

Supplement A to Agenda Item 5

RESPONSES RECEIVED ON THE DISCUSSION PAPER

EXPLORING THE DEMAND FOR AGREED-UPON PROCEDURES ENGAGEMENTS AND OTHER SERVICES, AND THE IMPLICATIONS FOR THE IAASB'S INTERNATIONAL STANDARDS

GENERAL COMMENTS

Note: This supplement has been prepared for information only. A comprehensive summary of the significant comments received on the November 2016 Discussion Paper, *Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards* and related analyses of significant issues are presented at the [September 2017 IAASB meeting](#). All comment letters on the Discussion Paper can be accessed [here](#).

#	Respondent	Comments
Those Charged with Governance		
1.	IIA SA	-
Regulators and Oversight Authorities		
2.	EUROPEAN COMMISSION	-
3.	IRBA	<ul style="list-style-type: none"> i. We support the IAASB's decision to revise International Standard on Related Services (ISRS) 4400. The standard needs to be updated to the clarity format and the guidance has to be enhanced in order to further strengthen the standard, in light of the increasing demand for Agreed-Upon Procedures (AUP) engagements, which is consistent with the views as mentioned in the Discussion Paper (DP). ii. Consequently, the revision of ISRS 4400 should be prioritised.
National Auditing Standard Setters		
4.	AASB-CNAC	-
5.	AUASB	The AUASB is supportive of this DP, particularly in light of the increasing demand for agreed-upon procedures engagements globally. The DP builds on the Australian Standard on Related Services, ASRS 4400 Agreed-Upon Procedures Engagements to Report Factual

		Findings and the AUASB has had significant input into this paper through the prior AUASB Executive Director's involvement in the AUPs IAASB working group. We are very interested in this project and are happy to offer our assistance to the task force if needed.
6.	CNCC-CSOEC	<p>We fully support the IAASB's decision to explore this topic. AUP engagements are now being used broadly and for the attention of different users.</p> <p>As noted In the Discussion paper, a wide range of stakeholders use AUP reports for a variety of reasons (e.g. regulators, funding bodies, creditors ...). AUP engagements may be requested on financial but also on non-financial information.</p> <p>The demand for AUP engagements continues to grow. It is therefore important to have clarity on the use and the scope of AUP engagements. This should better explain and promote the added value of such non-audit services.</p> <p>As noted in the Discussion paper, AUP are very much used for purposes such as funding and grants. As emphasized in the Paris conference on the needs of SMPs and SMEs, AUP engagements are relevant in the SMEs context. It Is therefore important to have clarity on and to broaden the use and scope of AUP engagements. The standard-setting response needs to be Innovative to properly address stakeholders' needs and balanced to avoid an Increase of expectation gap.</p>
7.	FAP	-
8.	HKICPA	-
9.	IDW	<p>We believe that, on the whole, the Working Group has done an excellent job of identifying and analyzing most of the important issues related to agreed-upon procedures engagements and other similar services. Of course, there are some matters where we believe additional considerations might be taken into account: we have identified these in our responses to the questions posed in the paper.</p> <p>Services other than assurance engagements, including agreed-upon procedures engagements, are becoming increasingly more important in the portfolio of services provided by practitioners. We therefore welcome this paper and trust that the paper will prompt the commencement of a project in the short run to revise ISRS 4400 and in the long run cause the IAASB address other types of possible services that could be provided.</p> <p>Of particular importance to us is the clear distinction between, on the one hand, agreed-upon procedures engagements, which involve the performance of procedures that have been specified closely enough in terms of nature, timing and extent so that their performance requires no professional judgment and that therefore lead to factual findings, and, on the other hand, similar types of engagements (which we term "specified or agreed-upon audit-type procedures engagements"), in which the nature of the procedures is specified, but how the procedures are performed and their timing and extent involves professional judgment, and the performance of these procedures leads to "findings" as opposed to "factual findings". We have standards at the IDW for the latter kind of engagement and have found that having these two different kinds of engagements adds to the portfolio of services that practitioners can provide.</p>
10.	JICPA	Situations discussed in the section "Why Is the IAASB Undertaking Work on AUP Engagements?" of the DP are quite relevant in Japan, and we agree with your undertaking of the task (revision of the International Standard on Related Services 4400 (hereunder referred to as "ISRS4400")). Also in Japan, we examined the overall issues concerned with the Agreed-Upon Procedures (AUP). As a result of a careful examination that continued over a year, we established the Professional Guidelines 4400 "Practical Guidelines on the Agreed-Upon Procedures" (hereunder referred to as the "Professional Guidelines 4400") in April 2016, as guidance to the AUP engagement, and

		<p>they will be applied from April 1, 2018. Professional Guidelines 4400, while being based on the existing ISRS4400, was developed including those matters recognized complementary to the current ISRS4400 during the process of its examination.</p> <p>Therefore, the Professional Guidelines 4400 was established in reference to the ISRS4400, and we request that you proceed with the undertaking in accordance with the Work Plan since a revision of the ISRS4400 will have a significant effect on the AUP engagement in Japan.</p>
11.	MAASB	-
12.	NBA	<p>The Royal Netherlands Institute of Chartered Accountants (NBA) has developed a Dutch clarified Standard 4400N 'Agreed-Upon Procedures Engagements' (AUP). This Dutch Standard is developed as a result of questions and issues encountered in practice. The purpose of the revised Dutch Standard is to explain the engagement, what the report means for the intended user and what the role of the user is. For the clarified Dutch Standard 4400N we have used the structure of Standard 4410 'Compilation Engagements' as a reference, because it also deals with practitioners engaging in 'related services'. We recognize the considerations of the working group from our discussions when we developed the Dutch Standard 4400N and we appreciate to share our ideas with IAASB to develop ISRS 4400.</p> <p>Users' needs</p> <p>The AUP Working Group recognizes that stakeholders are looking for alternative services to an audit and that there is a demand for hybrid or multi-scope engagements to meet emerging users' needs. However this does not lead to possible modifications to the requirements of ISRS 4400 in the Discussion Paper. These user needs are only answered by 'multi-scope engagements'. The AUP Working Group approaches the user's needs from the framework of compilation, review and assurance engagements. The starting point of the Discussion Paper is that the practitioner does not express an opinion when he is performing an AUP engagement.</p> <p>In our opinion, the IAASB should also explore how an AUP meets the identified needs of users as well as how the practitioner can add value to an AUP engagement. We feel that ISRS 4400 does not address the specific needs. We believe that these subjects are essential for the development of ISRS 4400.</p>
13.	NZAuASB	<p>The External Reporting Board (XRB) is a Crown Entity responsible for developing and issuing accounting and auditing and assurance standards in New Zealand. The XRB's outcome goal is to contribute to the creation of dynamic and trusted markets through the establishment of an accounting and assurance framework that engenders confidence in New Zealand financial reporting, assists entities to compete internationally and enhances entities' accountability to stakeholders. The NZAuASB has been delegated responsibility by the XRB for developing and issuing auditing and assurance standards. That responsibility currently excludes standards for agreed-upon procedures (AUP) engagements, as these are not assurance engagements; however, the XRB is working to and anticipates a change to that mandate in the short term, in response to the increasing demand for such engagements. AUP engagements are often seen in a similar light to assurance procedures and maintaining the distinction between assurance and AUP will be a significant challenge for the NZAuASB.</p> <p>The NZAuASB is very supportive of the IAASB's initiative to explore the use of AUP engagements. APS-1, Statement of Agreed-Upon Procedures Engagement Standards, was issued in October 1992 by the then New Zealand Society of Accountants. Given the increasing demand for AUP engagements, including from regulators, it is therefore timely, that this project be undertaken. New Zealand is in a unique position, in need of a revised standard, without preconceived ideas of what the end result should look like, to take a forward-looking approach to the development of a new standard which captures the unique characteristics of an AUP</p>

		engagement while addressing the position of a new AUP standard within the suite of assurance and related services standards.
Accounting Firms		
14.	BDO	We are supportive of the IAASB's overall approach of proposing revisions to ISRS 4400 Engagements to Perform Agreed-Upon Procedures Regarding Financial Information in order to clarify the requirements and provide additional guidance. We agree that there is increased demand for these types of engagements and the proposals put forth in the paper, including adoption of a clarity format, would generally improve the quality of Agreed-Upon Procedures (AUP) engagements and the corresponding report. Our responses to the questions posed in the discussion paper follows.
15.	CHI	The Discussion Paper is an opportunity to initiate a discussion with stakeholders about the name and scope of Agreed-Upon Procedures ("AUP"). IAASB's current standards and guidance on AUP engagements are dated and do not necessarily reflect neither the current range of AUP engagements nor the way that these engagements are performed. New standards and guidance would be welcome, and relevant at a time when the range of assurance services being delivered by auditors is potentially wider than ever. IAASB has to be open the broad range of engagements that could involve the application of AUP.
16.	DTTL	-
17.	EYG	<p>We appreciate the need for the IAASB to revisit the relevance of ISRS 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information, to determine whether it continues to be fit-for-purpose for today's agreed-upon procedures (AUP) engagements given the age of the standard and the fact that it is not drafted in the clarity format. Our experience in practice is that ISRS 4400 remains operable, including with respect to the engagement quality that results from its application, and we do not see a need for wholesale changes. We acknowledge, however, that certain National Standard Setters have since revised their respective national standards to address AUP engagements, and we support the IAASB's consideration of the potential international relevance of the revisions made to these national standards.</p> <p>We note that the IAASB has indicated in its 2017-18 Work Plan that, subject to the support of its stakeholders, it plans to commence revision of ISRS 4400 in 2017. We do not see an urgency to revise ISRS 4400 in the 2017-2018 time period, in particular because we agree with the current priority projects on the IAASB Work Plan (i.e., accounting estimates, ISA 315 (Revised), quality control and group audits) and we believe these projects already stretch the capacity of the IAASB.</p> <p>Should the IAASB determine to commence a project to revise ISRS 4400 in 2017-2018, we strongly encourage the IAASB to maximize its efficiency by leveraging the work already done by National Standard Setters to the extent deemed relevant. Further, we believe that any substantial enhancements or changes to the principles in ISRS 4400 should be prioritized such that only those that are needed to maintain the relevance of ISRS 4400 in the current environment are addressed. We acknowledge that there may be other possible enhancements or improvements that could be of some benefit, but we believe that the efforts of the IAASB, given its capacity limitations, are best spent on its priority projects, which we believe will have more meaningful effects on engagement quality.</p>
18.	GTIL	-
19.	KINGSTON SMITH LLP	The audit exemption limit in the United Kingdom has recently increased, and there is no requirement in the UK for companies that meet the audit exemption criteria to have any form of limited assurance review (except for certain public benefit entities). AUP engagements are, in our experience, currently most common where required by a grant giving body or other provider of funding. However, given the

		increase in the audit exemption limits we believe –as referred to in the Paper - that AUP engagements may well become more common in the future as entities look for alternative services to an audit, and the work the IAASB is doing in this area is therefore very important.
20.	KPMG	<p>While we generally support the need for updated professional standards which respond to market demands and emerging frameworks, we believe that, in updating ISRS 4400, the IAASB should focus its efforts on clarifying concepts and issues underlying Agreed-Upon Procedures (AUP) engagements that appear to be misunderstood by practitioners and users, rather than a wholesale rewrite or significantly expanding the scope of ISRS 4400 (“the Standard”). In our view, expanding the scope of the Standard to address multiple scope engagements may result in narrowing the difference between AUP engagements and limited assurance engagements. We view this outcome as undesirable, because it risks reducing the choice of engagement types available to users. We believe that the Standard should continue to provide a flexible framework to (i) enable the provision of reports on factual findings that respond to the needs of the market; and (ii) allow practitioners to help users derive some comfort from procedures performed on information, where the engagement scope does not necessarily meet the preconditions of an assurance engagement and providing a report of factual findings can add value.</p> <p>By limiting the scope of changes to the Standard, the IAASB will be able to provide necessary updates without consuming a disproportionate amount of IAASB resources. To facilitate your categorisation of responses, where applicable, we have cross-referenced our comments to the relevant questions in the DP.</p>
21.	PKFI	-
22.	PwC	<p>Agreed-upon procedures (“AUP”) engagements are an integral part of the suite of services provided by our member firms across our Network. They are valued and widely used.</p> <p>The extant Standard has worked well and is not broken, but it is worthy of a refresh in light of how AUP engagements have evolved since its issuance quite a while ago. Therefore, we support the IAASB revising ISRS 4400 so that the purpose and parameters under which an AUP engagement is performed are more easily understood by both practitioners and users.</p> <p>In doing so, we think it is in the public interest for the IAASB to consider how the standard can better support the variety of AUP engagements that are currently being requested and if the concept of an AUP engagement needs to evolve to better meet the demand for such engagements.</p> <p>The variety of AUP engagements and their characteristics</p> <p>What differentiates an AUP engagement from assurance engagements is that the scope, nature, and extent of the procedures performed are not designed by the practitioner in order to obtain evidence to provide a basis for an opinion or conclusion on a subject matter as a whole. Rather, it is the application of specific procedures at the request of a user, where the user takes responsibility for deciding whether the scope, nature and extent of these procedures are appropriate to their circumstances in light of the stated purpose of the engagement.</p> <p>As a basis for forming our views on the questions asked in the DP, we surveyed the largest territories across our network to get a better understanding of the nature of AUP engagements that are performed. We also looked at changes national standard setters have made, or are contemplating, to their local AUP standards in response to evolving market needs for services other than audits, reviews and other assurance engagements.</p> <p>We found that the most common types of AUP engagements are requests from local regulators to report factual findings regarding an entity’s adherence to specific regulatory requirements, requests from funding agencies for procedures to be performed related to the use of funds in accordance with the terms of grant or funding agreements, and reporting on compliance with, for example, bank covenants or</p>

		<p>specific provisions in loan agreements. In addition, there are a wide variety of “private” bespoke engagements requested by management and/or those charged with governance of an entity.</p> <p>While each of these engagements may fit into the category of AUP engagements, they reflect a spectrum of engagements with different characteristics, which, as illustrated in Appendix 2, can vary from bespoke engagements designed to meet a specific need of management or those charged with governance; to engagements to perform specific procedures to meet the needs of specific external users or a class or external users; to engagements at the request of a regulator or funding agency within a well-defined engagement and reporting framework.</p> <p>The characteristics that vary across that range of engagements include:</p> <ul style="list-style-type: none">– The involvement of the practitioner in shaping the engagement, which may vary from the practitioner working with management or those charged with governance to help them design procedures that would meet their needs, to circumstances when the profession may work with a regulator or funding agency to assist in developing regulatory requirements and specific procedures that are then used across a population of entities (a “well-established framework”).– The nature of the procedures, which can vary from being bespoke to standardised procedures developed for specific types of engagements.– The users, which can vary from management and/or those charged with governance who are internal to the entity, to specific third parties, to a specific class of third-party users, to potentially a broad range of users. The Standard as it exists today largely contemplates the users of the AUP report as the entity and third parties who have agreed to the procedures, but the concept of users of these reports has changed over time.– The nature of reporting, which can vary from bespoke, narrative reporting with accompanying communication of observations and recommendations when reporting to management or those charged with governance, to more standardised reports that are made available to a broader range of external users to demonstrate an entity’s compliance with regulation or specific agreements.– The need to restrict the report, which is greater the more bespoke the engagement, but may be less important if the procedures performed in the AUP engagement are well-understood and within a defined framework (whether standards or regulation, for example). <p>The differences in these characteristics across the spectrum of AUP engagements could justify different engagement approaches and reporting. Therefore, we believe that the Standard should be broadened to reflect the range of AUP engagements and the requirements, and related guidance written in such a way that they can be applied to the varying characteristics of them.</p> <p>Our answers to the questions included in Appendix 1 reflect how we think the Standard could be enhanced to better reflect the full range of AUP engagements. Allowing the Standard to evolve and adapt to the changing requests for AUP engagements is in the public interest, and recognises the value that practitioner association with key subject matters lends to the credibility of that information.</p> <p>In Appendix 2, we offer some preliminary thoughts on what the Board may need to think about in relation to the different engagement circumstances across the spectrum of AUP engagements.</p> <p>...</p>
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		<p>In conclusion, although ISRS 4400 was issued more than a decade ago, it remains a useful Standard. However, for all of the reasons above, we are in support of revising ISRS 4400 to bring it up to date so that it is capable of being applied to a broader spectrum of engagements. In doing so, further outreach will be important to confirm whether suggested approaches would meet users' needs.</p> <p>Whether or not an update to the Standard is prioritised in the shorter term will, however, depend on the Board's ongoing capacity, given the other priority projects currently in progress. The current Standard is not unduly constraining developments in practice, so its revision is not urgent. However, it would be a useful update when the Board has the resources and agenda time to devote to it.</p>
23.	RSM	Overall, we support the proposals in the Discussion Paper as they would provide greater guidance and clarity for practitioners and users alike.
Public Sector Organizations		
24.	AUDIT NEW ZEALAND	-
25.	CIPFA	-
26.	PAS	We support the proposed Standard as outlined in the discussion paper Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards. The attachment sets out our responses to the specific questions listed in the discussion paper.
Member Bodies and Other Professional Organizations		
27.	ACCA	-
28.	AE	<p>Accountancy Europe is pleased to provide you with its comments on the IAASB's Discussion Paper, Exploring the Demand for Agreed-Upon Procedures (AUP) Engagements and Other Services, and the Implications for the IAASB's International Standards.</p> <p>(1) We support the IAASB's decision to explore this topic. AUP engagements are now being used broadly and for the attention of different users, and the profession needs to better explain and promote the added value of non-audit services.</p> <p>(2) As noted in the discussion paper, AUP are very much used for purposes such as funding and grants. They are relevant in the European context and in certain countries in the Small and Medium Entity (SME) context. It is therefore important to have clarity on the use and scope of AUP engagements, and how the work done needs to "match" the reporting. The standard-setting response needs to be balanced to properly address stakeholders' needs.</p>
29.	AICPA	We believe AUP engagements are a valuable service that the profession offers and support the IAASB's effort to enhance the International Standards relating to AUP engagements.
30.	ASSIREVI	-
31.	CAANZ	Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to comment on the discussion paper. There is a growing demand for agreed upon procedures ("AUPs") and multi-scope reports in Australia and New Zealand, especially from regulated industries. In Australia, the Auditing and Assurance Standards Board (AUASB) revised ASRS 4400 (local equivalent) in 2013, which our

		<p>members find works well in practice. In its development, the AUASB considered many of the issues raised in the discussion paper. We therefore encourage the IAASB to leverage off this existing work and the experience of the AUASB and Australian practitioners.</p> <p>Small and medium practices (“SMPs”) may be typically affected. While the public interest is imperative, the suitability of ISRS 4400 for SMPs will greatly enhance the value of AUPs to the public. Such value considerations include restrictions that independence requirements impose on SMPs providing a range of services to clients, and simplifying the language in a report on factual findings (“AUP report”) so that users better understand its meaning.</p>
32.	CAI	-
33.	CPAA	<p>CPA Australia considers that the Discussion Paper articulates many of the key issues, which need to be addressed with respect to agreed-upon procedures (AUP) engagements. However, we also suggest that there are some additional matters which should be addressed. In particular, revisions to the standard should identify and articulate circumstances where an AUP is not suitable, the differentiating attributes of an AUP engagement compared to an assurance engagement and management responsibilities in an AUP engagement. Further details on these matters can be found in our response to question 13.</p> <p>In Australia, many of the issues raised in the discussion paper and the additional matters noted above have been addressed in ASRS 4400 Agreed-Upon Procedures Engagements to Report Factual Findings, which was issued by the Auditing and Assurance Standards Board (AUASB) in July 2013. This standard has been well received and successfully adopted in Australia, where AUP engagements are relatively common. Although it is still an on-going challenge for practitioners to communicate the limitations of AUP reports to their varied users, the standard has helped to clarify those limitations and identify the circumstances when an AUP engagement is or is not appropriate. Consequently, we consider that ASRS 4400 provides a good example of requirements and application material that address many of the issues identified in the Discussion Paper.</p> <p>We agree with the Working Group that updating ISRS 4400 is a priority. However we also want to highlight an additional issue, which we believe would help to relieve over-reliance on AUP engagements. We understand from practitioners that in requesting an AUP engagement, entities’ priority is typically to obtain a simple, cost effective report on a narrow subject matter. Entities may consider that an audit or reasonable assurance engagement is not necessary and seek an AUP engagement as an appropriate alternative. However, entities often overlook the third option, a review or limited assurance engagement.</p> <p>Entities may in fact need more than an AUP report as they may not be in a position to draw their own conclusions from the factual findings combined with other information, as is necessary in using an AUP report. In many circumstances, the entity may in fact require some assurance, rather than no assurance, pointing to the need for a review or limited assurance engagement and not an AUP. We are of the opinion that the assurance provided by limited assurance engagements needs to be more clearly defined and the work effort required more clearly articulated in the standards, so that they are better understood and may be more widely used, when appropriate. Limited assurance engagements may not always be cost effective if they are not sufficiently narrowly scoped and if practitioners are too risk averse to limit the procedures sufficiently. We believe that some practitioners have challenges in interpreting the standards regarding what is sufficient appropriate evidence to support a limited assurance conclusion. Consequently, the work effort can approach that of a reasonable assurance engagement. We suggest that in addressing the issues related to AUP engagements, not only does the AUP standard ASRS 4400 require revision, but consideration needs to be given to better explaining limited assurance engagements, so that they may meet the needs of those entities which require a simple cost effective engagement but also a level of assurance.</p>

34.	EFAA	<p>EFAA commends the IAASB on the consultation exploring the demand for agreed-upon procedures (AUP) engagements and other services, and the implications for the IAASB’s International Standards, and is pleased to provide its comments, which have been prepared with input from our Assurance Expert Group (formerly, Audit Expert Group). The Discussion Paper is a comprehensive and well-articulated document. Given the stage of the project, we have concentrated our response on some general observations. We look forward to providing more in-depth input as the project progresses.</p> <p>General Observations</p> <p>We live in a time when there is an increasing deficit of trust by citizens – in government, in the media, in business, in markets. The Edelman 2017 Trust Barometer is ample evidence of the scale and significance of this deficit. Accountants, as providers of services that build credibility and trust, primarily in published financial information, therefore have a great opportunity – to offer services that build trust and confidence in financial and non-financial information.</p> <p>This consultation is central to the IAASB’s current work plan which rightly recognizes the importance of addressing the concerns of small- and medium-sized practices (SMPs), including considering how auditing standards can be effectively applied to audits of small- and medium-sized entities, and standards to support other services provided by SMPs. Of course, SMPs increasingly provide advisory services, services which are a private matter between the practice and client and which might best never be the subject of an IAASB standard but which do drive business performance and can foster trust.</p> <p>We stress this is a win-win – for the profession, especially accountants in practice, as it builds demand for its services and expertise, and for business, society and the public interest that gain from greater trust. Last year the IFAC SMP Committee issued a brochure that clearly and concisely explains in layman’s terms the various offerings from audit through to AUP and a committee member has previously explained the value of SMPs growing their practice through AUP engagements.</p> <p>We see that there is considerable potential for growth in the market for AUP engagements and other services but suspect that for potential to be realized there may need to be revised and / or new standards and guidance. AUP are valued because they can be tailored to address specific needs in a targeted manner and therefore may be more effective than an audit or review for some purposes. These points we stress in an article published on the IFAC Global Knowledge Gateway here.</p> <p>AUP engagements are becoming increasingly common in many jurisdictions and mandatory engagements are emerging. As AUP engagements are typically not subject to legal provisions ISRS 4400 is in effect flexible guidance that has the potential to fit a wide variety of engagements. Therefore, it is vital we have a modern standard that meets contemporary stakeholder needs. This demands that the standard’s flexibility be retained and its scope and usability expanded and enhanced.</p>
35.	FACPCE	-
36.	FAR	-
37.	FSR	<p>We support the IAASB’s decision to explore this topic. For many years, AUP engagements have been used for a multiple of different purposes and by many different users. We see the need for these types of engagements increasing and the topic is, therefore, important for ensuring that the profession can be relevant, delivering new and value adding services.</p> <p>Today there is, however, a number of challenges with using the current standard, resulting in it that there is a large number of situations where an AUP engagement cannot be used or does not give its intended value to the users of the factual findings reports.</p>

38.	IBR-IRE	IRE-IBR welcomes the initiative of the IAASB to explore this topic. An agreed-upon procedures engagement is a good option for a wide range of entities but in particular for SMEs, for whom the added value of this type of engagement lies in an objective verification of data. Because of the added value such an engagement can provide, we encourage the IAASB to consider options to make agreed-upon procedures reports available to external parties in certain circumstances.
39.	ICAEW	<p>MAJOR POINTS</p> <p>1. We welcome this discussion paper which looks at the demand for agreed-upon procedures (AUP) engagements and considers the implications for ISRS 4400. We do not, however, consider that ISRS 4400 is broken and where it is applied sensibly we believe that it can be used for many financial and non-financial AUP engagements.</p>
40.	ICAG	We appreciate the opportunity given to us to add our voice to the IAASB's upcoming guidance on Agreed Upon Procedures (AUP) Engagements and other services. We acknowledge the importance of such guidance in the increased demand for Agreed Upon Procedures by entities, investors etc. who will need AUP reports for various purposes. While we agree that such a guidance will be important we have the following comments. Our comments are based on the questions raised in the discussion paper.
41.	ICAS	<p>We welcome the IAASB's decision to initiate a discussion exploring the demand for Agreed Upon Procedures (AUP) engagements and other services, and the implications for the IAASB's International Standards. There is a need for greater clarification on the value and limitations of AUP engagements which are currently being used by a variety of different users for a variety of purposes.</p> <p>As stated in the discussion paper, AUP are frequently used for purposes such as funding and grants and often by small and medium-sized entities. Therefore, we believe that it is essential the revised standard provides sufficient clarity on the use and scope of AUP engagements to ensure that the work effort involved matches the reporting expectations of users.</p>
42.	ICASL	-
43.	ICAZ	-
44.	ICPAU	-
45.	ISCA	<p>AUP engagements are commonly used in Singapore by government agencies when requesting some form of verification work to be performed in support of their disbursements of grants. This is because AUP engagements can be tailored to address specific needs, completed in an efficient manner and are more cost effective. Other stakeholders also make use of the AUP framework for a variety of purposes. Examples include reporting on compliance with royalty agreements, reporting on revenue for determining rental payable, and due diligence work for mergers and acquisitions.</p> <p>...</p> <p>Generally, we share similar views as the IAASB AUP Working Group. We have provided below our comments on selected areas in the DP.</p>
46.	KICPA	-
47.	MICPA	-

48.	NASBA	We appreciate the IAASB's efforts to inform stakeholders about the Working Group's ongoing efforts to explore current demands for Agreed-Upon Procedures (AUP) engagements. There is an increasing demand for engagements that combine reasonable assurance engagements, limited assurance engagements and, non-assurance engagements, such as AUP engagements, to meet emerging needs. The role of the IAASB in considering potential changes regarding AUP is essential to protecting the public interest.
49.	SAICA	<p>2. AUP engagements are frequently used in South Africa in relation to certain identified information needs of regulators, grantors, funding bodies, creditors and other entities, as audit exemption thresholds prompt especially stakeholders in smaller entities to look for alternative services to an audit. Often Small and Medium Practices (SMPs) are engaged to perform AUP engagements.</p> <p>3. SAICA believes it is appropriate that the IAASB consider revising ISRS 4400 in response to the broader calls for a clearer and more robust standard in light of the increase in demand for AUP engagements and the fact that the standard needs to be updated to the Clarity1 format.</p> <p>SAICA'S APPROACH TO RESPOND</p> <p>4. SAICA's approach to informing our members about the Discussion Paper and its contents, and to gather information to inform our comment letter can be summarised as follows:</p> <ol style="list-style-type: none"> a. A SAICA internal working group studied and debated the Discussion Paper and prepared initial thoughts and input pertaining to the questions that have been posed (questions 1 to 15). The internal working group proceeded to prepare course material for the SAICA Discussion Session: AUP Engagements, which was presented to members on 15 February 2017. Furthermore, an online survey2 (the SAICA survey) was developed to accompany the course material and facilitate members' input on the Discussion Paper. b. The SAICA Discussion Session: AUP engagements was attended by 116 members (16 face- to-face and 100 via webcast). This was an opportunity for members to voice their opinions and to raise any issues and other concerns as may be necessary. Attendees were then guided through the SAICA survey and given the opportunity to complete the survey during the session. The webcast recording was made available to all members after the discussion session3. c. We issued a communication requesting SAICA members to provide their input on the Discussion Paper by means of the SAICA survey. The survey link was sent to all members, as well as certain targeted groups, including certain SAICA committees. d. The IRBA hosted a consultation forum/task group on the Discussion Paper, which SAICA attended. The consultation forum/task group was also attended by representatives from The Institute of Internal Auditors South Africa (IIASA), The Auditor-General of South Africa and practitioners from various audit firms. e. We requested members of the SAICA Assurance Guidance Committee (AGC) and National Small and Medium Practices Interest Group (NSMP-IG) to provide additional inputs during a comment letter consultation forum/task group meeting held on 22 March 2017 which was attended by representatives from the IRBA, The South African Institute of Professional Accountants (SAIPA) and practitioners from various firms. <p>1 Revised ISRS 4400 in the Clarity format would broadly comprise of the points identified in footnote 4 of the Discussion Paper on page 7.</p> <p>2 The SAICA survey has been included in Appendix 1 to this document.</p> <p>3 The webcast can be accessed at: http://results.antfarm.co.za/saica/February_2017_01</p>

		<p>5. Our interactions with members were targeted as follows (this is the description that was used in our communications to members):</p> <ol style="list-style-type: none"> a. In its Discussion Paper, the IAASB recognises that AUP engagements are frequently requested and used by various stakeholders including regulators, funding bodies and other creditors and the demand for AUP engagements is on the rise; b. The IAASB is seeking input relating to practitioners and users views on what is needed from a standard-setting point of view to meet the user needs; c. Therefore, SAICA is inviting all interested parties to attend and participate, including practitioners and members in business that make use of AUP engagements. <p>Results of the SAICA survey</p> <p>6. The SAICA survey was completed by 81 respondents, 77 SAICA members and 4 others. 52% of the survey respondents are also registered with the IRBA as Registered Auditors (RAs). As indicated below the majority of respondents (78%) were members in public practice.</p> <p>7. In the analysis above, the following meaning is attributable to the relevant terms:</p> <ol style="list-style-type: none"> a. Large Firms are practices with more than 10 partners; b. SMPs: Small and Medium Practices, with 2 to 10 partners. <p>8. Throughout this comment letter we present the results from the survey by referring to “survey respondents”. The survey results have not been analysed statistically and cannot be extrapolated. The results are presented as perceptions and views that have been observed, and although not necessarily representative of a general or common view, provide some insights into the issues and possible actions discussed in the Discussion Paper.</p> <p>9. As a general question, the SAICA survey requested respondents to rate the extent to which they believe clients understand the difference between an AUP engagement and an audit, review, other assurance or related services engagement. 62% of survey respondents suggested, to a greater or lesser extent that clients tend not to understand the difference and that practitioners had to intervene or explain the difference. This result highlights the importance of the IAASB project to revise ISRS 4400.</p> <p>10. Overall, survey respondents indicated the following priority in relation to the eight possible modifications to ISRS 4400 as presented in paragraph 8 of the Discussion Paper (from the highest priority to the lowest priority, 1 to 8). Each of these areas is addressed as part of our comments to the individual questions included in the Discussion Paper.</p> <ol style="list-style-type: none"> 1. Recommendations made in conjunction with AUP engagements 2. Using the work of a practitioner’s expert 3. AUP report restrictions 4. Format of the AUP report 5. The independence of the professional accountant 6. AUP engagement on non-financial information
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50.	SAIPA	-
51.	SMPC	<p>AUP engagements whereby a professional accountant delivers a report on factual findings have become relatively well established in many jurisdictions. For this reason, we support the IAASB retaining this service as is, and revising ISRS 4400 accordingly. In our response to the Survey Consultation for the IAASB Work Plan for 2017-2018 (the Work Plan), the SMPC highlighted that this project is very important and expressed concern that the timing of the potential revision of ISRS 4400 is likely to be impacted by the significant volume of projects on the Work Plan and other priorities considered by the IAASB (the Board).</p> <p>It is important that the Board recognizes the changing global landscape and its implications for practitioners (particularly SMPs). The new environment directly impacts the provision of traditional audit services by SMPs and will likely result in a rise in demand for non-audit assurance services, such as agreed-upon procedures engagements. For example, the 2016 IFAC Global SMP Survey found that revenue from both accounting, compilation and other non-assurance/related services and advisory and consultancy services increased more than audit and assurance in 2016 and this trend is expected to continue. We feel this use could accelerate, especially in the SME sector, were it to be supported by a more up-to-date international standard. Therefore, we continue to strongly believe that the revision of ISRS 4400 should be a high priority for the Board.</p>
52.	WPK	<p>Agreed-Upon Procedures Engagements are widely used and applied for various purposes in Germany. Since there are no legal provisions for this kind of engagement, ISRS 4400 is considered as a flexible ‘guidance’ that fits various types of AUP engagements.</p> <p>We welcome IAASB’s intention to consider a reworking of ISRS 4400 in order to enhance it against the background of increasing demand. A focus of the reworking should be on maintaining the flexibility that the standard currently provides.</p> <p>Please see below our comments to the questions raised in the AUP Discussion Paper.</p>
Individuals and Others		
53.	14000REGISTRY	<p>14000registry and the EnviroReady Report</p> <p>Thank you for this opportunity to respond to your questions related to the Discussion Paper, “Exploring the Demand for Agreed-Upon Procedures, Engagements and Other Services, and the Implications for the IAASB’s International Standards”. 14000registry (hereafter referenced as “we”) concurs with the importance of providing feedback, and hopefully, some additional insight on the value of ISRS 4400, and its importance in non-financial applications, particularly as it relates to the needs and resources of small businesses globally.</p> <p>We also see the application of ISRS 4400 in non-financial applications as an opportunity for SMPs to diversify their portfolio, bringing confidence to the market in the sustainability arena. For the purposes of this submission, we refer to small businesses as those legally constituted entities with fewer than 100 employees. 14000registry recognizes that the majority of those businesses in this category have fewer than 50 employees, and represent 95% or more of almost all national economies . A database hosted by the International Finance Corporation (IFC), an entity operating under the World Bank, contains about 162.8 million formal MSMEs (micro, small, and medium enterprises) employing approximately 508 million people. Of this total, about 96.3 million MSMEs and 231.4 million employees operate in emerging markets . The opportunity for valuing agreed-upon procedures, in our non-financial application is not restricted to small business, but their needs and limited resources were the drivers for our work.</p>

		<p>The 14000registry fulfills three primary functions.</p> <ol style="list-style-type: none"> 1. The first is to be the source of the learning process for practitioners that wish to earn the designation and be recognized as EnviroReady Report Accountants. 2. The second is to serve as a market exchange for SMPs that earn the designation, connecting them with those entities that need or wish to have an EnviroReady Report to demonstrate external oversight of a robust, credible and reliable environmental management system. 3. The third function is to enable collaboration with other entities that have a parallel purpose and commit to optimize the diffusion of better environmental management as a core business value. <p>Explanation of the EnviroReady Report and ISRS 4400</p> <p>The EnviroReady Report provides readers with the results of applying agreed-upon procedures to an environmental management system. This is technically called an EMS AUP. It enables specially trained professional accountants to apply ISRS 4400 to ISO 14001.</p> <p>The EnviroReady Report was originally developed as an EMS ROSAP, based on a section of the Canadian Handbook. In 2013, the decision was made to re-design the EnviroReady Report, in light of the ISO revising its standard. It was a logical time for this report to evolve from its Canadian roots to an international position. The accounting professionals involved with advising the developers of the Report recommended that ISRS 4400 would be an appropriate standard.</p> <p>Genesis of the EnviroReady Report</p> <p>When ISO first initiated the development of the environmental management systems standard (ISO 14001) in 1993, it became clear that there would be conformance challenges for small business. As those involved in developing the standard primarily represented the interests of large firms directly or indirectly, or governments, little attention was given the needs and resource limitations of small business. The standard was first published in 1996.</p> <p>There were a number of perceptual and real barriers for small business. Two of these are outlined below:</p> <ol style="list-style-type: none"> 1. Perception: An earlier survey of small business undertaken by the Canadian Federation of Independent Business (CFIB) indicated that 70% of their members had never heard of ISO. We believe this to be true today for many, if not most, other jurisdictions. For those that had heard of the standard, they had the perception that conformity assessment, expressed as third party certification, was a requirement of the standard. ISO standards can only be voluntary to avoid being in contravention with WTO non-tariff trade barriers. 2. Cost: The average price point of third-party certification is estimated to be \$10,000 per annum per facility; at this price point third-party certification is a de facto barrier to the adoption for the plethora of small business. Some large companies pay in the order of \$250,000 or more for third-party certification annually. Using Canadian statistics, as 76.1% % of small businesses have revenues between \$30,000 and \$499,999, expecting them to pay \$10,000 for an annual report is not a viable business decision for them; it's also an unrealistic expectation for their stakeholders. <p>It became clear that in order for small business to be open to learn about the potential value of the international standard, another approach had to be taken to align with the resources and the culture of small business. A representative from Deloitte & Touche LLP suggested that as small businesses had a close relationship with their accountants, a process to provide some form of external review performed by</p>
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54.	ANA	<p>The objective of the IAASB is to strengthen “public confidence in the global auditing and assurance profession”. The fact that the discussion paper (dp) is not an authoritative pronouncement of the IAASB would not make it any less worthy of our comments.</p>