

23 July 2024

Mr Doug Niven
Chair
Australian Auditing and Assurance Standards Board
PO Box 204, Collins Street West
MELBOURNE VIC 8007

Dear Mr Niven

Submission – Exposure Draft 01/24: Proposed Revised Standard on Assurance Engagements ASAE 3500 Performance Engagements

I am pleased to respond to the AUASB Exposure Draft (ED) 01/24 on the proposed revisions to ASAE 3500 *Performance Engagements*.

The Tasmanian Audit Office is supportive of the changes in ED 01/24.

Please refer to Appendix A for responses to the specific questions posed by the AUASB in relation to the proposed revised Standard.

If you have any queries in relation to this response, please do not hesitate to contact me at admin@audit.tas.gov.au or (03) 6173 0900.

Yours sincerely



Martin Thompson
Auditor-General

Encl.

Appendix A – Response to specific questions posed within the explanatory memorandum

- 1 Does the proposed revised Standard provide sufficient flexibility for it to be applied to a broad range of performance engagements in both the public sector and private sector? If not, what suggestions do you have for making this clearer?**

Yes. The proposed revised Standard provides sufficient flexibility to apply it to the broad range of performance engagements we conduct.

We also support the revised definition of ‘performance engagement’ and the new definition for ‘performance principle’.

- 2 Does the proposed revised Standard provide appropriate principles for performing limited assurance performance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the performance engagement? If not, what do you propose and why?**

Yes. The proposed revised Standard provides appropriate principles for performing limited assurance performance engagements.

- 3 The proposed revised Standard uses the term ‘significance’ instead of the ASAE 3000 term ‘materiality’ in the context of performance engagements.**

(a) Do you support the AUASB’s proposal to replace the extant concept of ‘materiality’ with the concept of ‘significance’ in the proposed revised Standard? If not, why not?

(b) Do you agree with the new requirements and accompanying application material related to significance set out in paragraphs 31-33 / A31-A55 of ED 01/24 (which will replace extant paragraphs 29-31 / A26-A34)? If not, what do you propose and why?

Yes. We support the AUASB’s proposal to replace the concept of ‘materiality’ with the concept of ‘significance’. We also agree with the new requirements and accompanying application material related to significance set out in paragraphs 31-33 / A31-A55 of ED 01/24.

- 4 Do you support the proposed revised requirements and accompanying application material in paragraphs 36-40 / A59-A82 of ED 01/24 (which will replace extant paragraphs 32-33 / A35-A39), which clarify:**

(a) the circumstances when internal controls could be considered relevant in the context of a performance engagement; and

(b) the risk procedures the assurance practitioner is required to perform to obtain an understanding of internal controls relevant to the performance engagement.

If not, what do you propose and why?

Yes. We agree that 36-40 / A59-A82 of ED 01/24 clarify the circumstances in which internal controls are relevant in a performance engagement and the risk procedures performed to obtain an understanding of relevant internal controls.

5 Is the proposed revised Standard sufficiently clear about the nature and extent of noncompliance with laws and regulations procedures the assurance practitioner is required to perform?

Yes. The proposed revised Standard is sufficiently clear about the nature and extent of noncompliance with laws and regulations procedures.

6 Will the proposed revised reporting requirements and accompanying application material in paragraphs 52-59 / A101-A121 of ED 01/24 (which will replace extant paragraphs 43-48 / A49-A55) drive assurance reporting that meets the information needs of the intended users of assurance reports on an activity's performance? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included, and explain why.

Yes. The paragraphs 52-59 / A101-A121 of the proposed revised Standard will meet the information needs to the intended users of assurance reports.

7 Do you foresee any difficulties in implementing any of the new/revised requirements?

No. We do not foresee any difficulties in implementing any of the new/revised requirements.

8 Have applicable laws and regulations been appropriately addressed in the proposed narrow scope amendments to the Standard?

Yes. The proposed revised Standard appropriately addresses applicable laws and regulations.

9 Are there any laws or regulations that may, or do, prevent or impede the application of the proposed narrow scope amendments, or may conflict with the proposed narrow scope amendments to the Standard?

No. There are no laws or regulations that prevent or impede the application of, or conflict with, the proposed revised Standard.

10 Are there any principles and practices considered appropriate in maintaining or improving assurance quality in Australia that may, or do, prevent or impede the application of, or may conflict with, the proposed narrow scope amendments to the Standard?

No. There are no principles or practices considered appropriate in maintaining or improving assurance quality in Australia that will prevent or impede the application of, or conflict with, the proposed revised Standard.

11 What, if any, are the additional significant costs to/benefits for assurance practitioners and the business community arising from compliance with the main changes to the requirements of this proposed standard? If significant costs are expected, the AUASB would like to understand:

(a) Where those costs are likely to occur;

(b) The estimated extent of costs, in percentage terms (relative to audit fees); and

(c) Whether expected costs outweigh the benefits to the users of performance engagements?

No. There are no additional significant costs to or benefits arising from compliance with the main changes to the proposed standard.

12 Are there any other significant public interest matters that stakeholders wish to raise in relation to ED 01/24?

There are no significant public interest matters that we would like to raise in relation to ED 01/24.