



**The Institute of  
Chartered Accountants  
of Pakistan**

**HEAD OFFICE**

Technical Director  
International Auditing and Assurance Standards Board  
New York, USA

August 30, 2011

**Subject: COMMENTS ON ISAE 3000 (REVISED), ASSURANCE ENGAGEMENTS OTHER THAN  
AUDITS OR REVIEWS OF HISTORICAL FINANCIAL INFORMATION**

Dear Sir,

The Institute of Chartered Accountants of Pakistan welcomes the opportunity to offer comments on the above mentioned exposure draft.

Please find enclosed the comments of the relevant Committee of the Institute for your perusal.

If you require any further clarification, please do not hesitate to contact us.

Yours faithfully,

Haroon Tabraze  
Director Technical Services  
The Institute of Chartered Accountants of Pakistan  
[haroon.tabraze@icap.org.pk](mailto:haroon.tabraze@icap.org.pk)

---

(Established under the Chartered Accountants Ordinance, 1961-X of 1961)

Chartered Accountants Avenue, Clifton, Karachi-75600 (Pakistan) Ph: (92-21) 111 000 422 Fax: 99251626  
Website: <http://www.icap.org.pk> E-mail: [info@icap.org.pk](mailto:info@icap.org.pk)

## COMMENTS ON EXPOSURE DRAFT 'ISAE 3000 (REVISED), ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR REVIEWS OF HISTORICAL FINANCIAL INFORMATION'

### Request for Specific Comments

1. Do respondents believe that the nature and extent of requirements in proposed ISAE 3000 would enable consistent high quality assurance engagements while being sufficiently flexible given the broad range of engagements to which proposed ISAE 3000 will apply?

**Yes as it has been extended as compared to previous one.**

2. With respect to levels of assurance:

(a) Does proposed ISAE 3000 properly define, and explain the difference between, reasonable assurance engagements and limited assurance engagements?

**Yes, it has been appropriately mentioned.**

(b) Are the requirements and other material in proposed ISAE 3000 appropriate to both reasonable assurance engagements and limited assurance engagements?

**Yes they are sufficient for understanding and applicability by users.**

(c) Should the proposed ISAE 3000 require, for limited assurance, 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?

**Yes the practitioner must 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.**

3. With respect to attestation and direct engagements:

(a) Do respondents agree with the proposed changes in terminology from —assurance-based engagements to —attestation engagements|| as well as those from —direct-reporting engagements to —direct engagements?

**Agreed.**

(b) Does proposed ISAE 3000 properly define, and explain the difference between, direct engagements and attestation engagements?

**Yes it properly defines.**

(c) Are the objectives, requirements and other material in the proposed ISAE 3000 appropriate to both direct engagements and attestation engagements? In particular:

(i) In a direct engagement when the practitioner's conclusion is the subject matter information, do respondents believe that the practitioner's objective in paragraph 6(a) (that is, to obtain either reasonable assurance or limited assurance about whether the subject matter information is free of material misstatement) is appropriate in light of the definition of a misstatement (see paragraph 8(n))?

**When the conclusion is the subject matter either in reasonable assurance engagement or limited assurance, then identification or concept of misstatement may not be relevant in some cases e.g. if determination of unearned revenue is the subject matter than practitioner cannot say that whether it is free from material misstatement. Further, it may affect / impaired independence of the practitioner as well.**

(ii) In some direct engagements the practitioner may select or develop the applicable criteria. Do respondents believe the requirements and guidance in proposed ISAE 3000 appropriately address such circumstances?

**Yes. However, in such case the criteria should exclusively be included in terms of engagement or its supplements so that engaging party agreed with it. Therefore this may also be covered in engagement section of ISAE 3000.**

4. With respect to describing the practitioner's procedures in the assurance report:

(a) Is the requirement to include a summary of the work performed as the basis for the practitioner's conclusion appropriate?

**Requirement to mention summary of the work performed as the basis for the practitioner's conclusion is appropriate & it properly correlates the conclusion.**

(b) Is the requirement, in the case of limited assurance engagements, to state that the practitioner's procedures are more limited than for a reasonable assurance engagement and consequently they do not enable the practitioner to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement, appropriate?

**It is appropriate to mention more limited procedures in limited assurance engagement.**

(c) Should further requirements or guidance be included regarding the level of detail needed for the summary of the practitioner's procedures in a limited assurance engagement?

**No. However in order to avoid any rephrasing problem in preparation of summary of procedures to be included in the report, the list of procedures communicated should be reproduced in the report instead of their summary. This may also provide consistency among reports issued by different practitioners.**

**Further, list of procedures to be performed should be included in the engagement letter. This may be covered in the proposed ISAE 3000 to avoid expectation gap.**

5. Do respondents believe that the form of the practitioner's conclusion in a limited assurance engagement (that is, —based on the procedures performed, nothing has come to the practitioner's attention to cause the practitioner to believe the subject matter information is materially misstated) communicates adequately the assurance obtained by the practitioner?

**Yes it is appropriate.**

6. With respect to those applying the standard:

(a) Do respondents agree with the approach taken in proposed ISAE 3000 regarding application of the standard by competent practitioners other than professional accountants in public practice?

**Yes. However, the competent practitioners should be defined in the ISAE 3000 so that proper application of the standards could be ensured.**

(b) Do respondents agree with proposed definition of practitioner?

**The definition is very wide and includes other than professional accountants in public practice as well which is also required by above question. Therefore the competency criteria for other than professional accountants in public practice should be stated.**

## Comments on Other Matters

*Public Sector*—Recognizing the applicability of proposed ISAE 3000 to many assurance engagements in the public sector, the IAASB invites respondents from this sector to comment on the proposed ISAE, in particular on whether, in their opinion, the special considerations in the public sector environment have been dealt with appropriately in the proposed ISAE.

**Yes, the special considerations in the public sector environment have been dealt with appropriately in the proposed ISAE.**

*Small-and Medium-Sized Practices (SMPs) and Small-and Medium-Sized Entities (SMEs)*—Recognizing the applicability of proposed ISAE 3000 to assurance engagements on historical financial information in a SME context or by SMPs, the IAASB invites respondents from this constituency to comment on the proposed ISAE, in particular on the scalability of requirements.

**Yes agreed.**

*Developing Nations*—Recognizing that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to comment on the proposed ISAE, in particular, on any foreseeable difficulties in applying it in a developing nation environment.

**We do not foresee any difficulty in applying it in a developing nation environment.**

*Translations*—Recognizing that many respondents may intend to translate the final ISAE for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed ISAE.

**No comments.**

*Effective Date*—The IAASB believes that an appropriate effective date for the final ISAE 3000 would be 12–15 months after approval of the final standard but with earlier application permitted. The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the ISAE.

**Agreed.**