

August 23, 2011

James Gunn
Technical Director
IAASB
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

Dear Mr Gunn,

Re: IAASB ED on Assurance Engagements (ISAE 3000)

As an association of some 370 SMP's in the Netherlands, we are pleased to submit our comments on the ED on Assurance Engagements.

Below we provide our comments (numbers refer to the request for specific comments):

1. Paragraph 6, refers to limited assurance as the objective of a limited assurance engagement. In the definitions limited assurance is explained as a level of assurance that is, in the practitioner's professional judgment, meaningful to the intended users. A clear definition of limited assurance is not provided in the standard. In our view it is necessary for the standard to be clear for all parties concerned, to include a definition, which refers to the contemplated level of engagement risk (see also the definition of a reasonable assurance engagement).

We note, that the recent ED on Review Engagements (ISRE 2400) also lacked a clear objective and definition of limited assurance. Consistency between the standards on this crucial issue is of the utmost importance.

The concept of limited assurance, as defined, should be clearly communicated both in the engagement letter and the report, in order to avoid any misunderstanding with interested parties on the scope of the engagement performed.

- 2 (b)1 For a limited assurance engagement the extent of procedures is described in paragraph 42(a). The text is not clear as a consequence of the reference to the level of assurance, which is, as explained above, not clear. The text could also be improved through further alignment with paragraph 41b, in order to clarify the differences between reasonable and limited assurance engagements in terms of procedures, to be performed.
- 2(b)2 Paragraph 42(c) requires the practitioner, in case of a limited assurance engagement, to design and perform additional procedures if the practitioner becomes aware of a matter(s), that causes the practitioner to believe the subject matter information may be materially misstated. We feel "may" (the trigger point) should be replaced by "is likely to". "May" sets the trigger for additional procedures too low. Moreover, using the word "may" is inconsistent with paragraphs 42(a) and 42(c)(i).

- 2(c) We agree, that paragraph 37 requires the practitioner to obtain an understanding of internal control over the preparation of the subject matter information when relevant to the underlying subject matter and other engagement circumstances, for reasonable assurance engagements only.

- 4(b) Paragraph 60(k) requires in the second sentence, that in the case of a limited assurance engagement, the report states that the procedures performed are more limited than for a reasonable assurance engagement. We feel, that this requirement leads to a wording of the report, which can convey –unintended– a negative impression to the intended user. We suggest to either delete this sentence or to make it an option.

Yours sincerely,

P. Dinkgreve RA
Chairman