



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **6**

Meeting Date: 1 December 2015

Subject: Revision of ASAE 3100 Compliance Engagements

Date Prepared: 19 November 2015

Action Required

For Information Purposes Only

Agenda Item Objectives

1. AUASB to consider the third draft ED XX ASAE 3100 *Compliance Engagements* for comment and approval 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 also 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.

Matters to Consider

Part A – General

1. The 3rd draft ED provided to the AUASB for consideration and comment includes all comments and suggestions from the AUASB meeting on 15 September, the PAG meeting held on Thursday, 29 October and an initial high level quality read. Key areas addressed in the 3rd draft are as follows:
 - Tightening up the wording in the introduction paragraphs to more closely reflect the ‘objective’ of a compliance engagement.
 - Tightening up of terminology used in the ED and ensuring that appropriate definitions of such terminology have been adequately included, for example: report/opinion = conclusion, criteria, compliance requirements, compliance outcome and compliance activity.
 - PAG agreed terminology changes to be reflected throughout the ED:
 - Compliance requirement are ‘met’ or non-compliance; and

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- Compliance objectives are ‘achieved’
- Included throughout the ED that a compliance engagement can be performed throughout the period and at a date in time.
- Ensuring para 50 *Non-compliance with Other Laws or Regulations* is consistent with the proposed changes to ISA 250 and that any changes to para 50 did not broaden the scope of the engagement or the intention under the ethical requirements. The wording in para 50 is also consistent with ASAE 3150 *Controls* which recognised that ASAE 3000 was somewhat silent in this area however recognising that this area needed to be addressed for these types of engagements. PAG agreed to revert para 50 to the original wording.
- Appendix 2 – Nature of Assurance Engagements on Compliance – refined the examples provided to better assist in defining the terminology adopted in the standard e.g. criteria, compliance requirements, compliance activity and compliance outcome after discussion with the PAG.
- Further inclusions in the draft ED ASAE 3100 for consideration by the AUASB:
 - Appendix 4 – Example Engagement Letters
 - Appendix 5 – Example Assurance Reports on Compliance
 - Appendix 6 – Example Modified Assurance Reports on Compliance

In Progress

- It is recommended that ED XX ASAE 3100 *Compliance Engagements* be exposed for a 60 day period. It is anticipated the final standard will be tabled for approval at the April 2016 meeting. The operative date in the draft ED XX ASAE 3100 is for assurance engagements commencing on or after 1 January 2017. The AUASB will need to consider whether this date is a reasonable?
- The AUASB should note that the internal QA processes are yet to be completed on ED 3100. The AUASB’s approval to expose ED ASAE 3100 will be subject to completion of QA and clearance by the Chairman and Executive Director.

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 will consider a draft of an ITC and ED SAE 3100 (Revised) *Compliance Engagements* for approval to expose at its December meeting on the 9th of December. This will be 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 and approve ED XX ASAE 3100 *Compliance Engagements* for a 60 day exposure period, subject to completion of QA processes.

Material Presented

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Agenda Item 6.1 Draft ED XX ASAE 3100 *Compliance Engagements*

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Consider and approve for exposure 3 rd Draft ED XX ASAE 3100.	Feedback and approval to expose ED XX ASAE 3100.	AUASB	1 December 2015	Pending

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