

March 28, 2017

The Chairman
International Auditing and Assurance Standards Board
International Federation of Accountants
529 5th Avenue, 6th Floor
New York
New York 10017
United States of America

Via Online Submission

Dear Mr Arnold Schilder

**COMMENTS ON IAASB DISCUSSION PAPER
EXPLORING THE DEMAND FOR AGREED-UPON PROCEDURES ENGAGEMENTS
AND OTHER SERVICES, AND THE IMPLICATIONS FOR THE IAASB'S
INTERNATIONAL STANDARDS**

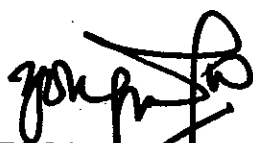
We thank you for the opportunity to comment on IAASB Discussion Paper, *Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards*.

In this regard, we are pleased to attach the Institute's comments as set out in Appendix I for your consideration.

Please do not hesitate to contact the undersigned or the Institute's Senior Technical Manager, Ms Hoh Kim Hyan, at +603-2698 9622 should you require any clarification.

Thank you.

Yours faithfully



FOO YOKE PIN (Mr)
Executive Director

THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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International Auditing and Assurance Standards Board

Discussion Paper

Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards

Questionnaire

The IAASB Working Group welcome responses to any or all of these questions. Responses will be most helpful when they clearly indicate to which question the response relates and articulate respondents' rationale for their views.

The Role of Professional Judgment and Professional Skepticism in an Agreed-Upon Procedures (AUP) Engagement

Question 1

Results from the Working Group's outreach indicate that many stakeholders are of the view that professional judgment has a role in an AUP engagement, particularly in the context of performing the AUP engagement with professional competence and due care. However, the procedures in an AUP engagement should result in objectively verifiable factual findings and not subjective opinions or conclusions. Is this consistent with your views on the role of professional judgment in an AUP engagement? If not, what are your views on the role of professional judgment in an AUP engagement?

MICPA's Comments:

Yes, MICPA agrees that although the procedures in an AUP engagement should result in objectively verifiable factual findings and not subjective opinions or conclusions; professional judgment still has a role in an AUP engagement, particularly in the context of performing the AUP engagement with professional competence and due care.

Question 2

Should revised ISRS 4400 include requirements relating to professional judgment? If yes, are there any unintended consequences of doing so?

MICPA's Comments:

The Institute agrees that revised ISRS 4400 should include requirements relating to professional judgment and some unintended consequences are expected.

The Independence of the Professional Accountant

Question 3

What are your views regarding practitioner independence for AUP engagements? Would your views change if the AUP report is restricted to specific users?

MICPA's Comments:

The Institute believes that the existing requirements in ISRS 4400 are adequate.

Terminology in Describing Procedures and Reporting Factual Findings in an AUP Report

Question 4

What are your views regarding a prohibition on unclear or misleading terminology with related guidance about what unclear or misleading terminology mean? Would your views change if the AUP report is restricted to specific users?

MICPA's Comments:

MICPA agrees with the Working Group and its view remains even if the AUP report is restricted to specific users.

AUP Engagements on Non-Financial Information

Question 5

What are your views regarding clarifying that the scope of ISRS 4400 includes non-financial information, and developing pre-conditions relating to competence to undertake an AUP engagement on non-financial information?

MICPA's Comments:

MICPA agrees with the Working Group.

Question 6

Are there any other matters that should be considered if the scope is clarified to include non-financial information?

MICPA's Comments:

None.

Using the Work of an Expert**Question 7**

Do you agree with the Working Group's views that ISRS 4400 should be enhanced, as explained in paragraph 32 - 35, for the use of experts in an AUP engagement? Why or why not?

MICPA's Comments:

MICPA agrees with the Working Group's views that ISRS 4400 should be enhanced for the use of experts in an AUP engagement. However, it should be clarified that practitioners should not bear the responsibility on the work of an expert unlike in an audit opinion where the auditor is ultimately responsible for his opinion ie the practitioner takes the expert's report at face value and then performs his AUP accordingly without further enquiry on the expert's report or qualification etc.

Format of the AUP Report**Question 8**

What are your views regarding the Working Group's suggestions for improvements to the illustrative AUP Report?

(IAASB would be particularly interested in receiving illustrative reports that you believe communicate factual findings well)

MICPA's Comments:

MICPA agrees that the illustrative AUP Report should be improved. The illustrative report should also include a caveat on the use of the work of an expert (where applicable). See response to question 7 above.

AUP Report Restrictions – To Whom the AUP Report Should be Restricted**Question 9**

Do you agree that the AUP report can be provided to a party that is not a signatory to the engagement letter as long as the party has a clear understanding of the AUP and the conditions of the engagements? If not, what are your views?

MICPA's Comments:

Yes, MICPA agrees.

AUP Report Restrictions – Three Possible Approaches to Restricting the AUP Report**Question 10**

In your view, which of the three approaches described in paragraph 44 is the most appropriate (and which ones are not appropriate)? Please explain.

MICPA's Comments:

The Institute agrees with the Working Group that the third approach is the most appropriate as it achieves an appropriate balance between addressing the concern regarding unintended parties misinterpreting findings while allowing the AUP report to be made more widely available.

Question 11

Are there any other approaches that the Working Group should consider?

MICPA's Comments:

None.

Recommendations Made in Conjunction with AUP Engagements**Question 12**

Do you agree with the Working Group's view that recommendations should be clearly distinguished from the procedures and factual findings? Why or why not?

MICPA's Comments:

Yes, MICPA agrees with the Working Group's view that recommendations should be clearly distinguished from the procedures and factual findings.

Question 13

Are there any other areas in ISRS 4400 that need to be improved to clarify the value and limitations of an AUP engagement? If so, please specify the area(s) and your views as to how it can be improved.

MICPA's Comments:

None.

Multi-Scope Engagements

(Suggestions regarding the nature of guidance on multi-scope engagements you think would be helpful and any examples of multi-scope engagements of which you are aware will be welcome and will help to inform further deliberations)

Question 14

What are your views as to whether the IAASB needs to address multi-scope engagements, and how should this be done? For example, would non-authoritative guidance be useful in light of the emerging use of these types of engagements?

MICPA's Comments:

The Institute agrees that the IAASB needs to address multi-scope engagements as they become more prevalent. Whilst non-authoritative guidance is useful, MICPA is of the view that the Working Group should work on a standard for multi-scope engagements to avoid an overlap or inconsistency with revised ISRS 4400 due to the lapse of time between the issue of revised ISRS 4400 and a standard for multi-scope engagements.

Question 15

Do you agree with the Working Group's view that it should address issues within AUP engagements before it addresses multi-scope engagements?

MICPA's Comments:

Whilst the Institute take cognisance of the rationale for the Working Group's view that it should address issues within AUP engagements before it addresses multi-scope engagements, MICPA opines that the Working Group should try to addresses multi-scope engagements as soon as possible due to the reason as explained in its comments to Question 14 above.