



Project Plan

Project Title:	Revision of ASAE 3500 <i>Performance Engagements</i>
Project ID:	ASAE 3500 (2015)
Project Objective(s):	To revise existing standard to conform to revised ASAE 3000 and update for stakeholder feedback on existing standard and best practice.
Priority:	Medium
Issue/Reason:	Current ASAE 3500 was issued in 2008 since which time ASAE 3000 has been reissued in June 2014 with significant changes in terminology and far greater detail in the approach to assurance engagements. These changes need to be reflected in revisions to ASAE 3500. Stakeholders having used the existing standard can provide feedback on the areas which need to be addressed more fully or a different approach taken.
Date Prepared:	9 February 2015
Date To Be Approved:	23 February 2015
Date Updated: (if applicable)	

Project Objectives

To revise ASAE 3500 *Performance Engagements* in the following respects:

1. To anchor to revised ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (June 2014);
2. To reflect current terminology, approach, style and format of examples and reports in the AUASB Standards;
3. To address any feedback from stakeholders on existing ASAE 3500 and reflect best practice.

Stakeholders

Key stakeholders include:

1. Commonwealth, State and Territory Auditors-General;
2. Assurance Practitioners to whom performance engagements are outsourced; and
3. Commonwealth, State and Territory Government departments, agencies and other bodies subject to performance engagements.

Background

ASAE 3500 was issued in July 2008, and revised for editorial amendments only in October 2008, and became operative for performance engagements commencing on or after 1 January 2009. ASAE 3500

replaced standards AUS 806 *Performance Auditing* and AUS 808 *Planning Performance Audits*, issued by the former AuASB.

In 2012, the AUASB conducted a post implementation survey and invited each of the offices of the 6 State, 2 Territory and Commonwealth Auditors General to complete the survey. The on-line survey presented 10 questions regarding ASAE 3500, seeking any problems with the standard, omissions or improvements which stakeholders could identify from applying ASAE 3500 in the 3 ½ years since it was issued. 8 responses were received to the survey, which were supportive of the standard overall, but identified a number of areas for improvement through future revisions to ASAE 3500.

Since ASAE 3500 was issued, ASAE 3000 *Assurance Engagements Other than Audits and Reviews of Historical Financial Information* was revised and reissued in June 2014, in conformity with revised and reissued ISAE 3000. The revised ASAE 3000 contains new terminology, a revised approach and greater detail in the requirements and application material, with respect to which ASAE 3500 is now inconsistent. In addition, existing ASAE 3500 is not written in clarity format, the style used for all current AUASB Standards, in which the application and other explanatory material is contained in a separate section of the standard to the requirements.

Scope

The scope of revised ASAE 3500 will include performance engagements addressing:

1. economy, efficiency and effectiveness or other suitable performance objectives;
2. limited or reasonable assurance;
3. attestation, in which the responsible party evaluates the performance and provides a Statement on the outcome of that evaluation, or direct engagements.

ASAE 3500 will be anchored to ASAE 3000 (June 2014), with minimum repetition of the content of ASAE 3000, and will be required to be applied in conjunction with ASAE 3000.

Should changes to the scope of the engagement, as set out above, be recommended by the AUASB Technical Group in consultation with the Project Advisory Group, approval from the AUASB will be sought.

Risks/Issues

1. Current best practice in performance engagements to be reflected in the standard.
2. As the standard is to reflect only requirements and application material additional to that provided by ASAE 3000, it will be a challenge to ensure that the standard still makes sense to the reader and the flow of the document is maintained.
3. Consistency in approach with the revision of ASAE 3100 *Compliance Engagements* will be important and the two projects will be conducted in parallel to ensure a consistent outcome.
4. The way in which the objectives of an assurance engagement are expressed in ASAE 3000 are not intuitively applicable to performance engagements and in addition ASAE 3000 applies only to attestation engagements, whereas performance engagements are commonly direct engagements. Consequently, interpretation and adaption of those objectives for performance engagements and appropriate adaption and supplementation of the requirements for direct engagements, will be important in applying ASAE 3000 as the overarching standard for performance engagements and showing the standard is relevant to these engagements.
5. Consistency with the approach to taken in the Australian Auditing Standards (ASAs) and Standards on Assurance Engagements (ASAEs) to aspects of those engagements which may be

relevant to performance engagements will be important in ensuring the most up-to-date approach, as those ASAs have been revised and a number of new ASAEs have been issued since ASAE 3500 was issued.

6. Performance engagements are most commonly conducted as direct engagements obtaining reasonable assurance, so it will be necessary to determine whether attestation or limited assurance engagements are ever conducted. Even if these engagements are simply uncommon the standard will need to continue to allow for them, however if it is inappropriate to conduct performance engagements as attestation and/or limited assurance then limiting the standard to direct and/or reasonable assurance engagements may be appropriate.

Action Plan

Key steps in the project will be:

1. Planning the project and agreeing a project plan with the AUASB;
2. Analysing the 2012 post-implementation survey results to identify and revisit areas to be addressed in revisions to the standard and to be discussed with stakeholders.
3. Researching the nature of current performance engagements and any existing issues for assurance practitioners and identifying the key stakeholders;
4. Forming a Project Advisory Group of stakeholders (PAG) to advise the AUASB on the development of the standard;
5. Drafting based on existing ASAE 3500 and ASAE 3000 and drawing on the material in other ASAEs and the Auditing Standards;
6. Obtaining and addressing feedback on drafts from the PAG and the AUASB;
7. Obtaining approval of an exposure draft and issuing for public comment for at least 60 days;
8. Analysing ED comments and finalising standard; and
9. Obtaining AUASB approval and issuing final standard with Basis for Conclusions.

Resources

- 1 Senior Project Manager 3 days/week.
- Project Advisory Group of stakeholders to meet every 4-6 weeks.

Timetable

Date	Description
24 Feb 2015	Present Project Plan for approval at Board meeting by AUASB.
Early Feb- mid Mar 2015	Analyse post-implementation survey results, obtain further stakeholder feedback on existing standard and research nature of current performance engagements.
Late Mar – Early Apr 2015	Project Advisory Group Meeting – discuss suitable scope of standard.
Late Mar-Mid Apr 2015	Initial drafting.
20 Apr 2015	Present project update, including issues paper, proposed scope and outline of standard content to Board.

Date	Description
Late Apr - mid May 2015	Further drafting.
Mid May 2015	Project Advisory Group Meeting.
9 Jun 2015	Draft revised ASAE 3500 presented at the Board meeting.
Late Jun 2015	Project Advisory Group Meeting.
28 Jul 2015	Exposure draft presented at Board meeting for AUASB approval.
Early Aug – Early Oct 2015	60 day exposure period.
Aug-Sept 2015	Stakeholder engagement and targeted discussions.
Oct 2015	Analysis of ED comments and redrafting to address comments.
Oct 2015	Regulatory Impact Assessment (and RIS if required) submitted to OBPR to obtain OBPR clearance.
Late Oct 2015	Project Advisory Group Meeting.
Early Nov 2015	Drafting final standard.
1 December 2015	Present final standard and disposition of ED comments for AUASB approval to issue.
Mid Dec 2015	Final quality assurance and issue revised and redrafted ASAE 3500.