



By E-mail

Technical Director
International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th Floor
New York, NY 10017
United States of America

7 September 2011

Dear Sir / Madam,

Comments on Exposure Draft ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

The Dubai Financial Services Authority has taken this opportunity to provide commentary on the Exposure Draft ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Where applicable, the DFSA requires auditors of DFSA Authorised Firms to produce reports on Insurance Monies, Clients Monies and Safe Custody of assets. These reports are governed under GEN Module of the DFSA Rulebook. We are currently undertaking a review of these reports to ascertain whether these reports are prepared under ISAE 3000 or ISRS 4400. Upon completion, the DFSA intends to issue a report on the findings and will be happy to share the relevant findings with you.

We are happy to provide any further elaboration or clarifications on the issues raised and can be contacted on +971 4362 1549 or by e-mail on nlalani@dfsa.ae.

We look forward to participating in any further work in this area.

Yours sincerely



Matt Gamble
Director, Head of Anti-Money Laundering, Supervision

Comments on Exposure (Revised)

**Assurance Engagements Other Than Audits or Reviews of
Historical Financial Information**

September 07, 2011

Question 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?

The DFSA believes that the proposed ISAE can be applied effectively to a broad range of assurance engagements. These would include both financial and non-financial information related engagements and would likely to have both historical and future-oriented information.

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

- (a) The DFSA believes that the proposed ISAE 3000 properly defines, and explains the difference between, reasonable assurance engagements and limited assurance engagements. We also note that the proposed ISAE 3000 introduces additional guidance which is designed to help readers better understand the differences between reasonable and limited assurance.
- (b) The DFSA is of the view that the requirements and other material in proposed ISAE 3000 are appropriate to both reasonable assurance engagements and limited assurance engagements as the proposed ISAE 3000, for the purpose of materiality considerations and judging the suitability of criteria and the appropriateness of an underlying subject matter, do not differentiate on the basis of the level of assurance whether reasonable or limited.
- (c) Currently the proposed ISAE does not 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. The DFSA believes that the proposed ISAE 3000 should 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.

Alternatively more guidance can be added to assist practitioner to decide when it is necessary in limited assurance engagements to obtain an understanding of internal control over the preparation of the subject matter information.

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

- (a) The DFSA agrees with the proposed changes in the terminology from “assurance-based engagements” to “attestation engagements” as well as those from “direct-reporting engagements” to “direct engagements” on the basis that the proposed terms attestation engagements and direct-reporting engagements better reflects the scope and nature of such engagements.
- (b) The DFSA believes that the proposed ISAE 3000 properly defines and explains the difference between “direct engagements” and “attestation engagements”.
- (c) The DFSA believes that the proposed ISAE 3000 adequately differentiates the objectives, requirements and other material appropriate to both limited assurance and reasonable assurance engagements.
 - (i) In a direct engagement when the practitioner’s conclusion is the subject matter information, the DFSA believes that the practitioner’s objective to obtain either reasonable assurance or limited assurance about whether the subject matter information is free of material misstatement may not be appropriate in light of the definition of a misstatement due to the fact that the practitioner is not independent of the subject matter information as that subject matter information is created by the practitioner.
 - (ii) The DFSA believes the requirements and guidance in proposed ISAE 3000 appropriately address such circumstances where the practitioner may select or develop the applicable criteria for a direct engagement.

Question 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?
- (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?
- (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?

- (a) The DFSA considers that the requirement to include a summary of the work performed as the basis for the practitioner's conclusion to be appropriate.
- (b) The DFSA is of the view that the requirement is appropriate, 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.
- (c) The DFSA is of the view that current requirements or guidance is sufficient at this point in time.

Question 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?

The DFSA believes that the form of 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") does not adequately communicate the level of assurance obtained by the practitioner. This form of report largely leaves the interpretation of the conclusion to the intended users resulting in more than one interpretation.

Question 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?
- (b) Do respondents agree with proposed definition of “practitioner”?

(a) Although, the DFSA agrees with the approach taken in proposed ISAE 3000 regarding application of the standard by competent practitioners other than professional accountants in public practice, we also would like to mention that such competent practitioners (for example, engineers on Assurance Engagements on Greenhouse Gas Statements) may be governed by the standards and codes of ethics of their own respective association and bodies.

(b) The DFSA is in agreement with the proposed definition of “practitioner”.