

Supplement F 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

COMMENTS TO QUESTION 5

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](#).

Q5. 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?

#	Respondent	Comments
Those Charged with Governance		
1.	IIA SA	AUP's could include non-financial information and consideration should be given to issues of competence related to the AUP of such information.
Regulators and Oversight Authorities		
2.	EUROPEAN COMMISSION	The potential expansion of the scope of ISRS 4400 to non-financial information seems very interesting and may respond to specific needs of a stakeholder. In several areas, and more and more, the decision making process of a stakeholder may need to take into consideration financial as well as non-financial information. As a consequence, performing an AUP on non-financial information could in specific circumstances bridge the gap between a financial and a technical audit.
3.	IRBA	5.1 Many AUP engagements encountered relate to non-financial information (such as compliance with internal controls). Practitioners are therefore faced with the question as to whether the engagement would fall under ISRS 4400 or ISAE 3000 (Revised). Clarifying that the scope of ISRS 4400 includes non-financial information would be beneficial.

		5.2 We support the Working Group's proposal for developing pre-conditions relating to competence to undertake an AUP engagement on specialised areas or a specific subject matter, as this would enhance the quality of such AUP engagements. The guidance would assist the practitioner in evaluating whether he/she has the necessary competence before accepting the engagement.
National Auditing Standard Setters		
4.	AASB-CNAC	We support clarifying that the scope of ISRS 4400 includes non-financial information given the increasing need for AUP engagements to be performed on such information. We also agree with the pre-conditions relating to competence. However, we are of the view that the pre-conditions relating to competence should apply regardless of whether the AUP engagement deals with financial or non-financial information.
5.	AUASB	<p>The AUASB agrees with 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. An example of a non-financial AUP engagement may be a controls engagement to meet contractual obligations</p> <p>The Australian Standard on Related Services, ASRS 4400 Agreed-Upon Procedures Engagements to Report Factual Findings is not limited to "financial information". This standard includes requirements for the assurance practitioner to only accept the engagement if those persons who are to perform the engagement collectively have the capabilities and competence to perform the procedures; and to satisfy themselves that the engagement team and any experts collectively have competence, capabilities and resources to perform the agreed-upon procedures.</p>
6.	CNCC-CSOEC	<p>Yes, we agree that AUP engagements are increasingly performed on non-financial information and that it is useful to clarify that the scope of ISRS 4400 includes non-financial information.</p> <p>Based on our practice in France, the standard used for non-financial information is mainly ISAE 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information.</p> <p>However, ISRS 4400 is also used for non-financial information engagement. This is the case, for example, for the AUP report on the yearly Eco-Emballages statement. Eco-Emballages was created 20 years ago to reduce the impact of packaging on the environment. The role of Eco-Emballages is to organize a national sorting and recycling system for household packaging. Entities that are members of Eco-Emballages have to declare the packings that they put on the market during the year. Based on this statement, the entities will have to pay a financial contribution that will serve to finance the end of life of household packaging. Eco-Emballages requires that members' statements are subject to agreed-upon procedures. The CNCC, CSOEC and Eco-Emballages have worked together to define the procedures to perform to meet the needs of Eco-Emballages; An example of AUP report is attached to the present letter.</p> <p>Moreover, as mentioned in paragraph 31 of the Discussion paper, we consider that ISRS 4400 should address the issue of competence to undertake an AUP engagement on non-financial information. However, we consider that these competence preconditions are already part of requirements of ISQC1⁵, IESBA code⁶ or local law and regulation. ISRS 4400 should refer to these requirements.</p>
7.	FAP	NO RESPONSE
8.	HKICPA	<p>We are supportive of clarifying the scope of ISRS 4400 to include non-financial information and agree to developing pre-conditions relating to competence to undertake an AUP engagement on non-financial information.</p> <p>In Hong Kong, some grantors have requested for AUP engagements on internal controls in addition to an audit of the project's financial statements. We have developed some guidance for our members and they are available at the following links:</p>

		<ul style="list-style-type: none"> • Circular on Reporting to Grantees of the Quality Education Fund http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/cir/QUEF1016.pdf • Circular on Reporting to Grantees of the Language Fund http://www.hkicpa.org.hk/file/media/section6_standards/standards/Audit-n-assurance/cir/LF1016.pdf
9.	IDW	<p>Since agreed-upon procedures engagements are currently being performed in great numbers on non-financial information and other matters, we believe that clarification that the scope of ISRS 4400 extends to all matters subject to an agreed-upon procedures engagement needs to be taken up in ISRS 4400. We are hesitant about suggesting that a practitioner needs to be competent in the “subject matter area” because that is, in our view, too vague. Rather, we believe that the practitioner needs to have the competence to adequately perform the specified procedures as agreed upon. In some cases this may require technical competence in a particular area beyond that of a lay person, but in most cases it would not because the performing the procedures and determining the factual findings resulting from the performance of the procedures cannot require the exercise of professional judgment and therefore cannot require the application of professional expertise. Certainly, the level of competence (including any special technical competence) required to adequately perform the specified procedures as agreed-upon applies to the engagement team collectively – not solely to the engagement partner.</p>
10.	JICPA	<p>We concur with your view that clarifying that the scope of ISRS 4400 includes non-financial information would address market demand. However, regardless of the financial information or non-financial information, the procedures should be developed on the assumption that the relevant practitioner has sufficient professional competence area to accept the responsibility in performing the AUP engagement in the subject matter.</p>
11.	MAASB	<p>Given that there is an existing and increasing market demand for AUP engagements to be performed on non-financial information such as AUP on internal controls and emerging forms of external reporting, the AASB is of the view that it is useful to include non-financial information within the scope of ISRS 4400.</p> <p>As practitioners may not be knowledgeable on certain non-financial information, it is important that there be guidance in the standard on the appropriate pre-conditions before accepting an AUP engagement on non-financial information. In particular, it should be emphasised that a practitioner should not accept an AUP engagement in the absence of sufficient competency in the subject matter by the engagement team to accept responsibility for the engagement and to perform the engagement. Please also refer to our response on the use of experts in Question 7.</p>
12.	NBA	<p>We agree to clarify the scope of ISRS 4400 by including non-financial information. We expanded the scope of Standard 4400N, because in practice the Standard is also used for non-financial information.</p> <p>In Standard 4400N we have added a requirement of quality control which implies that the engagement partner needs to be satisfied that the engagement team collectively has appropriate competence to perform the engagement (see Appendix 1, par. 22b-ii). A requirement of quality control is in accordance with a clarified Standard.</p> <p>We do not believe there is a need to describe pre-conditions about sufficient competence to accept the engagement. This is included in the following added requirement of quality control: ‘following appropriate procedures related to the acceptance and continuance of relationships with clients and engagements’ (see Appendix 1, par. 22b-i). The elaboration is described in the Code of Ethics, Section 210.6 and 210.7 about ‘engagement acceptance’ as an application of the principle of professional competence and due care.</p> <p>See Appendix 1, paragraph 22b and A1.</p>

13.	NZAuASB	<p>The NZAuASB supports broadening the scope of ISRS 4400 to include non-financial information and notes that practitioners are already performing AUP engagements on non-financial information. Accordingly, clarifying the scope of ISRS 4400 will provide a framework for the practitioner performing these engagements.</p> <p>There is a risk in any engagement that the practitioner does not have the competence and capabilities to perform the engagement. In both the auditing and other assurance standards, that risk is mitigated by a requirement that the persons who are performing the engagement collectively have the appropriate competence and capabilities to perform the engagement in accordance with the relevant standards and the applicable legal and regulatory environment.</p> <p>Broadening the scope of ISRS 4400 to include non-financial information may lead to increased use of experts, and therefore the NZAuASB considers that the standard should appropriately address this factor in additional requirements and application material, as explored in response to question 7.</p>
Accounting Firms		
14.	BDO	<p>We support the Working Group’s proposal to clarify that the scope of ISRS 4400 includes non-financial information. We also agree with the inclusion of the specified pre-condition requirements prior to accepting the AUP engagement. In this context, the potential requirements identified by the Working Group in paragraph 31 of the Discussion Paper on (i) sufficient practitioner competence and (ii) collective engagement team competence, both appear to be a good starting point for further consideration.</p>
15.	CHI	<p>IAASB has to consider AUP engagements involving non-financial information;</p> <p>We agree that the scope of ISRS 4400 should be broadened to include non-financial information. There should be pre-conditions relating to competence.</p>
16.	DTTL	<p>The standard should be clarified such that an AUP engagement may be requested on non-financial information.</p> <p>As discussed in the Executive Summary, DTTL believes that the standard should be clarified such that the scope of the revised standard specifically include procedures relating to non-financial information. In addition, DTTL supports ISRS 4400 providing pre-conditions with respect to undertaking an AUP engagement on financial or non-financial information, and in particular, pre-conditions relating to professional competence in non-financial areas.</p>
17.	EYG	<p>Expanding the scope of ISRS 4400 to address AUP engagements related to non-financial information</p> <p>We support an expansion in scope of ISRS 4400 to include engagements regarding non-financial information, including as a potential engagement alternative to address entities’ emerging forms of external reporting (see our response to Q6).</p> <p>For all AUP engagements, regardless of whether related to financial or non-financial information, we support a pre-condition for engagement acceptance that the practitioner determine that the persons who are to perform the engagement collectively have the appropriate competence and capabilities to perform the procedures.</p>
18.	GTIL	<p><i>Combined answer to question 5 and 6</i></p> <p>In practice, firms already perform AUP engagements on non-financial information using ISRS 4400 as a guide. We are of the view that ISRS 4400 should recognize that fact and could then provide useful guidance for engagements on non-financial information. In some cases, where the subject matter is associated with financial information or is derived primarily from the entity’s accounting system, it is only an incremental step from performing an AUP engagement on financial information to performing an AUP engagement on non-financial information. However, AUP engagements may also relate to subject matters requiring specialist skills outside of those typically</p>

		<p>possessed by a practitioner (recognizing that different practitioners may have different skillsets). Careful consideration should be given as to whether it is appropriate for such an AUP engagement to be accepted. This consideration should encompass not only an assessment of the sufficiency of the firm's competence in the subject matter, but also when deploying the engagement team, the sufficiency of the competence of those practitioners or specialists available to form part of the team.</p> <p>We are of the view that requirements developed regarding AUP engagements on non-financial information should be focused on developing criteria that should be applied by firms in determining whether an AUP engagement should be accepted and not on limiting the types of subject matter on which a non-financial information AUP engagement could be performed upon.</p> <p>We would also suggest that the types of procedures that could be performed in an AUP engagement, currently detailed in paragraph 16 of ISRS 4400, also include re-performance as an appropriate type of procedure.</p>
19.	KINGSTON SMITH LLP	<p>We agree that clarification would be useful and that preconditions for undertaking an AUP engagement on non-financial information – namely that the practitioner should have sufficient competence in the subject matter - should be included in the revised version of ISRS 4400. This is an area where we expect to see further growth in the future and it is therefore sensible for the IAASB to address it.</p>
20.	KPMG	<p><i>Combined answer to question 5, 6 and 7</i></p> <p>Market demand for AUP engagements related to non-financial information is increasing and is, in practice, being met through engagements delivered applying the Standard by analogy.</p> <p>We believe it would be helpful to expand the scope of ISRS 4400 so that it encompasses engagements relating to AUP on non-financial information as it will help practitioners address some of the more challenging aspects of such engagements, such as competencies and capabilities and using the work of an expert when relevant it will also lead to consistency in practice and provide transparency as to the standards actually applied in such engagements.</p> <p>We also recommend for the Standard to include, in addition to the current example report, an example report for an AUP engagement performed on non-financial information.</p>
21.	PKFI	<p>We support the scope extension to include non-financial information. However, in developing pre-conditions relating to competence to undertake an AUP engagement on non-financial information, it would unnecessary duplicate the ISQC 1, paragraph 20 and A7, professional competence and due care requirements, in having adequate knowledge of the subject matter, as a fundamental principle of professional ethics.</p>
22.	PwC	<ul style="list-style-type: none"> • There is increasing market demand for AUP engagements on non-financial information and AUP engagements that include both financial and non-financial information. Therefore, we support clarifying that the scope of ISRS 4400 includes both financial and non-financial information. • As in any AUP engagement, a pre-condition to accepting the engagement is that the practitioner has the necessary competence to perform the engagement. In the case of an AUP engagement that includes non-financial information, if the practitioner determines there is a need for an expert given the subject matter, we believe it would be useful to establish the principle that the practitioner still needs to be able to understand the expert's work and what an exception would be with regards to the subject matter.
23.	RSM	<p>See response to Q6 please.</p>

Public Sector Organizations

24.	AUDIT NEW ZEALAND	We are supportive of the clarification that non-financial information is within the scope of ISRS 4400. We also support the proposed preconditions, but believe that these are important regardless of whether the engagement relates to financial or non-financial information.
25.	CIPFA	CIPFA agrees that non-financial information should be included in the scope of ISRS 4400.
26.	PAS	ISRS 4400 should be clarified to include non-financial information. Additionally, in order to avoid the risk of practitioner may not have the competence to take on such engagements, the standard should require the practitioner to: <ul style="list-style-type: none"> • Have sufficient competence in the subject matter area to accept responsibility for the engagement, and • Be satisfied that the engagement team collectively has appropriate competence to perform the engagement.
Member Bodies and Other Professional Organizations		
27.	ACCA	ACCA view supports this clarification. There are many non-financial situations where an AUP engagement would be suitable for users, so it is sensible to formalise the use of ISRS 4400 in these cases.
28.	AE	<p>(9) Furthermore, it is useful to clarify that the scope of ISRS 4400 includes non-financial information (NFI). We also strongly agree that ISRS 4400 should address the need for practitioners to consider whether they have the competence to perform AUP on NFI. This type of information could be highly technical or industry-specific. While the profession is well equipped with relevant skill sets and experience to provide AUP engagements, specialist expertise may be needed on certain subject matters. The use of experts in AUP engagements is probably not commonplace, but we agree that it would be helpful to address this in ISRS 4400.</p> <p>(28) It is useful to clarify that the scope of ISRS 4400 includes NFI. This is an area of increasing activity and it would be useful for practitioners to have more guidance here. According to the practice in our membership, the standard commonly used on NFI is ISAE 3000; however, we have information that ISRS 4400 is also used for NFI engagements in the UK and the Netherlands . Where NFI reporting is relatively immature, the lack of suitable criteria and supporting evidence may mean that meaningful assurance is not achievable and so other related services such as AUP may be worth considering.</p> <p>(29) We strongly agree that ISRS 4400 should address the need for the engagement team, as a whole, to consider whether they have the overall competence to perform AUP on NFI, as opposed to having specific expertise in the field of the subject matter per se. This information could be highly technical or industry-specific.</p>
29.	AICPA	<p><i>Combined answer to question 5 and 6</i></p> <p>We support clarifying that the scope of ISRS 4400 may include performing AUP over non-financial information. The information that is the subject matter of the AUP engagement need not be financial information as long as the subject matter is appropriate and the criteria to be applied in the preparation and evaluation of the subject matter are suitable and will be available to the intended users. ISAE 3000 discusses the suitability of criteria.</p> <p>We also support developing requirements relating to competence to undertake any AUP engagement, whether it be on financial information or non-financial information. The SSAEs (AT-C section 105, Concepts Common to All Engagements, par. 32) require the engagement partner to be satisfied that the engagement team, including any practitioner's external specialists, have the appropriate competence, including knowledge of the subject matter, and capabilities to perform the engagement in accordance with professional</p>

		standards and applicable legal and regulatory requirements, and enable the issuance of a practitioner's report that is appropriate in the circumstances. We believe that this is necessary to achieve the appropriate level of quality in every engagement.
30.	ASSIREVI	We agree to the proposed approach (i.e.: requirements to accept an AUP engagement on non-financial information). In our view, the standard should include a guidance to address the assessment of certain pre-conditions relating to competence required to undertake an AUP engagement on non-financial information
31.	CAANZ	AUPs are not subjective measurement, evaluation or conclusion on subject matter information such as financial or non-financial information, which is why suitable criteria, assurance objectives and management assertions are irrelevant. ISRS 4400 should therefore not have to distinguish between financial and non-financial information when practitioners report pure facts only. The precondition for a suitable criteria “on which to base findings” on non-financial subject matter information should be removed.
32.	CAI	We agree that market demands for AUP relating to non-financial information has increased and therefore consider it is appropriate for IAASB to clarify that the scope of ISRE 4400 includes such engagements. We would also support development of guidance giving additional clarification on preconditions to support practitioners in making appropriate decisions regarding acceptance and suitability of AUPs. In doing so, IAASB should take account of the need to provide a principle-based approach allowing for responses to new and developing circumstances and avoid an over-restrictive approach. As the use of AUP for non- financial information develops, it may be appropriate to issue specific subject matter guidance for common types of engagements such as the operation of internal controls over financial reporting.
33.	CPAA	<p>We support the extension of the scope of ISRS 4400 to non-financial information, as it currently provides requirements only for AUP engagements on financial information and states that it “may provide useful guidance for engagements regarding non-financial information”. We do not see the need to limit the scope of the standard to financial information only.</p> <p>As with an assurance engagement, we consider that it is essential that the practitioner has the necessary competence to undertake the AUP engagement. We agree that the competencies must relate to the nature of the subject matter of the engagement, whether financial or non-financial, and the nature of the procedures to be conducted on the relevant information.</p> <p>The revised standard should require the practitioner to accept the engagement only if those persons who are to perform the engagement, including the engagement team and any experts engaged who are not part of the engagement team, collectively have the capabilities, competence and resources to perform the procedures.</p>
34.	EFAA	<p>We support clarifying the scope to cover non-financial information (NFI).</p> <p>We do note that the proposed amendment of ISRS 4400 (note 31) does not seem to supplement the guidance in the current ISRS 4400.2 and in any case the proposed amendments appear to already be covered by ISRS 4400.7 (c). However, we suspect many practitioners do not realize that its scope already extends to NFI and believe there is great potential for growth in the numbers of AUP engagements on many different types of NFI. Increasingly NFI is being used, and considered as important as financial information, to help determining the performance, position and prospects of businesses as well as how well they are governed and manage their risks. Hence, we encourage placing greater emphasis on the potential to apply ISRS 4400 to NFI and suggest this will demand prominent clarification in a revised ISRS 4400.</p> <p>ISRS 4400 should address the need for practitioners to consider whether they have the competence to perform AUP engagements on NFI, including recourse to experts where an AUP engagement involves subject matter over which the practitioner has limited technical expertise.</p>

35.	FACPCE	From our point of view the project should explicitly clarify that AUP engagements are allowed on both financial and non- financial information. We do not find any basis to justify that there may be an assurance engagement on non- financial information (ISAE 3000) and there may be no engagements about information of this nature.
36.	FAR	<p>FAR is positive regarding clarifying that the scope of ISRS 4400 includes non-financial information. There should not be any restrictions in applying AUP engagement on non-financial information.</p> <p>In the International Framework for Assurance Engagements paragraph 23 it is stated that the persons who perform the engagement collectively should have the appropriate competence and capabilities. In paragraph 31 it is stated that an engagement shall not be accepted if the requirements regarding competence not will be satisfied. The same should apply for AUP engagements, both regarding financial and non-financial information, FAR's view is therefore that this should be stated in ISRS 4400.</p>
37.	FSR	<p>We support that it is clarified that the scope of ISRS 4400 includes non-financial information. Our experience shows that there are more and more AUP engagements that are aimed at non-financial information.</p> <p>We agree that ISRS 4400 should address the need for the engagement team, as a whole, to consider whether they have the competences required to perform an AUP engagement on the respective non-financial information.</p>
38.	IBR-IRE	There is an increasing use of ISRS 4400 on non-financial information, and we believe the performance of AUP by an independent practitioner would also enhance the value of non-financial information. Therefore, we agree that the scope of ISRS 4400 should include non-financial information. In our view, the competence to undertake an AUP engagement on non-financial information is embedded in the principle of competence and due care that the practitioner should apply to AUP engagements.
39.	ICAEW	<p><i>Combined answer to question 5 and 6</i></p> <p>6. Regarding the application of ISRS 4400 to non-financial subject matter, we understand that while some practitioners would have no problems applying this now, it might be helpful to update ISRS 4400 to reflect this option.</p> <p>21. We agree that ISRS 4400 should address both financial and non-financial information. This is an area of increasing activity and it would be useful for practitioners to have more guidance here.</p> <p>22. We strongly agree that ISRS 4400 should address the need for practitioners to consider whether they have the competence to perform agreed-upon procedures on non-financial information. This information could be highly technical or industry-specific.</p>
40.	ICAG	<p>We add that, because AUPs do not always address financial matters, it becomes expedient that ISRS 4400 provides a clarity on the scope to include non-financial services. With regards to the fact that some of the AUP engagements are/will be non-financial in nature, it is important the practitioner will have the required technical knowledge and skill to perform the Engagement successfully. Hence we welcome the idea that a pre-condition of competence is included in ISRS 4400.</p> <p>We agree with this clarification. As the intent of the clarification is to convey information (both non-financial and financial), and the auditor's report is expected to be based on professional competence and due care, it is only logical that the auditor should be qualified or at least have sufficient technical expertise/skill and/or knowledge on the theme to be in a position to deliver to the client. It is a good idea to establish minimum levels of competence for accountants to achieve before taking on such engagements. This will foster compliance of accountants with due standards of quality on such AUP engagements. In order not to expose the AUP engagements to the possibilities of judgments and inability to objectively verify the results, the ISRS 4400 should not include non-financial information.</p>

41.	ICAS	We welcome the clarification that ISRS 4400 includes non-financial information (NFI) as this is an area of increasing activity and it would be useful for practitioners to have more guidance available to them. We also agree that the standard should include the need for the engagement team as a whole to consider whether they have the collective expertise to perform the necessary AUP on NFI, in addition to the specific sectoral expertise.
42.	ICASL	Existing ISRS 4400 also provided that the practitioner has adequate knowledge of the subject matter in question and reasonable criteria exist on which to base findings with respect to the engagements regarding non-financial information. Further strengthening this provision in the standard, incorporate preconditions to accept and AUP engagement on non-financial information will be an effective strategy to mitigate the risk that the practitioner not having the required competence to perform certain non-financial information related engagements.
43.	ICAZ	There definitely is need to address market demand for AUP engagements on non-financial information. Providing specific guidance relating to non-financial information in ISRS 4400 reduces the risk that such engagements will be accepted by practitioners that lack the competence or skills in the subject matter.
44.	ICPAU	<ul style="list-style-type: none"> The scope of ISRS 4400 should include non-financial information, and pre-conditions relating to competence should be fulfilled.
45.	ISCA	NO RESPONSE
46.	KICPA	<p>We believed that including non-financial information in the scope of ISRS 4400 and developing relevant pre-conditions are desirable, considering the on-going circumstance where AUP engagements on non-financial information are on the rise.</p> <p>The inclusion and development could provide professional accountants performing AUP engagements on non-financial information with criteria on engagements scope and minimum requirements, which serve as a guidance to enable professional accountants to exercise appropriate judgment in performance of AUP engagements on non-financial information, thereby resulting in facilitating AUP engagements on non-financial information.</p>
47.	MICPA	MICPA agrees with the Working Group
48.	NASBA	We agree that procedures relating to non-financial information and pre-conditions relating to the competence of a practitioner to undertake an AUP engagement should be included in the scope of the engagement. The practitioner should be satisfied that the procedures to be performed are substantive, meaningful, and within the expertise of the practitioner. The pre-conditions relating to competence to undertake an AUP engagement on non-financial information could include, for example, use of an expert to assist the practitioner in performing the AUP engagement.
49.	SAICA	<p>47. 49% of the survey respondents indicated that they receive requests for AUP engagements relating to non-financial information, with the frequency of such requests being less than 12 requests a year.</p> <p>48. The overwhelming majority of survey respondents (93%) were of the view that the revised ISRS 4400 should clarify that its scope includes non-financial information. Although extant ISRS 4400 is directed towards financial information, it does indicate that it may provide useful guidance for engagements regarding non-financial information¹⁷. Based on the feedback received during our consultation sessions, practitioners indicated that there are instances where they do not accept engagements where the subject matter is of a non-financial nature because of the lack of clarity around whether this is included within the scope of ISRS 4400.</p>

		<p>49. The survey respondents indicated a preference that the revised ISRS 4400 should be flexible in allowing for the acceptance of engagements that vary in scope and nature, including financial information and non-financial information.</p> <p>50. Calls for including non-financial information within the scope of the revised ISRS 4400 are consistent with developments taking place more broadly around enhancing credibility and trust in emerging forms of external reporting.</p> <p>51. SAICA also attended the IAASB SMP Working Conference in Paris at the end of January 2017 and noted some comments from representatives from various jurisdictions that AUP engagements are the most popular alternative to assurance engagements – they are an important type of engagement offering to clients; and one where SMPs play a key role. Views were expressed that the current AUP project of the IAASB is important and timely in terms of clarifying the purpose, scope and nature of AUP engagements and providing appropriate guidance to practitioners (with respect to financial information and non-financial information).</p> <p>52. SAICA supports the notion of including preconditions in the standard for accepting an AUP engagement on non-financial information. To this end, 74% of survey respondents were of the view that preconditions relating to the competence to undertake an AUP engagement on non- financial information should be developed.</p> <p>53. In-line with the requirements contained in the IESBA Code¹⁸ relating to the principle of professional competence and due care, a practitioner should not accept an AUP engagement on non-financial information if they do not have the required level of professional knowledge and skill to provide the client with a competent professional service. Although extant ISRS 4400 makes reference to the requirement for the practitioner to comply with the IESBA Code¹⁹, it is recommended that this point be emphasised by including it as part of a set of preconditions within the standard. In clarifying this requirement, the risk of the practitioner accepting engagements without the required level of professional competence²⁰ will be mitigated. It is recommended that the need for a practitioner to make use of a practitioner’s expert should also be included in the set of preconditions (also refer to comments in paragraphs 59 to 67 of this document).</p> <p>17 ISRS 4400, paragraph 2 18 The International Ethics Standards Board for Accountants’ Code of Ethics 19 ISRS 4400, paragraph 7 20 Discussion Paper, paragraph 31</p> <p>54. Also refer to our comments to question 1 above which includes a suggestion that there may be an opportunity to expand the concept of preconditions beyond that applicable to assurance engagements and include preconditions for services other than assurance engagements (such as AUP engagements).</p>
50.	SAIPA	<p>The current reference to the standard relating to financial information makes it difficult for practitioners to take up engagements where the AUP is for non-financial information as it is not clear if the standard can be used in such engagements. SAIPA recommends that reference to “financial” is removed altogether from the title of the standard. The standard should be titled Engagement to perform agreed upon procedures. More and more AUP engagements involve non-financial assignments and if the standard refers to financial information this implies that where a professional accountant has been engaged to for a non-financial engagement the standard will not be applicable. It is our view that the detail of the scope of work in the report will clearly indicate what was the agreed upon procedure i.e. if it was financial or non-financial.</p>
51.	SMPC	<p><i>Combined answer to question 5 and 6</i></p>

		<p>The SMPC fully supports the scope of AUP engagements including non-financial information and other matters.</p> <p>AUP engagements are an expanding service area in many jurisdictions. We understand that this service is increasingly performed by SMPs. The subject matter for AUP engagements is also extending and may cover many different subject matters besides financial information. Appropriate clarification on this issue in a revised ISRS 4400 is needed.</p> <p>We agree that ISRS 4400 should address the need for practitioners to consider whether they have the competence to perform AUP engagements on non-financial information, including recourse to experts where an AUP engagement involves subject matter with which a professional accountant may have relatively little technical experience.</p>
52.	WPK	<p>In comparison to current ISRS 4400.2 the proposed amendment of ISRS 4400 (note 31) does not seem to include additional guidance. Besides, the proposed amendments are already covered by ISRS 4400.7 (c).</p>
Individuals and Others		
53.	14000REGISTRY	<p>We support the idea of expanding the scope of ISO 4400 to include non-financial information and developing pre-conditions relating to competence to undertake an AUP engagement.</p> <p>14000registry uses ISRS 4400 now for non-financial information. While ISRS 4400 in its current form can be used for non-financial information, we have been advised that many PAOs and SMPs may not realize this fact. We expect interest in its application to nonfinancial information to grow. The revised standard and supporting collateral and communications need to make this clear and indeed promote such use.</p> <p>We believe that there is a critical need to help small businesses that will face increasing pressure from supply chains to demonstrate better environmental management. As well, as governments are pressured to enhance governance on related matters, while reducing the red tape associated with regulations, there will be an increase in the dependency on standards. Given that the IFC estimates over 162.8 million legally constituted businesses in the world, with the majority of these in the hands of small business, we see this as an important opportunity for them and for SMPs.</p> <p>We also acknowledge that as more companies recognize natural capital as the basis for other capitals, an EnviroReady Report would provide potential for enhancing the understanding and use of natural capital in financial terms.</p>
54.	ANA	<p>Confine ISRS 4400 to the AUP on financial information only; develop separate guidance for the non-financial AUPs. Designate areas common in the two spheres, such as use of expert as such. Q5</p> <p>Confine ISRS 4400 to the AUP on financial information only; develop separate guidance for the non-financial AUPs. Designate areas common in the two spheres, such as use of expert as such.</p> <p>We do not support including non-financial information in the ISRS 4400; it is meant for financial information only.</p>