

**Meeting:** IAASB Consultative Advisory Group (CAG)

**Meeting Location:** New York, United States of America

**Meeting Dates:** September 10–11, 2019

## Agenda Item

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### ISRS 4400 (Revised), *Agreed-Upon Procedures* – Cover

#### Objectives of Agenda Item

1. The objectives of this agenda item are to:
  - (a) Provide an overview of respondents' feedback on the Exposure Draft (ED) of International Standard on Related Services (ISRS) 4400 (Revised), *Agreed Upon Procedures Engagements* (ED-4400).
  - (b) Obtain Representatives' views on two key issues:
    - (i) Professional Judgment.
    - (ii) Practitioner's Independence.

#### Project Status – What Have We Done Since We Last Met?

2. In June 2019, the IAASB discussed the responses to ED-4400 and the Agreed-Upon Procedures (AUP) Task Force's preliminary views on key issues. ED-4400 can be viewed on the [IAASB's website](#).
3. On August 27, 2019; the IAASB will discuss the AUP Task Force's proposed changes to ISRS 4400 (Revised) relating to:
  - (a) Professional Judgment; and
  - (b) Independence.

#### CAG Discussion in September 2019

4. For the purposes of the CAG discussion, the Chair of the AUP Task Force will present:
  - (a) An overview of the feedback received on ED-4400 (**Agenda item N.1**); and
  - (b) Discussions to date on the two key issues highlighted in paragraph 3, and the AUP Task Force's proposed changes to address these issues.

Representatives will then be asked to provide input on the questions outlined below in this paper.
5. **Agenda Item N.2**, which accompanies this cover note, is the Issues Paper that will be presented to the IAASB Board at the August 27 conference call. **Agenda Item N.2** includes:
  - Background information on the issues highlighted in paragraph 3, including a summary of respondent's feedback on the issues;

- A summary of the IAASB's discussions of those issues at the June 2019 meeting; and
  - The AUP Task Force's proposals to address those issues.
6. Since **Agenda Item N.2** is an IAASB Board paper, in navigating the document, Representatives are requested to note that the questions in **Agenda Item N.2** are those that will be posed to the IAASB Board. Representatives are not being asked to respond to the questions in **Agenda Item N.2**. The questions that are being asked of Representatives are outlined below.
7. **Appendix A** to this paper provides a history of previous discussions with the IAASB CAG and IAASB on this topic, including links to the relevant IAASB CAG documentation.

#### **Matters for IAASB CAG Consideration**

##### *Professional Judgment*

1. Do Representatives agree with the premise that professional judgment is not applied in the performance of the procedures as agreed upon in the terms of the engagement. However, the practitioner applies relevant training, knowledge and experience throughout the AUP engagement?
2. Should the material developed by the AUP Task Force to explain the differences between AUP engagements and assurance engagements be retained and, if so, where should the content be located?

##### *Independence – Precondition*

3. To address the practitioner's independence, do Representatives agree with the approach consisting of:
  - (a) A requirement for the practitioner to inquire of the engaging party whether the practitioner should be independent; and
  - (b) Application material for the practitioner to discuss with the engaging party whether independence may be appropriate in the circumstances of the engagement?

##### *Independence – Disclosure*

4. Do Representatives agree with the AUP Task Force's proposals on the disclosures in the AUP report, which include:
  - (a) Requiring the AUP report to include a statement in relation to the practitioner's objectivity and providing guidance on how such a statement may be worded.
  - (b) Modifying the objectivity and independence disclosure requirements in paragraph 30(f) for the AUP report to include:
    - (i) If the practitioner is required to be independent – A statement that the practitioner is independent as well as disclosing the independence criteria against which the practitioner determined independence; and
    - (ii) If the practitioner is not required to be independent – A statement that the practitioner is not required to be independent and accordingly, makes no assertion about independence.

- (c) Eliminating the option for the practitioner to choose to disclose that the practitioner is independent when the practitioner is not required to be independent (to reduce potential inconsistency in independence disclosures)?

**Material Presented – IAASB CAG Papers**

**Agenda Item N.1**            AUP – Presentation

**Agenda Item N.2**            AUP – Issues Paper

## Appendix 1

### Project Details and History

#### Project: ISRS 4400 (Revised)

Link to IAASB Project Page: [Agreed-Upon Procedures](#)

#### Task Force Members

The IAASB's ISRS 4400 (Revised) Task Force comprises of:

- Eric Turner, IAASB Member and Task Force Chair
- Isabelle Tracq-Sengeissen, IAASB Member
- Roger Simnett, IAASB Member
- Vivienne Bauer, IAASB Technical Advisor

#### Summary

	IAASB CAG Meeting	IAASB Meeting
Information Gathering	September 2015 March 2016	March 2015 June 2015 March 2016 June 2016 September 2016
Project Proposal	September 2017	September 2017
Developing Exposure Draft	September 2018	March 2018 August 2018
Approval of Exposure Draft		September 2018
Discussion of Feedback from Exposure Draft and Development of Final ISRS	March 2019	June 2019

#### IAASB CAG Discussions: Detailed References

Information Gathering	<u><a href="#">September 2015</a></u> See IAASB CAG meeting material (Agenda Item C) and meeting minutes (Agenda Item A): <a href="https://www.iaasb.org/cag/meetings/new-york-usa-0">https://www.iaasb.org/cag/meetings/new-york-usa-0</a>
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	<p><u>March 2016</u></p> <p>See IAASB CAG meeting material (Agenda Item K) and meeting minutes (Agenda Item A)</p> <p><a href="https://www.iaasb.org/cag/meetings/paris-france">https://www.iaasb.org/cag/meetings/paris-france</a></p>
Project Proposal	<p><u>September 2017</u></p> <p>See IAASB CAG meeting material (Agenda Item F) and meeting minutes (Agenda Item A)</p> <p><a href="https://www.iaasb.org/cag/meetings/iaasb-cag-meeting-madrid-spain">https://www.iaasb.org/cag/meetings/iaasb-cag-meeting-madrid-spain</a></p>
Developing Exposure Draft	<p><u>September 2018</u></p> <p>See the IAASB CAG meeting material (Agenda Item H) and meeting minutes (Agenda Item A)</p> <p><a href="http://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-0">http://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-0</a></p>
Discussion of Feedback from Exposure Draft and Development of Final ISRS	<p><u>March 2019</u></p> <p>See the IAASB CAG meeting material (Agenda Item J) and meeting minutes (Agenda Item A)</p> <p><a href="https://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-1">https://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-1</a></p>