

## **Appendix 2**

(Ref: Para 7, A98)

### **Example of a Performance Engagement**

The following example demonstrates the alignment between the engagement objective, evaluation criteria, findings and conclusion in a performance engagement. The example has been simplified to show this alignment.

<b>Activity's Performance Evaluated (Subject Matter)</b>	Management of existing pests		
<b>Performance Principle Tested</b>	Effectiveness		
<b>Engagement Objective</b>	To determine whether the responsible entity managed existing pests effectively OR Does the responsible entity effectively manage existing pests?		
<b>Sub-objectives</b>	<b>A. Existence of a Framework for Management of Existing Pests</b>	<b>B. Cooperation between the Responsible Entity and Landholders</b>	<b>C. Pest Control Activities</b>
<b>Identified Criteria</b>	Is the Framework: <ul style="list-style-type: none"> <li>• Comprehensive?</li> <li>• Current?</li> <li>• Well communicated?</li> <li>• Well understood?</li> </ul>	1. Are all relevant parties identified? 2. Are relevant parties' responsibilities and accountabilities defined? 3. Do relevant parties understand and accept their roles? 4. Are relevant parties' roles commensurate with their resources? 5. Is there a properly constituted governing body that meets regularly?	1. Are the controls designed and implemented to respond to the identified risk? 2. Did the controls operate effectively over the period covered by the audit?

**Standard on Assurance Engagements ASAE 3500**  
**Performance Engagements**

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Sub-objectives	A. Existence of a Framework for Management of Existing Pests	B. Cooperation between the Responsible Entity and Landholders	C. Pest Control Activities
<b>Findings based on the Assurance Practitioner's Evaluation of the Activity's Performance against the Identified Criteria</b>	<p>The Framework was comprehensive and current but:</p> <ul style="list-style-type: none"> <li>• The responsible entity has not effectively communicated it.</li> <li>• Stakeholders did not understand it.</li> </ul>	<p>All relevant parties were identified, and their responsibilities and accountabilities defined.</p> <p>There was also a properly constituted governing body that met regularly.</p> <p>But the responsible entity and landholders were not cooperating because:</p> <ul style="list-style-type: none"> <li>• Some relevant parties did not accept their roles.</li> <li>• Some parties did not have enough resources to effectively perform their role.</li> </ul>	<p>The controls were well designed and implemented, but they did not operate effectively over the period covered by the engagement.</p>
<b>Conclusion (Adverse)</b>	<p>The responsible entity has not effectively managed existing pests because:</p> <ul style="list-style-type: none"> <li>• although the responsible entity had a Framework for Management of Existing Pests that was comprehensive and current, it was not effectively communicated to, or understood by, Stakeholders (Sub-objective A).</li> <li>• there was not effective cooperation between the responsible entity and landholders, as some relevant parties did not accept their roles or have enough resources to perform their roles effectively (Sub-objective B).</li> <li>• although the responsible entity had pest controls that were well designed and implemented, the controls did not operate effectively over the period covered by the engagement (Sub-objective C).</li> </ul>		