

Supplement H 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 7

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](#).

Q7. Do you agree with the Working Group's views that ISRS 4400 should be enhanced, as explained above, for the use of experts in AUP engagements? Why or why not?

#	Respondent	Comments
Those Charged with Governance		
1.	IIA SA	Yes, more information that requires factual confirmation is falling outside the financial information sphere although the consequences of such verification could have severe financial implications.
Regulators and Oversight Authorities		
2.	EUROPEAN COMMISSION	The enhancement of ISRS 4400 for the use of experts in AUP is absolutely welcome, and is to be seen in the perspective of the reply to Q5. A careful definition of the requirements concerning the professional competence become even more essential when determining the adequacy of the factual findings reported by the expert with the results of the procedures required.
3.	IRBA	7.1 Yes, we support the Working Group's proposal that ISRS 4400 should be enhanced to encompass the use of experts. It is important for a practitioner to be able to use an expert on areas where technical competence or expertise on a specific subject matter is lacking.

		<p>7.2 However, we are concerned that allowing the use and the level of involvement of an expert should not compromise or bring into question the competence and skill that the practitioner needs to have to be able to perform the engagement.</p> <p>7.3 We recommend that the Working Group considers whether the procedures mentioned in paragraphs 34 and 35 of the DP should be included in the AUP report.</p> <p>7.4 Furthermore, we recommend that reference to the use of an expert in the AUP report be allowed, similar to ISAE 3000 (Revised), paragraph 70.</p>
National Auditing Standard Setters		
4.	AASB-CNAC	<p>We agree that ISRS 4400 should address use of experts and others in an AUP engagement. However, when an expert is used, there is a danger that the expert may be requested to perform procedures that require extensive professional judgment that result in subjective opinions or conclusions. We therefore suggest an application and other explanatory material paragraph to remind the practitioner that regardless of whether the AUP is performed by the engagement team or others (such as the practitioner's expert), the AUP should result in objectively verifiable factual findings and professional judgment is exercised only in the context of professional competence and due care.</p> <p>Paragraph 34 of the Discussion Paper suggests that the Working Group is contemplating a requirement to bring any involvement of an expert to the attention of the engaging party. In our view, such a requirement is unnecessary. The practitioner will already be reaching agreement with the entity on the nature, extent and timing of the procedures to be performed for the AUP engagement as a whole. The allocation of those procedures between the practitioner and the expert should not concern the engaging party. Moreover, highlighting the procedures to be performed by the expert may increase the likelihood of the entity misinterpreting those procedures and the resulting findings.</p> <p>We agree with the contemplated requirements as set out in paragraph 35 of the Discussion Paper.</p>
5.	AUASB	<p>The AUASB supports the working group's view that ISRS 4400 should be enhanced for the use of experts in AUP engagements.</p> <p>The Australian Standard on Related Services, ASRS 4400 Agreed-Upon Procedures Engagements to Report Factual Findings requires the assurance practitioner to satisfy themselves that the engagement team and any experts engaged who are not part of the engagement team to collectively have competence, capabilities and resources to perform the agreed-upon procedures; and to evaluate the adequacy of their work, including their objectivity and technical competence in conducting the procedures, whether the nature, timing and extent of procedures conducted agrees with procedures in the terms of the engagement and whether the factual findings communicated detail adequately the result of the procedures conducted.</p>
6.	CNCC-CSOEC	<p>ISRS 4400 does not deal with the use of experts. But in some cases, specialist expertise may be needed on certain subject matters. As mentioned in paragraph 33 of the Discussion paper, an AUP engagement may involve the use of the work of an engineer or lawyer in dealing with engineering or legal aspects of a contract. We therefore agree that it would be helpful to address this issue in ISRS 4400.</p> <p>We consider that paragraph 34 of the Discussion paper should clarify that the AUP practitioner may need to use his professional judgement when considering the work of the expert.</p>

7.	FAP	<p>Yes, we're agreed. The practitioner can involve with experts to assist the performing procedures in AUP engagements as long as they clearly communicate about the work to be performed and the worked performed is adequate for their purpose. The involvement not only supports the appropriate evidence but also serves the quality of service.</p>
8.	HKICPA	<p>In principle, we agree that ISRS 4400 should be enhanced for the use of experts in AUP engagements. As an AUP engagement is different in nature from an audit engagement; the report should identify the procedures that are performed by the expert and the respective findings so that readers of the report can clearly distinguish the procedures performed by the various parties.</p> <p>Guidance should be developed as to how a practitioner should determine the nature, timing and extent of procedures performed by the expert is consistent with the procedures agreed in the terms of engagement e.g. by requesting the expert to provide a report?; reviewing the work papers of the expert?.</p> <p>In addition, the Working Group should also consider whether the AUP report is to be signed off by the practitioner or jointly if an expert is used. In an audit of a set of financial statements, the auditor is responsible for the opinion reflected on the auditor's report; whereas in an AUP report, there is no opinion. There may be a scenario where most of the work is performed by an expert, but the report is being signed off by a practitioner.</p>
9.	IDW	<p>In the majority of cases, we do not believe that technical expertise is required for the performance of procedures that have been specified in sufficient detail such that no professional judgment is required to determine the factual findings resulting from the performance of those procedures. However, we do recognize that there will be cases in which technical competence in an area of expertise beyond that commonly held by professional accountants in public practice may be required for the performance of certain kinds of procedures. In these cases, we believe that it would be appropriate to have an expert perform all or part of such procedures requiring such technical competence. However, we believe that this is somewhat different than using the work of an expert under ISA 620 or ISAE 3000 for the following reasons:</p> <ul style="list-style-type: none"> • In the ISAs and ISAEs there is no need to specify the procedures and those who perform them as part of the terms of engagement. In an agreed-upon procedures engagement, the need, as part of the terms of engagement, to specify the nature, timing and extent of procedures in sufficient detail so that their performance leads to factual findings means that in agreeing the procedures the practitioner will generally recognize that additional technical competence is required, which would be reflected in the description of those procedures in the terms of engagement. • In an assurance engagement, the expert's work represents audit evidence used in forming the assurance conclusion. In an agreed-upon procedures engagements, the performance of a procedure or part thereof is not used by the practitioner – rather, on behalf of the practitioner, the expert actually performs the described procedure or part thereof and determines the factual finding resulting therefrom. • If special technical competence is required and agreed-upon, the AUP report would also describe who performed the procedures or parts thereof and note the special technical competence required. <p>For these reasons, we believe that the term “using the work of an expert” as set forth in ISA 620 and ISAE 3000 is not appropriate: rather, the term should be “having an expert perform procedures”. We agree that the practitioner should be required to evaluate the objectivity and technical competence of the expert and agree with the expert the nature, timing and extent of the procedures to be performed, and that the expert should not be exercising professional judgment when performing the procedures. We also agree that the practitioner</p>

		should determine whether the procedures performed by the expert are consistent with the type of procedures that can be performed in an agreed-upon procedures engagement, and determine that the expert reports only factual findings resulting from the performance of those procedures.
10.	JICPA	We agree with the Working Group's view because it is anticipated that in some AUP engagements, practitioners may use the work of an expert.
11.	MAASB	<p>The AASB disagrees that an involvement of the use of expert should be part of an AUP engagement. For example, an expert such as an engineer or a lawyer could be needed in dealing with the engineering or legal aspects of a contract. The work of an expert should not be included in AUP engagements as it would require the practitioner to exercise judgement on the adequacy of the work carried out and ultimately, the conclusion reached by the expert. Should the work of the expert be required, it would be more appropriately and better served by having the expert to provide the expert's own report directly to the engaging party, similar to a report by a property valuer.</p> <p>We wish to highlight that in a situation of Initial Public Offerings (IPO) or other capital market transactions which require comfort letters to be issued, the engaging party should be the party that engages the relevant expert directly, instead of mandating the practitioner (i.e. Reporting Accountant) to engage and use the work of an expert, as the investment banker (i.e. Principal Advisor) plays a role of collating and compiling all the relevant work from the respective experts.</p>
12.	NBA	<p>Yes we agree. However we see a difference in the process. The discussion paper (par. 34) says that the practitioner should reach agreement with the entity about the procedures to be performed by the expert. We think that it is more obvious that the engaging party reaches agreement with their own expert because of the nature of the engagement. It is the responsibility of the intended users to determine if the agreed-upon procedures are sufficient and appropriate for the purpose for which they are intended.</p> <p>See Appendix 1, paragraph A17.</p>
13.	NZAuASB	<p>As noted in the response to question 5, the NZAuASB believes that broadening the scope of ISRS 4400 to include non-financial information may lead to more widespread use of experts in AUP engagements. The need for and use of experts for engagements involving financial information is also increasing due to complexities, for example in valuations. Accordingly, enhanced guidance to address the use of experts in AUP engagements may be helpful.</p> <p>As with any engagement where an expert is used, it will be necessary for the practitioner to evaluate the competence, capabilities and objectivity of the expert to perform the engagement, including meeting any necessary independence requirements.</p> <p>There are also other matters that the practitioner may need to consider, including:</p> <ul style="list-style-type: none"> • Agreeing in writing, with the expert, the procedures to be performed by the expert. • Consultation with the expert to ensure that the procedures agreed with the user will meet the user's needs. • Review of the expert's work by the practitioner. It should not simply be assumed that because an expert has performed the procedures, the practitioner's work is done. • Understanding the procedures performed by the expert and the results and factual findings obtained in sufficient detail to prepare the AUP report. • Reference in the AUP report to the nature of assistance provided by the expert and the identity of the expert.

Accounting Firms

14.	BDO	<p>We support the Working Group’s proposals to enhance ISRS 4400 by including content that focuses specifically on the use of experts in AUP engagements. If the engagement involves the use of an expert, the proposal to include an evaluation of the expert’s objectivity and competence, along with agreeing with the entity the nature, extent and timing of the procedures to be performed by the expert, should be considered when making the decision to accept the engagement. This would assist in ensuring that the results of procedures performed by the expert and included in the AUP report are factual, objectively verifiable and there is no implication that assurance is being provided.</p> <p>We also support the additional requirements for the practitioner to evaluate the procedures performed by the expert for consistency with the terms of the engagement and that the findings provide sufficient detail to describe the results of the procedures.</p> <p>In addition, we propose including guidance on some example situations where the practitioner would bring in an expert to the AUP engagement and not provide a conclusion on the work of that expert.</p>
15.	CHI	<p>Standards have to include reliance on an expert;</p> <p>ISRS 4400 should be enhanced to addressing using the work of an expert.</p> <p>As noted in the paper, greater use is being made of experts and this is likely to increase due to the growth of non-financial reporting. The ISRS has to make reference to professional competence and due care.</p>
16.	DTTL	<p>DTTL agrees that ISRS 4400 should be enhanced regarding the use of experts, and it may be necessary to include considerations relevant to internal and external experts.¹ Paragraph 34 of the Discussion Paper does not currently distinguish between external and internal specialists.</p> <p>When accepting and performing an AUP engagement, the practitioner should determine whether use of an expert may be necessary or required based upon the practitioner’s determination regarding the engagement team’s collective knowledge of the underlying subject matter. If an expert is used, such an expert may perform one or many of the AUPs; and such an expert may be external or internal.</p> <p>DTTL believes the practitioner needs to evaluate the technical competence, objectivity, and independence of the expert – regardless of whether that expert is external or internal.</p> <p>However, DTTL disagrees with the Working Group that it is necessary to require the practitioner to reach agreement with the engaging party when a practitioner’s internal specialist is used; although it may be something the practitioner may want to consider and could be included as guidance.</p>
17.	EYG	<p>We believe it is appropriate to enhance ISRS 4400 for the use of experts, particularly if the scope of ISRS 4400 is expanded to address engagements related to non-financial information. As we express in our response to Q5, we support a pre-condition for the acceptance of any AUP engagement that the practitioner determine that the persons who are to perform the engagement collectively have the appropriate competence and capabilities to perform the procedures. Such determination should include that experts have appropriate competence and capabilities. In addition, the practitioner should evaluate the objectivity of the expert.</p> <p>We agree that the procedures to be performed by the expert should be agreed in the terms of the engagement, and that the practitioner is responsible for determining that the procedures performed by the expert are in accordance with the terms of the engagement. The practitioner also should be responsible for the description in the AUP report of the procedures performed and factual findings therefrom.</p>

18.	GTIL	<p>We are of the view that ISRS 4400 should address whether it is appropriate to use an expert in an AUP engagement and, in particular, should provide for the use of an expert in an AUP engagement concerning non-financial information. However, care needs to be exercised when defining the situations in which the use of an expert is appropriate in an AUP engagement. For example, if the subject matter of the engagement is sufficiently technical that an expert is needed to perform the majority of the procedures, it may not be appropriate for the practitioner to accept such an engagement. Further, the procedures to be performed in the engagement must be capable of being developed, understood and evaluated by the practitioner. This will avoid the development of vague procedures on which it is not possible to report objectively; or the acceptance of an AUP engagement where the subject matter is too complex. When an expert is employed in an AUP engagement, considerations similar to those required by ISAE 3000, should apply.</p>
19.	KINGSTON SMITH LLP	<p>We agree that enhancing ISRS 4400 to cover the use of experts in AUP engagements would be beneficial. Although in our experience experts have not been needed on AUP engagements we can see that there may be circumstances where use of an expert could be required and therefore a revised version of ISRS 4400 should take this into account.</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 do agree with the WG’s view that revised ISRS 4400 should be enhanced for the use of experts in an AUP engagement as suggested, and the view that the practitioner should evaluate the expert’s competence and objectivity.</p> <p>Any delegation of work to experts or others should be in a manner that provides reasonable assurance that such work will be performed by persons who have the skills and competence required in the circumstances.</p> <p>In considering other matters to be considered by the WG, we note the following:</p> <ul style="list-style-type: none"> • As the expert forms part of the engagement team, the revised ISRS 4400 should ensure that confidentiality requirements of the IESBA are also applicable. • Guidance on the extent of disclosure of the expert’s details and involvement in the AUP report. • Would the expert be a signatory to either the engagement letter or the report, given that these are “factual findings”?
22.	PwC	<p>– We believe that it is appropriate for the practitioner to determine whether there is a need for an expert based on the subject matter of the engagement. Such consideration should form part of the engagement acceptance consideration. It remains important, however, that the practitioner has sufficient understanding of the subject matter to understand the expert’s work and to be able determine what an exception would be with regards to the subject matter.</p>

		<ul style="list-style-type: none"> We agree that the Standard should address factors that the practitioner should consider when using the work of experts to assist in the performance of the procedures. The Standard should, in our view, be clear that, if the practitioner does not have sufficient competence to evaluate the expert's work, this would influence whether they can accept the engagement or not.
23.	RSM	<p>We agree that the principles of ISA 620, suitably adapted for AUP engagements, should be included in the revised ISRS 4400. Given the varied nature of AUP engagements, practitioners sometimes need the services of an expert in order to assist in the more specialised areas of the work.</p> <p>However, the revised standard should confirm that, despite using an expert, the practitioner remains responsible for the completion of the AUP engagement, including the final report on factual findings, and cannot simply delegate part of that responsibility to the expert. The revised standard should therefore include the requirement for the practitioner to possess sufficient competence to review and challenge the expert's work as part of their own work.</p>
Public Sector Organizations		
24.	AUDIT NEW ZEALAND	We agree with the Working Group's view that ISRS 4400 should address the use of experts. The objectivity and competence of any expert used are essential to the effective performance of the engagement. While it is not mentioned in the discussion paper, we believe the practitioner should also consider whether the extent of the expert's work relative to the overall engagement raises questions about whether the practitioner has sufficient competence in the subject area to accept responsibility for the engagement.
25.	CIPFA	This seems reasonable. As explained in our responses to questions 1 and 2, this does introduce a requirement for judgment in the selection of experts.
26.	PAS	Yes, as the standard is updated to include non-financial information, the use of work of an expert will be required in some instances. Therefore, in order to ensure the involvement of an expert is consistent with exercising professional competence and due care, the standard should be enhanced to include using the work of an expert.
Member Bodies and Other Professional Organizations		
27.	ACCA	ACCA does not agree with the Working Group's views on the use of experts in AUP engagements. As a procedure in an AUP engagement is the communication of objectively verifiable factual findings, where a user requires input from an expert, this should be sought directly from the expert. Where such findings can only be obtained by using an expert, it is difficult to see how they can be considered objectively verifiable. Indeed, it may indicate that an AUP engagement is unsuitable for obtaining comfort in relation to the information.
28.	AE	<p>(31) All AUP engagements are defined via discussions between the practitioner and the client. While the profession is well equipped with relevant skill sets and experience to provide AUP engagements, the practitioners, depending on the subject matter, may be less familiar with some of the specialised expertise linked to a particular subject matter. In some cases, 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>(32) Paragraph 34 of the Discussion Paper should clarify that the AUP practitioner may need to exercise professional judgement in agreeing with the expert and the client the work to be performed within the boundaries of what the ISRS 4400 allows.</p>

29.	AICPA	The ASB agrees that ISRS 4400 should be enhanced, as described in the Discussion Paper, for the use of experts in an AUP engagement. The SSAEs address the use of experts in attestation engagements, including AUP engagements. In addition to the requirements described in the paper, AT-C section 215 requires that in AUP engagements, the practitioner's report on an AUP engagement describe the nature of the assistance provided by the practitioner's external specialist. Describing the role of the expert can be helpful to the users in evaluating how the procedures were executed by the practitioner, particularly in cases where the nature of the subject matter or criteria may be nonfinancial or specific to the conventions of a certain industry or process.
30.	ASSIREVI	Yes, we agree. However, the role of the expert should not be predominant in the context of the procedures performed. In addition, the standard should contain examples of appropriate terminology to address reporting of factual findings when a lawyer is involved. Such guidance could enable the practitioner to maintain professional judgment within an acceptable degree of professional competence and due care.
31.	CAANZ	<p>We do not agree with the Working Group's views that ISRS 4400 should be enhanced for the use of experts in AUP engagements. Factual findings are observed facts of lay observation. They are not scientific facts requiring specialised subject matter-specific expertise or expert judgment, opinions, conclusions or views. An expert would not be needed. ISA 620 states that an expert may be needed to:</p> <ul style="list-style-type: none"> Obtain an understanding of the entity, its environment and internal control; Identify risks of misstatement; Determine responses to risks; Design and perform audit procedures; Evaluate the sufficiency and appropriateness of audit evidence obtained. <p>Except for performing certain "audit" procedures, these are inappropriate for an AUP engagement. The performance of procedures by an expert is needed only when there are complexities necessitating expert judgment and conclusions, often with assumptions as well. The results of an expert's work is not factual, which is why the auditor performs corroborative procedures on the results of an expert's work, such as analytical procedures, which also do not result in factual findings either. The practitioner's expert may help the practitioner understand the underlying subject matter information to be able to conclude, which is also not relevant to an AUP engagement.</p>
32.	CAI	If the Working Group does enhance ISRS 4400 for the use of experts in AUP engagements, it would be important to clarify what role this expert would have with appropriate examples of where and how an expert would be involved. There is a risk that involvement of an expert may imply an element of professional judgement which is not the objective of an AUP engagement.
33.	CPAA	<p>We agree that ISRS 4400 should address the use of the work of experts and we agree with the approach proposed. We note that this approach is consistent with the Australian requirements in ASRS 4400, specifically paragraph 35.</p> <p>ASRS 4400 addresses a broader range of "others", covering use of the work of another assurance practitioner, internal auditor or an expert. We recommend that ISRS 4400 should also address this broader group in addition to experts. The standard should make it clear that in providing their expertise, any others participating in the engagement are required to apply professional competence and due care in conducting the procedures, but not professional judgement that may lead to the modification of the procedures or suggest that a conclusion or opinion has been reached.</p>

34.	EFAA	We agree. The prerequisites for involving an expert need to match the general requirements for performing AUP engagements.
35.	FACPCE	Yes, we consider it important that the standard makes an explicit reference to the possibility that the professional may require the support of an expert as well as to the requirement to evaluate the objectivity and competence of the expert and to reach an agreement with the entity on the nature, extension and opportunity of the procedures that will perform, in this way will be clear the competence required to the professional.
36.	FAR	If an AUP engagement is performed on non-financial information it can be important for the practitioner to use the work of an expert with necessary knowledge in the required field. FAR agrees with the Working Group to enhance ISRS 4400 in the way suggested.
37.	FSR	Our experience is that the practitioners are usually well-equipped with relevant skills and experience to provide AUP engagements. However, depending on the subject matter the professional may be less familiar with some of the technicalities related to the particular non-financial information subject matter. In some cases, specialist expertise may be needed to define which procedures should be performed and/or how procedures should be performed so that procedures and findings are sufficiently precise. In this context, we agree with the Working Group's view.
38.	IBR-IRE	We do not see a need for inclusion of additional requirements related to the use of experts in AUP engagements as this is addressed by the duty of due care..
39.	ICAEW	23. Yes, while we consider that the use of experts in AUP engagements is probably not commonplace, we agree that it would be helpful to address this in ISRS 4400. In so doing, the Standard should be clear that: <ul style="list-style-type: none"> • The practitioner should not be simply outsourcing a substantial part of the engagement; • The practitioner needs to have sufficient competence to evaluate the expert's work; and • If the practitioner does not have sufficient competence both to do the majority of the AUP and to evaluate the expert's work, they should not be accepting the engagement. 24. Practitioners often use experts for areas of judgement on engagements. Given the working group's approach to the use of professional judgement in AUP engagements it is important to ensure that the inclusion of the use of experts in the standard doesn't therefore create confusion about the extent of judgement used on AUP engagements. A way of dealing with this might be to include an example in the standard of where an expert might be used.
40.	ICAG	Though we need the pre-condition of competence in the ISRS, the practitioner will not necessarily have adequate knowledge of a particular AUP engagement. There will be a need for experts to be engaged in addition to the practitioner, in this case it becomes important and we agree that the ISRS 4400 should be enhanced for the use of experts in the AUP engagement. Also for the purpose of mitigating risks in the use of AUP report, we are of the view that, the AUP report should be solely for the use of the signors of the AUP agreement.

		We agree with the documented enhancements as presented by the views of the Working Group, as they go to improve the quality of the engagement by ensuring that both the client and the accountant/expert are on the same page and that potential objectivity, technical competence and independence, are dealt with from the onset. The use of an expert should be considered.
41.	ICAS	We agree that it would be useful for ISRS 4400 to be enhanced for the use of experts in AUP engagements as there may be situations where specialist expertise is needed, for example, in matters related to NFI. These situations may not arise very often, but it would be helpful to address the issue in ISRS 4400.
42.	ICASL	In an AUP engagement, practitioner agrees to perform specified procedures with the engaging party provided that required technical competence can be sourced in the performance of the engagement (by way of internal resources or using the work of an expert). It's recommended to communicate with the engaging party that need of an expert work for certain procedures in the engagement but the responsibility of work perform by an expert is not in the hand of practitioner since those procedures have been already agreed with the engaging party. Therefore proposed enhancement of the standard should not bring an additional liability to the practitioner in hands of work performed by an expert in an AUP engagement.
43.	ICAZ	We agree with the Working Group's views that ISRS 4400 should be enhanced, for the use of experts in AUP engagements. The use of an independent and competent expert will assist in ensuring that the practitioner meets the professional competence and due care, by providing the required technical expertise.
44.	ICPAU	<ul style="list-style-type: none"> • Agree <p>Why?</p> <ul style="list-style-type: none"> • The expertise in a field other than accounting or auditing is necessary to obtain sufficient appropriate knowledge on which the accountant bases to fulfill the engagement.
45.	ISCA	NO RESPONSE
46.	KICPA	<p>We support the Working Group's view that ISRS 4400 should include using the work of an expert and explain procedures in detail professional accountants should perform when using the work.</p> <p>The complex business environment could pose a threat to professional accountants in their efforts to maintain professional competence required in the paragraph 7 of ISRS 4400 when performing AUP engagements especially from the sector where professional accountants do not acquire relevant professional knowledge. In this case, professional accountants need to use the work of an expert and ISRS 4400 should include the use to prevent the treat.</p> <p>Going beyond the use of expert, it would be necessary to stipulate requirements professional accountants should perform in their use of experts, the work scope of experts, and the scope of responsibility between them.</p>
47.	MICPA	MICPA agrees with the Working Group's views that ISRS 4400 should be enhanced for the use of experts in an AUP engagement. However, it should be clarified that practitioners should not bear the responsibility on the work of an expert unlike in an audit opinion where the auditor is ultimately responsible for his opinion ie the practitioner takes the expert's report at face value and then performs his AUP accordingly without further enquiry on the expert's report or qualification etc.

48.	NASBA	<p>We acknowledge that ISA 620 includes requirements for the use of an expert and believe that these requirements should be tailored further in the context of AUP and incorporated in ISRS 4400.</p> <p>We believe ISRS 4400 should include the following requirements with respect to the use of experts:</p> <ul style="list-style-type: none"> • The professional accountant shall evaluate whether the professional accountant’s expert has the necessary competence, capabilities and objectivity for the accountant’s purposes. • The professional accountant shall obtain a sufficient understanding of the field of expertise of the professional accountant’s expert to enable the professional accountant to determine the nature, scope and objectives of that expert’s work, and to evaluate the adequacy of that work for the professional accountant’s purposes. <p>We also believe that ISRS 4400 should determine if there are different considerations when a professional accountant utilizes an internal or external expert.</p> <p>Application guidance should indicate the extent to which a professional accountant may utilize an expert in performing all or most of an AUP engagement.</p>
49.	SAICA	<p>59. 87% of survey respondents agreed that ISRS 4400 should be enhanced for the use of practitioner’s experts in AUP engagements.</p> <p>60. However, the results of the SAICA survey also indicated that a significant proportion of survey respondents (78%) do not make use of the work of practitioner’s experts in AUP engagements. Of those who do, 74% of the survey respondents indicated that they make reference to the practitioner’s expert in the AUP report.</p> <p>61. Instances were identified (31% of survey respondents) where a practitioner’s expert may be needed in the performance of an AUP engagement, but was not used due to the uncertainty as to whether this is permitted, because extant ISRS 4400 does not make specific reference to the use of a practitioner’s expert.</p> <p>62. 76% of survey respondents who do make use of a practitioner’s expert indicated that they apply the requirements of ISA 620²⁶ by analogy in assessing the practitioner’s expert and evaluating the results of their work.</p> <p>63. SAICA is supportive of the general approach as outlined in paragraphs 34 and 35 of the Discussion Paper in terms of enhancing ISRS 4400 for the use of practitioner’s experts in AUP engagements. This could include using principles contained in ISA 620 and ISAE 3000 (Revised) by analogy, adapted as necessary for the purpose and nature on an AUP engagement.</p> <p>64. During our consultations, a debate arose around the extent to which the practitioner can use the work of a practitioner’s expert and whether the majority of procedures should be performed by the practitioner or if the majority can be performed by the practitioner’s expert; and in the case of the latter, the nature and extent of the work that would be required by the practitioner. This can also be linked back to the discussion around preconditions for services other than assurance engagements as discussed in paragraphs 18 to 21 of this document.</p> <p>65. By analogy ISA 620²⁷ indicates that the auditor shall not make reference to the work of an auditor’s expert in the auditor’s report unless required by law or regulation to do so. ISAE 3000 (Revised) however does not contain such a requirement and merely indicates that if the practitioner refers to the work of a practitioner’s expert in the assurance report, the wording should not imply that the practitioner’s responsibility for the conclusion expressed is reduced because of the involvement of the expert²⁸.</p> <p>66. It is therefore recommended that guidance be included in ISRS 4400 on the reporting requirements when the practitioner uses the work of a practitioner’s expert; to clarify whether or not reference is made to the practitioner’s expert in the AUP report.</p>

		<p>67. Also refer to our comments to question 1 above, where we highlight that the use of a practitioner's expert is an area where professional judgement should be applied (refer to paragraph 16 of this document).</p> <p>26 ISA 620, Using the Work of an Auditor's expert 27 ISA 620, paragraph 14 28 ISAE 3000 (Revised), paragraph 70</p>
50.	SAIPA	<p>SAIPA agrees with the Working Group that there should be a requirement in the standard for the professional accountant where an expert has been used to:</p> <ul style="list-style-type: none"> • Determine whether the nature, timing and extent of procedures performed by the expert is consistent with the procedures agreed in the terms of engagement; and • Determine whether the factual findings reported by the expert adequately describe the result of the procedures performed. <p>The standard in its current form was unclear on whether experts may be used and their work relied upon in the performance of an AUP, clarity in this area will be appreciated.</p>
51.	SMPC	<p>We agree with the Working Group's views that ISRS 4400 should be enhanced for the use of experts in AUP engagements as proposed. We note that, provided the procedures have been specified in sufficient detail, professional judgment is not required in determining factual findings. Therefore recourse to technical expertise in a non-financial subject matter would not necessarily be essential. However, when technical competence in an area of expertise beyond that commonly held by professional accountants is required, the practitioner may need to draw on an expert to perform all or part of those procedures that require specific technical competence. This "limited use" (to perform specific procedures) contrasts to using the work of an expert under the ISAs and is more "mechanical" in nature than would be the case in an audit, as the expert is not asked to apply their own professional judgment, but to perform work in a purely technical capacity. We understand that for AUP engagements for certain specialized industries, such as mining, banking, insurance, property development etc. experts with the relevant knowledge and experience may be involved. This may result in a different understanding of the practitioner's role and responsibility. Therefore the nature of any such use of experts would need to be considered appropriately in revising ISRS 4400.</p>
52.	WPK	<p>Yes, we do agree. Using the work of an expert in AUP engagements is not uncommon and should accordingly be covered by ISRS 4400. The prerequisites for involving an expert need to match the general requirements for performing AUP engagements.</p>
Individuals and Others		
53.	14000REGISTRY	<p>We recognize that non-financial information and use of experts would be useful as an option, but we would not want to make it a requirement. The need for practitioner knowledge and skills has already been taken into consideration in the development of the application and the learning process that is unique to our situation.</p>
54.	ANA	<p>Yes. However, as mentioned earlier, we do not wish to dilute ISRS 4400. We support the guidance to be enhanced through a separate standard for the non-financial information AUPs including the use of experts in the AUP engagements.</p>