for comment and feedback on any outstanding matters that require resolution prior to the ED being finalised 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 24 February 2015 AUASB meeting.
4. A project advisory group (PAG) was formed in March 2015 to advise the AUASB TCG 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 1 December 2015 and 22 February 2016 meetings. The next scheduled meeting of the PAG will be held after the 14 June 2016 AUASB meeting in mid-July.

Matters to Consider

Part A – General

1. The key matters raised at the 22 February 2016 AUASB meeting were in relation to the terminology used in the application para 1 and para 3 then throughout the ED “an entity’s compliance with the compliance requirements as evaluated against the suitable criteria”. The AUASB discussed whether for a compliance engagement the compliance requirements and the criteria are the same or whether the compliance requirements are a subset of the criteria.

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- If compliance requirements are a more granular subset of the criteria are the definitions of “criteria” and “compliance requirements” in the definitions para 17 appropriate and adequately linked?
2. From further discussions with the PAG, PAG Chair and other AUASB members since the 22 February AUASB meeting, the position reached on the above matter re: terminology was that the following wording should be retained in the application para 1 and then flow through to para 3 Scope, para 15(a) Objective and the Appendixes – (5) Engagement Letters, (6) Example Reports and (7) Modified Example Reports:

“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 by the suitable criteria”.

This reflects that the “compliance requirements” being what the entity has to comply with and the criteria as the subset, (or may be the same as the compliance requirements or even processes or procedures) of the requirements being what the assurance practitioner needs to consider in making their determination and drawing their conclusion about the entities compliance.

The following wording has been included in para 9 of the draft to explain the above:

“An assurance engagement performed in accordance with ASAE 3000 measures or evaluates the underlying subject matter against suitable criteria. In a compliance engagement the assurance practitioner determines whether compliance requirements have been met by evaluating the subject matter against the compliance requirements, using the criteria. The criteria may be the compliance requirements, or a subset thereof”.

3. New Appendix 1 terminology table comparing ASAE 3000 and ASAE 3100 key terms/definitions.
4. Remove para 8.
5. Look at the use of the term “Statement’ have we defined it appropriately refer para 16(a) and 16(z).
6. Reference the definitions in para 16(b) criteria, 16(e) compliance requirement, 16(f) compliance outcome and 16(g) compliance activity to the new Appendix 1 terminology table.

In Progress

7. Further drafting of ED XX ASAE 3100 will continue post 14 June 2016 AUASB meeting dependent on the outcomes of the discussion at that meeting on the use of the terminology.
8. The AUASB has liaised with the NZAuASB who will complete the Quality Assurance process for ED XX ASAE 3100 prior to it going to the AUASB as a final ED to be approved.
9. A final draft ED XX ASAE 3100 will come to the 26 July 2016 AUASB meeting for consideration and approval by the AUASB to be exposed.
10. The operative date of ASAE 3100 will be considered once the exposure period has been determined.

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 2015 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).

AUASB Technical Group Recommendations

AUASB to consider, discuss and approve the latest draft changes to ED XX ASAE 3100 *Compliance Engagements* with a view to finalising the ED for exposure.

Material Presented

Agenda Item 7 AUASB Board Meeting Summary Paper
Agenda Item 7.1 ED XX ASAE 3100 *Compliance Engagements* (Marked Up Version)

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Consider and approve the changes to ED XX ASAE 3100.	Feedback and approval of the changes to ED XX ASAE 3100.	AUASB	14 June 2016	Pending
