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Basis for Conclusions ***ASAE 3500 Performance Engagements*** **(Revised)**

Prepared by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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Important Note and Disclaimer

This Basis for Conclusions has been prepared by staff of the Office of the AUASB to provide background to, and the rationale for, the development and approval of Standard on Assurance Engagements ASAE 3500 *Performance Engagements* (Revised) by the AUASB. It does not constitute an authoritative pronouncement of the AUASB, nor does it amend, extend or override AUASB Standards.

The Basis for Conclusions relates to, but does not form part of, ASAE 3500 *Performance Engagements* (Revised). No responsibility is taken for the results of actions or omissions to act on the basis of any information contained in this document or for any errors or omissions in it.

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BASIS FOR CONCLUSIONS

ASAE 3500 Performance Engagements (Revised)

1. The AUASB has issued a revised Standard on Assurance Engagements *ASAE 3500 Performance Engagements (ASAE 3500 (Revised))*, to replace [ASAE 3500 Performance Engagements \(revised October 2017, updated December 2022\)](#). ASAE 3500 (Revised) is operative for assurance engagements commencing on or after 1 April 2025, with early adoption permitted.
2. This Basis for Conclusions provides background to, and the rationale for, the development and approval of the revised Standard by the AUASB. It relates to, but does not form part of, ASAE 3500 (Revised), and is not a substitute for reading the revised Standard.

Background

3. ASAE 3500 deals with direct engagements in which an assurance practitioner (accountant or non-accountant) evaluates a responsible party or parties' performance of an activity against identified criteria and aims to obtain sufficient appropriate evidence to express, in a written direct assurance report, a conclusion to intended users about the outcome of that evaluation.
4. As required under the AUASB's [Due Process Framework for Developing, Issuing and Maintaining AUASB Pronouncements and Other Publications](#), a Post Implementation Review (PIR) of the Standard was conducted during the period April-June 2023, to evaluate the effectiveness and efficiency of the Standard's implementation and application in practice. For a summary of the key findings from the PIR, refer to the AUASB's [Feedback Statement](#) that has been released publicly on the AUASB website.
5. At its June 2023 meeting, the AUASB supported the commencement of a new project to make narrow scope amendments to ASAE 3500, to address the key findings from the PIR of the Standard.
6. The revision was narrow in scope as it was targeted at the specific issues identified by stakeholders that participated in the PIR, rather than undertaking a full-scale revision of the Standard in its entirety. The [Project Plan](#) provides further information on the objective and scope of the project, planned approach and consultation with stakeholders.
7. The AUASB developed the revised ASAE 3500 in consultation with a Project Advisory Group (PAG), consisting of 9 members representing each public sector audit office in Australia.
8. At its May 2024 meeting, the AUASB approved [Exposure Draft 01/24: Proposed Revised Standard on Assurance Engagements ASAE 3500 Performance Engagements](#) (ED 01/24). ED 01/24 was issued on 29 May 2024, for a 60-day public comment period that closed on 30 July 2024. The [Explanatory Memorandum](#) that accompanied the public release of ED 01/24 provides further background on the project and an explanation of the exposure draft.
9. Submissions on the exposure draft were received from:
 - [Australasian Council of Auditors-General \(ACAG\) \(Australian members\)](#)
 - [Tasmanian Audit Office](#)

Issues Raised by Respondents on Exposure

10. Submissions were fully supportive of the changes to ASAE 3500 as proposed in ED 01/24. Respondents did not raise any issues with the proposed revised Standard.

Conclusion

11. The AUASB has not made any further changes to the version of the proposed Standard that was publicly exposed.
12. The Office of Impact Analysis (OIA) has determined that a detailed impact analysis of the revised Standard was not required under the Australian Government's Policy Impact Analysis Framework, on the basis that the OIA considered that the regulatory impacts of the proposed revised Standard are likely to be minor and that the revised Standard is likely to create minimal additional regulatory costs.
13. The AUASB voted to approve and issue the final ASAE 3500 (Revised) on 16 December 2024.

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