

Supplement N 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 13

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](#).

Q13. Are there any other areas in ISRS 4400 that need to be improved to clarify the value and limitations of an AUP engagement? If so, please specify the area(s) and your views as to how it can be improved.

#	Respondent	Comments
Those Charged with Governance		
1.	IIA SA	Nil
Regulators and Oversight Authorities		
2.	EUROPEAN COMMISSION	No. It may be true that in some cases the nature of an AUP, and its difference compared to an assurance engagement may be not as clear to the stakeholders as expected. However, introducing a supplementary set of hybrid standard would be not beneficial to enhance that understanding.
3.	IRBA	<p>iii. In general, we support the proposals of the Working Group. However, we believe that in order to further improve the quality of AUP engagements the Working Group could consider the following recommendations:</p> <ul style="list-style-type: none"> • Expanding the scope paragraphs so as to clarify instances when an AUP engagement is not appropriate, as currently there is confusion in this regard. This elaboration would be similar to the manner that the IAASB has done in International Standard on Assurance Engagements (ISAE) 3000 (Revised) , paragraphs 6 and 8. • Provide further guidance on the documentation requirements as they are not detailed enough.

		<ul style="list-style-type: none"> • Including guidance that addresses the practitioner’s responsibilities with regard to the quality of evidence obtained (accuracy and completeness thereof). <p>13.1 We recommend that:</p> <ul style="list-style-type: none"> • The Working Group includes a list of relevant definitions clarifying the meaning of terms used in the standard, where these are not defined in the Glossary of Terms. • The standard addresses the relationship with ISQC 1 . • Similar to ISRS 4410 (Revised) , paragraph 23, specific requirements and application guidance relating to “engagement level quality control” should be included and explained within the context of AUP engagements. • Preconditions or a list of specific items to be agreed upon before accepting/continuing the AUP engagement should be included similar to ISRS 4410 (Revised), paragraphs 24 to 26. • Clear requirements and application guidance should be included regarding the providing of recommendations. This should be the case regardless of whether a separate report, an appendix to the AUP report or a separate section within the AUP report is opted for when reporting recommendations (as per question 12 of the DP). Similar to ISRS 4410 (Revised), paragraph 27, this can be included under the heading “Communication with those charged with governance”. <p>13.2 Documentation requirements should be enhanced, drawing from ISA 230 paragraphs 8 and 9 and ISRS 4410 (Revised), paragraph 38.</p>
National Auditing Standard Setters		
4.	AASB-CNAC	<p>The Working Group may wish to consider including requirements or application or other explanatory material on the following matters:</p> <ul style="list-style-type: none"> • Written representations – A requirement or guidance for the practitioner to obtain written representations from the entity that the entity acknowledges its responsibility for the subject matter. • Date of AUP report – A requirement or guidance for the practitioner to date the AUP report no earlier than the date on which the practitioner completed the procedures and obtained the written representations from the entity. <p>In addition, we note that recent AUP standards issued by the American Institute of Certified Public Accountants (AICPA) and the Australian Auditing and Assurance Standards Board (AUASB) include materials on the use of the work of the internal auditor. The AICPA takes the view that the AUP should be performed entirely by the engagement team or other practitioners. The AUASB takes the view that the practitioner may use the work of the internal auditor as long as the practitioner evaluates the adequacy of the work. There may be some merit for the revised AUP standard to clarify whether it is appropriate for the practitioner to use the work of the internal auditor in a direct assist capacity.</p>
5.	AUASB	The AUASB has no further input to provide.
6.	CNCC-CSOEC	<p>The areas mentioned In ISRS 4400 clarify the value and limitations of an AUP engagement. However, the following areas could be clarified or further developed:</p> <ul style="list-style-type: none"> - the possibility to refer to ISQC1 for firms that comply with the international standard on quality control; - the cases where the practitioner becomes aware of a suspected fraud or illegal act.

		Finally, we consider that the introduction section of the report could be reviewed to directly clarify that AUP performed under ISRS 4400 should not be seen as assurance engagements.
7.	FAP	NO RESPONSE
8.	HKICPA	Regulators often do not understand the value of an AUP engagement and they prefer an assurance report to be provided by professional accountants. The introduction paragraphs of ISRS 4400 could be enhanced to discuss the value and in certain circumstances, depending on the objectives of regulator, an AUP engagement may be more appropriate as compared to an assurance engagement.
9.	IDW	<p>As noted in the paragraph 4 of the discussion paper, current ISRS 4400 is not written in clarity format, so it is unclear what is required and what is guidance (especially through the use of present tense). Furthermore, the standard uses outdated terminology (“auditor” rather than “practitioner”) and makes reference to using the ISAs as guidance and to “procedures of an audit nature”, which is inappropriate for a non-assurance engagement. We believe that it is important that ISRS 4400 be written using the clarity conventions and as a stand-alone standard.</p> <p>Greater clarification could also be provided in a revised ISRS 4400 on the following matters:</p> <ul style="list-style-type: none"> • Some practitioners appear to believe that an engagement with a series of opinions, rather than one overall opinion, is an ISRS 4400 engagement. Greater clarification is needed to distinguish ISRS 4400 from ISAE 3000 so that only factual findings, rather than multiple opinions, are included in ISRS 4400 reports. There seems to be some confusion as to when the performance of procedures leads to factual findings and how this differs from an assurance conclusion. In any case, there needs to be a prohibition on providing assurance conclusions or opinions based upon the performance of agreed-upon procedures. • Clarification that even though professional judgment cannot be applied in the performance of the procedures, human and technical judgment needs to be applied. A revised ISRS 4400 would need to distinguish these. • In an agreed-upon-procedures engagement, despite the assertions in ISRS 4400.14 and .15, a practitioner does not gather evidence (as defined in ISA 500 or ISAE 3000 (Revised)), but rather obtains factual information resulting from the application of the agreed-upon-procedures. Consequently, clarification in ISRS 4400 is needed that evidence is not a relevant concept and that factual findings represent factual information – not evidence. • Greater clarification is needed that the approach used in an assurance engagement, including the determination of materiality, risk assessment, risk response, and forming an opinion or conclusion, is not appropriate in an agreed-upon procedures engagement. • The report could be worded more clearly to distinguish the report from an assurance report. In particular, in line with ISRS 4410 the report should explicitly state that only factual findings resulting from the performance of the agreed-upon procedures are provided in the report and that no assurance engagement was performed and therefore assurance conclusion is provided. • Similar to ISRS 4410, the report could clarify the value of an agreed-upon procedures engagement by referring to the fundamental ethical principles with which the practitioner complies and the practitioner’s expertise.
10.	JICPA	<p>We believe that the following areas need to be examined for the improvement in the ISRS4400 revision project.</p> <ul style="list-style-type: none"> • Characteristics of the AUP engagement (definition of the terms such as client, practitioner, user of the report, etc. including the ensuing responsibility of each).

		<ul style="list-style-type: none"> • Clarification of the responsibility concerned with sufficiency of the procedures (including the clear statement to the effect that the client is solely responsible). • Matters pertinent to the communication with the user of AUP report who is not a signatory to the engagement letter to have a clear understanding of the AUP and the conditions of the engagement. • Matters pertinent to the engagement pursuant to the law or regulation and understanding the pre-conditions of such engagement. • Provisions when an inconsistency is discovered between the AUP outcomes and information coming into the practitioner's possession during performing the engagement. • Provisions when a part of the procedures is not performed despite being agreed upon to perform such procedures. • Matters pertinent to the investigation and judgment regarding whether or not to obtain the confirmation from the person responsible for the information concerned with the undertaken engagement as well as the matters pertinent to the quality control procedures in relation to the application of ISQC1 (e.g., matters regarding the selection of engagement team and safekeeping of the work files). • Utilization of works by other practitioners. • Application guidance and appendixes in relation to describing the procedures and outcomes of the procedures. (Illustration of unclear or misleading terminology, matters concerning the sampling and application of analytical procedures.) • Examples of the AUP report and representation letter. <p>Besides, there seems an institutional request to disclose the fact that the AUP engagement is being performed without seeking the disclosure of such AUP report itself. However, disclosure of the fact that the AUP engagement is being performed alone may be highly likely to cause misunderstanding by the users of such information on the content and characteristics of the engagement. Concerning these cases, in order to reduce an occurrence of misinterpretation, we should investigate if it is necessary to recommend certain measures such as reading the AUP report after the consultation with the client. Since such an institutional request is seen not only in the AUP engagement but also in the assurance engagement such as audit, this matter may be better to deal by other non-authoritative guidance independent from the ISRS4400.</p>
11.	MAASB	<p>The AASB recommends the IAASB to address in the standard the requirement on written representation in connection with an AUP engagement. It would be helpful to describe circumstances when a written representation may be required, to state examples of matters to be included in the representation letter and implications when the requested written representation is not provided to the practitioner.</p>
12.	NBA	<p>Content of the engagement</p> <p>We strongly recommend to clarify the content of the engagement and report. See 'I. General comments'. see Appendix 1, par. 3 to 6 inclusive, 13c, par. A4 to A6 inclusive Standard 4400N</p> <p>Professional skepticism</p> <p>Professional skepticism is relevant for an AUP engagement, because the procedures can be similar to procedures performed for an assurance engagement. The practitioner uses his professional skepticism with the critical assessment of information during the performance of the procedures. An example is that the practitioner has to be alert to information that is inconsistent or contradictory. The concept of professional skepticism also expresses an attitude of a practitioner that is expected by the general public.</p>

		<p>See Appendix 1, par. 20 and A9.</p> <p>Fraud and non-compliance with laws and regulations</p> <p>ISRS 4400 does not address the role of the practitioner if he becomes aware of a suspected fraud or suspected non-compliance with laws or regulations. Stakeholders expect from practitioners that they deal with suspected fraud or suspected non-compliance with laws and regulations, regardless of the engagement of the practitioner. The practitioner has to communicate a suspected fraud or suspected non-compliance with the management or those charged with governance. He also has to determine whether he should withdraw from the engagement or amend the engagement.</p> <p>ISRS 4400 has to respond to the new requirements addressing NOCLAR in the IESBA Code.</p> <p>See Appendix 1, par. 31, A18 to A20 inclusive.</p> <p>Intended users' information needs</p> <p>It is very important that the engagement satisfies the intended users' information needs. We recommend some requirements for the practitioner to ensure this. If the practitioner suspects that an AUP engagement is not expected to satisfy the intended users' information needs, he must not accept the engagement.</p> <p>See Appendix 1, par. 23 and 28.</p> <p>Required engagement letter</p> <p>ISRS 4400 (par. 11) recommends the use of an engagement letter. We prefer to make this a requirement, because especially in the case that an engagement is created for the intended users it is important to avoid any misunderstanding.</p> <p>See Appendix 1, par. 27.</p>
13.	NZAuASB	<p>The NZAuASB has identified a number of areas where it believes additional guidance in ISRS 4400 may be useful. These are not necessarily restricted to clarifying the value and limitations of an AUP engagement.</p> <ul style="list-style-type: none"> • What is the role of written representations in an AUP engagement? Are they required? • Is a written assertion required in an AUP engagement? • The Discussion Paper addresses the use of experts. How and to what extent is it appropriate for the practitioner to use the work of others, for example, internal auditors, in an AUP engagement? • How does the practitioner address matters that come to their attention that contradict the factual findings? What are the practitioner's obligations? • What are the practitioner's obligations with respect to information obtained from performing another form of engagement?
Accounting Firms		
14.	BDO	There are no other areas in ISRS 4400 that we believe require improvement.
15.	CHI	The Working Group has prepared a set of proposed improvements that make ISRS 4400 "fit for purpose" and reflect how AUP engagements have evolved. We have no further improvements to add.

16.	DTTL	<p>ISRS 4400 currently does not include a requirement to obtain written representations from the responsible party; DTTL believes adding such a requirement should be considered.</p> <p>Such representations could be in the form of a letter addressed to the practitioner and include an acknowledgement of the responsible party's responsibilities including those related to the subject matter, selecting the criteria, when applicable, determining such criteria are appropriate for the specified users' purposes, and agreeing to the procedures performed.</p> <p>In addition, it should be made clear what the practitioner's responsibility is with respect to reporting knowledge gained during the AUP engagement regarding suspected fraud or noncompliance with laws and regulations.</p> <p>Also, it should be clear when an AUP engagement (e.g., due to the type of procedures performed or the form of reporting) is no longer an AUP engagement, but rather is more appropriately classified as an advisory or consulting service.</p> <p>Further, as discussed in our response to Q5, ISRS 4400 should incorporate pre-conditions to accepting the engagement.</p>
17.	EYG	<p>No, we do not believe there are any other areas in ISRS 4400 that need to be improved at this time. However, we support IAASB efforts to promote appropriate application and use of its standards through outreach and various forms of supplemental guidance to educate practitioners and intended users of the nature, value and limitations of, in particular, each type of service that is addressed by the IAASB's assurance and related services standards, including ISRS 4400.</p>
18.	GTIL	<p>We have not identified any other areas in ISRS that need to be improved.</p>
19.	KINGSTON SMITH LLP	<p>No, we believe that the proposals identify the areas where more clarity would be useful.</p>
20.	KPMG	<p>NO RESPONSE</p>
21.	PKFI	<p>In our view, the following areas are noted for the WG's consideration:</p> <ul style="list-style-type: none"> • Guidance on the concept of sampling – As sampling is an assurance concept and AUP are “procedures of an audit nature”, AUP engagements may permit the practitioner to determine a sufficient sample for testing, on a basis agreed with the client. How will the revised ISRS 4400 address the concept of sampling? • In the Discussion Paper the following foot note is included as Footnote 19: “However, quantitative thresholds for determining factual deviations may be set.” Will the revised Standard provide guidance on what would be acceptable as quantitative thresholds and will quantitative thresholds used require disclosure in the report? • When required by law or regulation, reportable matters, such as fraud or any illegal act, have to be reported to a regulator or other specified body. Will the revised IRSR 4400 provide guidance on how the practitioner should treat this when reporting? • With reference to ISRS 4400, paragraph 9, will 3rd parties (specific users identified) also be signatories to the engagement letter? How else is their agreement to the procedures evidenced?

22.	PwC	<ul style="list-style-type: none"> Guidance that clarifies what the key features are that differentiate an AUP engagement from other types of engagement (e.g., audit, review, other assurance or consulting engagements) would be useful.
23.	RSM	None that we are aware of.
Public Sector Organizations		
24.	AUDIT NEW ZEALAND	In our view ISRS 4400 would be further improved if it provided more guidance on how to differentiate an AUP from an assurance engagement. In part, the proposals in relation to unclear or misleading terminology will help in this regard. However, we are of the view that there remains a knowledge gap, particularly with the parties requesting some of the types of reports listed in Appendix A to the discussion paper. It is vital that the engaging party, the Professional Accountant performing the engagement and any 3rd party that it is agreed the report will be provided to (such as a funder) are all clear as to the work that will be done, the output arising and whether or not any assurance is provided.
25.	CIPFA	NO RESPONSE
26.	PAS	None identified
Member Bodies and Other Professional Organizations		
27.	ACCA	No further comments.
28.	AE	<p>(43) The areas included in the IAASB's discussion paper are the most important ones to clarify the value and limitations of an AUP engagement.</p> <p>(44) The IAASB should clarify the difference between the various services offered given that, for example, AUP is sometimes mistakenly seen as an assurance engagement. A clear introductory section in the standard is needed, explaining that AUP performed under ISRS 4400 are not assurance engagements and therefore should not be seen as such. The reference to ISAs in paragraph two of the introduction section in ISRS 4400 and the wording "procedures of an audit nature" should be deleted. The confusion extends to practitioners as well as clients. Equally, there is confusion about the level of assurance provided by each engagement and this merits clarification as well.</p> <p>(45) ISRS 4400 is silent on the role of the practitioner if he/she becomes aware of a suspected fraud or illegal act. While the professional is not asked to assess whether the procedures agreed upon are adequate for the engagement, the practitioners should be alert to this kind of risk and cannot ignore cases where the context in which they are being asked to do something, or what they are being asked to do, is inappropriate. Practitioners should be constantly alert to the requirement not to be associated with misleading information when agreeing to perform an AUP engagement, and while performing the engagement. We also refer to our response to question 1 in this context.</p> <p>(46) The need to remain alert to potential risks should be better articulated in the standard, potentially in the objective section. The risk of potential misuse of the report may need to be pointed out as well.</p>

29.	AICPA	AT-C section 215 contains requirements and guidance addressing situations where the responsible party (that is, the party responsible for the subject matter) is not the engaging party, as well as requirements for written representations. The ASB believes that such requirements would improve ISRS 4400.
30.	ASSIREVI	Guidance on non-financial information AUP engagement.
31.	CAANZ	The IAASB should keep in mind that mainly small and medium practices will be affected by changes to ISRS 4400.
32.	CAI	An area for improvement would be in regard to the existing “documentation” requirements in ISRS 4400. Given that practitioners carry out this type of engagement with the same rigour as applied in an audit, with the distinguishing factor being that no assurance is expressed, the existing standard places limited emphasis on having appropriate documentation. This could be improved.
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>There are several areas that could be improved in ISRS 4400, including those relating to engagement acceptance, differentiation of AUPs from assurance engagements and management responsibilities in an AUP engagement.</p> <p>We recommend that ISRS 4400 identifies the circumstances under which an AUP engagement should not be accepted. These circumstances should indicate when an AUP engagement is not suitable for meeting the needs of users. We recommend that ISRS 4400 should require that if these circumstances are present, the practitioner should decline the engagement as an AUP engagement. The Australian standard ASRS 4400 identifies such circumstances in paragraph 21, including in summary:</p> <ul style="list-style-type: none"> • Provision of only factual findings is unlikely to meet the needs of users; • Intended users are likely to construe the AUP report as providing assurance; • Use of the report cannot be restricted to identified users; • All of the elements of an assurance engagement are met; • The engagement has no rational purpose; • The engagement will require the practitioner to: determine the sufficiency of procedures, perform a risk assessment, evaluate the findings to determine the sufficiency and appropriateness of the evidence; or • The engaging party requires a conclusion or opinion to be reached. <p>We also consider that ASRS 4400 needs to clearly state the differentiating factors between an assurance engagement and an AUP. This would need to include that in an AUP:</p> <ul style="list-style-type: none"> • planning is limited to the effective performance of the procedures agreed; • no risk assessment is performed; • materiality is not applied to design procedures or evaluation findings;

		<ul style="list-style-type: none"> findings are not evaluated to assess whether sufficient appropriate evidence has been obtained; and a conclusion is not reached or expressed. <p>We further recommend that ISRS 4400 addresses the responsibilities of management in an AUP engagement, which should be acknowledged as a precondition of the practitioner's engagement acceptance. This is currently addressed in ASRS 4400 paragraph 22, including management's responsibility for:</p> <ul style="list-style-type: none"> the adequacy of the procedures agreed; whether the factual findings combined with other available information will provide an appropriate basis for users to draw conclusions on the subject matter; and providing access to information and persons within the entity necessary to perform the procedures.
34.	EFAA	No comment.
35.	FACPCE	We understand that the value and limitations of AUP engagement are sufficiently explained in the report.
36.	FAR	<p>FAR is positive to improvements of ISRS 4400. It would be valuable for the practitioners with more examples, illustrative reports and application instructions.</p> <p>It is common that the third party in an AUP engagement, for example charitable organizations, provides the practitioner with a list of procedures to report on. These instructions are often used by a large number different practitioners who perform the procedures on entities which have different systems and routines. It is hard to design procedures which can be performed by the practitioners without them making judgements. It would be useful if the IAASB in a ISRS 4400 Revised would add guidance on how to deal with situations when standard procedures shall be performed by practitioners in many different entities.</p>
37.	FSR	<p>The current wording in the factual findings report is not suitable or understandable for many non-technicians using the factual findings report. In our opinion, the IAASB should consider if the caveats in the reports can be less extensive and/or made more understandable for users.</p> <p>It is our experience that factual findings reports that are prepared in connection with disputes or court cases are "thrown out" due to the wording that is used in the factual findings report and the lack of understanding that the practitioner "concludes" on each separate procedures performed.</p>
38.	IBR-IRE	We do not see any other areas in ISRS 4400 that need to be improved. We believe the issues identified by the Working Group are the most important ones.
39.	ICAEW	<p><i>Combined answer to question 12 and 13</i></p> <p>31. Yes we believe that recommendations should be clearly distinguished – and separated – from the report of factual findings on the procedures performed. Given the nature of AUP engagements (a factual findings report, based on predetermined procedures) there would generally be no expectation that the practitioner will have recommendations to offer though we acknowledge that, from time to time and depending on the nature of the engagement, recommendations may comprise an integral part of the client's needs and the practitioner may have some recommendations to make.</p>

		<p>32. Given that an expectation gap already exists between practitioners and those who request AUP reports, such as national regulators and governmental organisations, about the nature of AUP engagements we think it would be preferable if practitioners included recommendations in a separate report, but accept that in certain circumstances, a separate appendix might also achieve the desired result.</p> <p>33. We are not aware of any other areas in ISRS 4400 that need to be improved to clarify value and limitations of an AUP engagement, other than those already picked up in our response.</p>
40.	ICAG	None come to mind.
41.	ICAS	<p>We believe that addressing the areas highlighted in the IAASB’s discussion paper will clarify the value and limitations of an AUP engagement.</p> <p>In addition, we believe that it is extremely important that IAASB clarifies the misconception that an AUP engagement is viewed, by some, to be an assurance engagement. This misconception extends to practitioners as well as clients. A clear introductory section in the standard would be helpful, to explain that AUP performed under ISRS 4400 should not be regarded as providing any form of assurance. The reference to ISAs in paragraph two of the introductory section of ISRS 4400 and the reference to “procedures of an audit nature” in paragraph four of the standard should be removed.</p> <p>Furthermore, ISRS 4400 is silent on the role of the practitioner if he/she becomes aware of a suspected fraud or illegal act. Whilst there is no obligation on the practitioner to assess whether the AUP are adequate for the engagement, he/she should be alert to the risk of being asked to do something which is inappropriate and/or the risk of potential misuse of the report. Practitioners must also remain alert to the requirement not to be associated with misleading information when agreeing to perform an AUP engagement and whilst performing the engagement.</p>
42.	ICASL	ISRS 4400 can be further improved via incorporating more application guidance to the practitioners for AUP engagements on non-financial information.
43.	ICAZ	We propose that ISRS 4400 includes a requirement for the engaging party to provide written representations addressed to the practitioner. It would be of great importance that the engaging party acknowledges, in writing their responsibility for the subject matter, the selection of the procedures performed, and determining the appropriateness of the procedures selected for the engaging party’s purposes.
44.	ICPAU	<ul style="list-style-type: none"> • To use “practitioner” instead of “auditor.” This is based on the nature of the engagement. • Suggest that, the report of factual findings, ISRS 4400, par 18(f), to replace with a statement that the practitioner complied with IESBA Code (National Ethical requirements).
45.	ISCA	NO RESPONSE
46.	KICPA	No comment.
47.	MICPA	None.
48.	NASBA	We are not aware of other areas ISRS 4400 that need to be improved.

49.	SAICA	<p>94. As indicated in the Discussion Paper⁴⁰, ISRS 4400 is yet to be updated to the Clarity format. The revised ISRS 4400 should be structured and drafted in accordance with the clarity conventions.</p> <p>95. As a starting point, the following recommendations are made for the consideration of the Working Group:</p> <ul style="list-style-type: none"> a. Distinct scope and objectives sections: Refer to paragraphs 55 to 58 of this document for our comments in this regard; b. Definitions: Extant ISRS 4400 does not include a list of relevant definitions to clarify the meaning attributed to terms used in the standard. The inclusion of definitions will be useful in providing clarity on both the scope of the ISRS, as well as the requirements applicable to the practitioner. ISRS 4400 caters for a specific type of engagement and since the Glossary of Terms contains definitions of terms that are applicable to a wider set of standards, catering for other more generic engagements, SAICA recommends that these definitions be included within the revised ISRS 4400 and not in the Glossary of Terms; c. Engagement acceptance and preconditions: Refer to paragraphs 17 to 27 of this document for suggestions in relation to the inclusion of engagement acceptance considerations, as well as preconditions; d. Quality Control: Although ISQC 141 is applicable to an AUP engagement, extant ISRS 4400 does not make specific mention of whether the practitioner is required to be a member of a firm that is subject to ISQC 1. It is recommended that the revised standard address the relationship with ISQC 1. Furthermore, the revised ISRS 4400 should include a section that addresses engagement level quality control; e. Extent of testing: Extant ISRS 4400 does not make mention of the extent of testing required and although SAICA is in agreement, it is recommended that the extent of testing be agreed upon upfront and included in the agreed procedures performed, and as reported on in the AUP report; f. Documentation: Extant ISRS 4400 contains very limited requirements for documentation. The revised ISRS 4400 should include enhanced documentation requirements, including requirements and guidance linked to the assembly (and archiving) of the engagement file. g. Other areas around which a debate arose during our consultation forums included the following: <ul style="list-style-type: none"> i. Is there any requirement for the practitioner to consider subsequent events that may impact on the AUP engagement? If so, to what extent? It is our view that since the AUP engagement is performed for a specific purpose, at a specific point in time, there is no responsibility on the practitioner to consider subsequent events; ii. What is the requirement in terms of obtaining management representations? With reference to the suggestion contained in paragraph 77(b) of this document, to include a description of management’s responsibilities in terms of the AUP engagement in the AUP report, it is our view that the practitioner should be required to obtain a management representation to confirm that management have complied with such responsibilities; iii. Does the practitioner have any responsibility with respect to considering the accuracy and completeness of the records, documents, explanations and other information obtained in the context of performing the agreed-upon procedures? Can such information be taken at face value; and only if the practitioner suspects or is concerned about something (e.g. difficulty in determining or formulating a factual finding) should further action be taken? Would this require the exercise of professional judgement?
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		<p>iv. Does the practitioner have a responsibility to communicate any matters not required to be communicated in the AUP report, but that comes to the attention of the practitioners, to management or those charged with governance? It is our view that this is beyond the scope of an AUP engagement.</p> <p>96. SAICA included in its comment letter on the IAASB Discussion Paper relating to Supporting credibility and trust in emerging forms of external reporting a suggestion that there could be a need to explore the potential gap that may exist between an AUP engagement and an assurance engagement; i.e. the possibility of an engagement where a practitioner exercises professional judgement in determining the procedures that may be required to examine or investigate a subject matter, and reporting his/her findings, without providing assurance in the form of an assurance conclusion. We used the current SAICA survey to test respondents' perceptions in this regard. 63% of survey respondents believed that there is a gap in the market.</p> <p>40 Discussion Paper, paragraph 4 41 ISQC 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Service Engagements</p>
50.	SAIPA	The objective of the standard indicates that it is for the auditor SAIPA recommends that any reference to an auditor be replaced with "professional accountant" as the AUP engagement extends beyond an auditor and a professional accountant in practice or in business who may not be an auditor is engaged on such. The limitation to the standard to auditors restricts its wider use.
51.	SMPC	We are aware that there may be some confusion in the market as to the nature of AUP engagements, with users perceiving more comfort than the practitioner is delivering. Indeed, we understand that some confuse AUP engagements with assurance engagements. Clarification in the introductory paragraphs of a revised ISRS 4400 would be helpful in this regard.
52.	WPK	No additional comments.
Individuals and Others		
53.	14000REGISTRY	In our view it is best to keep a standard concise and avoid non-essential information so that users do not confuse prescription with additional description. Perhaps an FAQ document, if it were needed, could be an option.

54.	ANA	<p>Restrict the use of term ‘auditor’ in ISRS 4400 for assurance assignments only. The AUP is a non-assurance engagement. The practitioner responsible for the execution of non-assurance assignments is not an ‘auditor’. The term ‘auditor’ is generally taken to mean a legally appointed independent auditor only. The use of term auditor is inappropriate. It aggravates the confusion that prevails widely in the stakeholders of AUP. Q13</p> <p>Direct the stakeholder/practitioner in the revised ISRS 4400 to refer to the ISAE 3000 for an engagement, calling upon for an assurance by its terms of engagements. There’s room under the said ISAE for flexible engagements other than an audit or review which are ordinarily known or understood by the general users as ‘limited and/or special and/or mini-audit’ of an element(s) or component of the financial statements. Q13</p> <p>Cover the guidance gap in the IAASB pronouncements by non-authoritative guidance to respond to the needs of the stakeholders and users; as you know that ‘in many cases, the procedures relate to whether a funding recipient has used the funds solely for the designated purposes’. Similarly, a practitioner may also be called upon to certify (and reproduce) information or an extract contained in the general purpose financial statements of a client. Specific guidance is also required for such situation as a non-assurance engagement. Q13</p> <p>Purge the term ‘auditor’ from ISRS4400; identify AUP as a non-assurance engagement; provide alternative to the audit in the form of ISAE 3000; and create non-authoritative for facilitating stakeholders who wish to be assured about the utilization of funds.</p> <p>Restrict the use of term ‘auditor’ in ISRS 4400 for assurance assignments only. The AUP is a non-assurance engagement . The practitioner responsible for the execution of non-assurance assignments is not an ‘auditor’. The term ‘auditor’ is generally taken to mean a legally appointed independent auditor only. The use of term auditor is inappropriate. It aggravates the confusion that prevails widely in the stakeholders of AUP .</p> <p>Direct the practitioner to refer to the ISAE 3000 for an engagement calling upon for a limited level of assurance as required by the terms of engagements. There’s room under the said ISAE for flexible engagements other than an audit or review which are ordinarily known or understood by the general users as ‘limited and/or special and/or mini-audit’ of an element(s) or component of the financial statements.</p> <p>Cover the guidance gap in the IAASB pronouncements by non-authoritative guidance to respond to the needs of the stakeholders and users; as you know that ‘in many cases, the procedures relate to whether a funding recipient has used the funds solely for the designated purposes’.</p>
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