

Feedback Statement

Post Implementation Review

SAE 3100 (Revised)

Compliance Engagements



April 2023





About this Post Implementation Review

The XRB recently undertook a narrow scope post implementation review (PIR) of the standard on compliance engagements. A PIR helps to ensure a standard remains current and operational. It is a regular part of standard setting and usually carried out once a standard has been applied for a few years.

About SAE 3100 (Revised) Compliance Engagements

The standard deals with assurance engagements undertaken on whether an entity has complied in all material respects with identified compliance requirements, throughout the specified period or as at a specified date, using specified criteria. The standard sits under the umbrella standard: ISAE (NZ) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.



What we did

We identified targeted stakeholders (e.g., those from the private and public sector, regulatory and professional bodies) and asked a series of open questions about the standard. These questions were designed to understand whether the standard was operating as intended.



Key Finding

Overall, we heard that the standard is operating as intended.



When is the standard used?



What we heard

- The standard is used in many different circumstances.
- The use of SAE 3100 (Revised) is sometimes explicitly required by a regulatory or professional body.
- The examples in Appendix 3 of the standard about engagements where the standard can be used are very helpful.
- For some stakeholders there is an open question as to when the standard should be used, and for which specific engagements, especially as there is no international equivalent standard.



XRB FAQs

The Reserve Bank of New Zealand recently asked the XRB to clarify the use of the standard in relation to an assurance engagement required by the Reserve Bank Orders in Council.

For this specific type of engagement, we developed [FAQs](#) to provide clarity on the use of SAE 3100 (Revised).

The following table has further details about when we heard the standard is used



When is the standard used?

We heard the standard is used for assurance engagements relating to:

Real Estate Authority (REA) Trust account audits REA Website requires the use of SAE 3100. Example in Appendix 3 of SAE 3100.	Commerce Commission determinations (electricity, telecommunications, gas) Electricity Distribution Information Disclosure Determination (2012) refers to SAE 3100. Example in Appendix 3 of SAE 3100.
AML/CFT Audits CAANZ requires the use of SAE 3100.	Electoral Act returns CAANZ requires the use of SAE 3100.
Private training establishment (PTE) audits NZQA refers to SAE 3100 (Revised) for an audit of fee protection arrangements.	Reserve Bank of New Zealand – Bank disclosure statements XRB FAQs clarify the use of SAE 3100.
Non-bank deposit takers (NBDT) – risk management framework Example in Appendix 3 of SAE 3100.	Unique emissions factors for use in the NZ Emissions Trading Scheme (ETS)
School liquidation statements (required by the Ministry of Education when a school is closed)	Tertiary Education Institutes’ Performance Based Research Fund – External research income return
Trust deed compliance	Insurer’s solvency returns
Securities register compliance	Grant funding
Joint venture governance arrangements	Application of internal policies
GRI (sustainability)	Public sector funding arrangements
Registers of Funds	Long Term Plans of Local Authorities



What we also heard

- The requirements enable the auditor to meet the objectives of the standard and the engagement.
 - There were no Covid-specific challenges, however respondents did have to adapt to the pandemic environment and receive supporting evidence in electronic form.
 - There were no significant/disproportionate costs identified to apply the standard. It was noted that for AML/CFT audits not all assurance providers are required to use SAE 3100. As such, those applying the standard may have more costs compared to others.
 - The requirement for assessing the elements of an entity's compliance framework is clear.
- The tables in the standard are helpful – especially for planning purposes.
 - The requirements specific to determining, evaluating, and communicating material deficiencies and breaches in an entity's compliance framework are adequate.
 - The example assurance opinion/report clearly communicates the conclusion. In practice, there is often further communication via an accompanying letter and/or report.
 - The concepts of materiality and assessment of compliance engagement risk are adequately explained. However, it was noted that there are inevitably materiality challenges and professional judgement is applied when using the standard for the various types of assurance engagements.

Response to what we heard

We thank the stakeholders who provided their feedback. The PiR has provided a valuable insight into the use and operability of SAE 3100.

The feedback has indicated that the standard is used in New Zealand in a wide variety of assurance engagements. Overall, we have heard that the standard is operating as intended. Therefore, we do not propose to make any changes to SAE 3100 (Revised).