



# AUASB Board Meeting Summary Paper

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**AGENDA ITEM NO.**           **9(a)**  
**Meeting Date:**               9 June 2015  
**Subject:**                     Revision of ASAE / SAE 3100 *Compliance Engagements*  
**Date Prepared:**             1 June 2015

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**Action Required**

**For Information Purposes Only**

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## Agenda Item Objectives

1. To consider an update of the project to revise ASAE / SAE 3100 *Compliance Engagements*.
2. To confirm the proposed approach to the scope and content and/or provide comment or additional considerations.

## 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. Following approval of the project, the AUASB invited a representative as nominated by the appropriate AUASB Board member where applicable, from the Big 4 accounting firms, two 2<sup>nd</sup> tier firms, NZAuASB and academia 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

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the PAG and other resourcing constraints, the project plan timetable has been revised (Agenda Item 9(a).1).

3. In summary the outcome of the PAG discussion was that the scope of the revised ASAE / SAE 3100 is recommended to address:
  - (a) assurance over the underlying subject matter (activity) evaluated against the suitable criteria (requirements, regulation contractual etc) = subject matter information (outcome = compliance or non-compliance / deficiency); the assurance practitioner will be concluding on the outcomes (either on a statement of compliance or directly on the outcome).
  - (b) both direct engagements and attestation engagements;
  - (c) both reasonable and limited assurance;
  - (d) both long form and short form reporting;
  - (e) flexible scope and reporting to accommodate reporting of factual findings and recommendations dependant on type of engagement: multi-scope or stand alone; and
  - (f) appendix outlining nature of assurance engagements on compliance: which may include scope of engagement, subject matter, suitable criteria, outcome of evaluation and materiality etc (based on ASAE 3150 *Controls* Appendix 1 and Appendix 3).
4. The recommended content of the revised ASAE / SAE 3100 would include:
  - (a) requirements anchoring to ASAE / SAE 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 including more guidance on how to obtain sufficient appropriate evidence for each type of engagement;
  - (c) more practical examples of subject matter and suitable criteria and how these interplay with the compliance framework;
  - (d) explanation of materiality and risk assessment in the context of compliance engagements;
  - (e) consideration of the needs of users, such as plain English wording of conclusions;
  - (f) management representations supported by documentation at the entity;
  - (g) evaluation of outcomes from the engagement in the context of the compliance framework and aggregation and interaction with materiality; and
  - (h) how, when and what to report on outcomes to the users e.g. TCWG or regulators and impact on assurance conclusions.
5. The issues paper (Agenda Item 9(a).2) provides more detailed discussion of the issues discussed at the first PAG meeting which has led to these recommendations.
6. The PAG noted that ASAE / SAE 3100 application in practice seemed to be working and as such no new issues were raised by the PAG for further consideration on revision.
7. The PAG will meet again in July once drafting of the ED has commenced.

**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).

**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 3100.

**Material Presented**

Agenda Item 9(a)	AUASB Board Meeting Summary Paper
Agenda Item 9(a).1	Revised Project Plan for revision of ASAE / SAE 3100 <i>Compliance Engagements</i>
Agenda Item 9(a).2	PAG Issues Paper – Revision of ASAE / SAE 3100 <i>Compliance Engagements</i>
Agenda Item 9(a).3	Project Timeline

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**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

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