



For the attention of Mr James Gunn
Technical Director
International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th Floor
New York, New York, 10017
USA

1 September 2011

Dear Sir

IAASB Exposure Draft – International Standard on Assurance Engagements (ISAE) 3000 (Revised), ‘Assurance Engagements Other Than Audits or Reviews of Historical Financial Information’

We appreciate the opportunity to comment on the IAASB’s proposed International Standard on Assurance Engagements (ISAE) 3000 (Revised), ‘Assurance Engagements Other Than Audits or Reviews of Historical Financial Information’.

Overall comments

We support the proposed revision of the ISAE. The extant ISAE has been in effect since 2005. Since that time, we have found that the demand for assurance services and the nature of subject matter over which users are seeking assurance has evolved. We therefore agree that it is timely and appropriate for the IAASB to review the extant standard and clarify the principles and concepts underpinning the provision of assurance engagements in light of the experience gained in applying it in practice.

In our opinion, the proposed standard provides a strong basis for the performance of all assurance engagements and will facilitate consistent high quality engagements, capable of being supplemented by clearly tailored topic-specific ISAEs as required, in response to the needs of users.

We believe that the revisions to the requirements and application material to better articulate the defining characteristics of a limited assurance engagement, together with the principles and differences between attestation and direct engagements, are useful. Generally, we believe that they will serve to enhance understanding amongst practitioners of the nature and scope of individual reasonable or limited assurance engagements and the extent of the work effort necessary to convey the appropriate conclusion in the specific circumstances.

We also support the proposed amendments to the International Framework for Assurance Engagements in order to align it with the proposed revisions to ISAE 3000. But we particularly welcome the inclusion in ISAE 3000 (Revised) of material in the extant Framework that is necessary to allow ISAE 3000 (Revised) to be understood without reference to the Framework. In our experience, practitioners may focus on the Standard

¹ Following extensive consultation with members of the PwC network of firms, this response summarises the views of member firms who commented on this Exposure Draft. “PwC” refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

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and, consequently, may not always look to the Framework, even though the Framework was vital to a proper understanding of some of the requirements in the extant ISAE 3000.

Sufficient and appropriate evidence

Consistent with our comments on the exposure drafts of ISRE 2400 (Revised), 'Engagements to review historical financial statements' and ISAE 3410, 'Assurance engagements on greenhouse gas statements', we question whether it is necessary to refer to the "sufficiency and appropriateness" of evidence obtained in the context of a limited assurance engagement. We believe it is more important to focus on an assessment of whether the results of the procedures performed, and evidence obtained, are such that the practitioner is able to conclude whether the subject matter information is likely to be materially misstated than to create undue focus on the "quantity" of evidence that might be needed in support of that conclusion.

However, we recognise that the standard needs to address both reasonable and limited assurance engagements and that the concept of "sufficient appropriate evidence" is important in the context of a reasonable assurance engagement. We believe, however, that a solution can be found that achieves both aims by removing references to "sufficient appropriate evidence" in the requirements but retains the use of this term in the application material, with appropriate additional application material that explains more directly the considerations when performing a limited assurance engagement. We believe this would address our concern of requirements inadvertently implying that there is a specific, definable threshold in all limited assurance engagements, while also providing useful context for practitioners on the extent of evidence that is necessary in limited and reasonable assurance engagements, respectively.

Our detailed comments in response to the specific questions raised in the exposure draft are set out below. We have also provided some specific suggestions for the Board to consider in the appendix to this letter. We also outline in the appendix further suggested conforming amendments to the Assurance Framework arising from our comments on ISAE 3000 (Revised). We encourage the IAASB to address these comments in finalising proposed ISAE 3000 (Revised) and the Framework.

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?*

We believe the overall level of requirements to be appropriate. The changes, particularly with respect to limited assurance engagements, should help promote consistency in practice. Given the increasingly diverse range of subject matter on which users are seeking to obtain assurance, we believe an appropriate balance has been struck in the nature and extent of the requirements considered to be relevant to all assurance engagements while recognising that there will also be a need to build specific tailored requirements in future subject matter-specific ISAEs. In addition, many of the requirements deal with "engagement management" issues. As many of these engagements are new or developing, considerations relating to engagement acceptance and the pre-conditions for an assurance engagement are particularly important and the new requirements are helpful in this regard.

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?*