



Agreed-Upon Procedures

Ron Salole, IAASB Member and Working Group Chair

IAASB Meeting

September 21, 2017

IAASB

**International Auditing
and Assurance
Standards Board**

Presentation outline

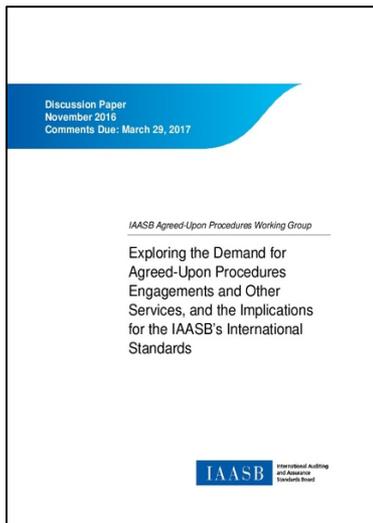
- Feedback Report – Agenda Paper 5A
 - Discussion Paper
 - Response Analysis
 - type of entity
 - geographical area
 - overall summary
 - responses on issues
 - Project Proposal – Agenda Paper 5B
 - Walk through
-

Feedback Report

- Working Group established in 2015 to explore AUP issues
 - Extensive consultations undertaken in 2015 and 2016
 - Discussion Paper released in November 2016
 - Purpose of this presentation is to provide a high level summary of the feedback received
 - Fifty four responses from a wide range of stakeholders and jurisdictions
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Discussion Paper

- The DP requested responses to 15 questions, covering:
 - The role of professional judgment in an AUP engagement (Q1-Q2)
 - The independence of the professional accountant (Q3)
 - Terminology used in describing procedures and reporting factual findings in an AUP report (Q4)
 - AUP engagements on non-financial information (Q5-Q6)
 - Using the work of an expert (Q7)
 - Format of the AUP Report (Q8)
 - AUP Report to a party who is not a signatory to the engagement agreement (Q9)
 - Approach to restricting the distribution and use of the AUP report (Q10-Q11)
 - Recommendations made in conjunction with AUP engagements (Q12)
 - Other significant issues (Q13)
 - Multi-scope engagements (Q14-Q15)



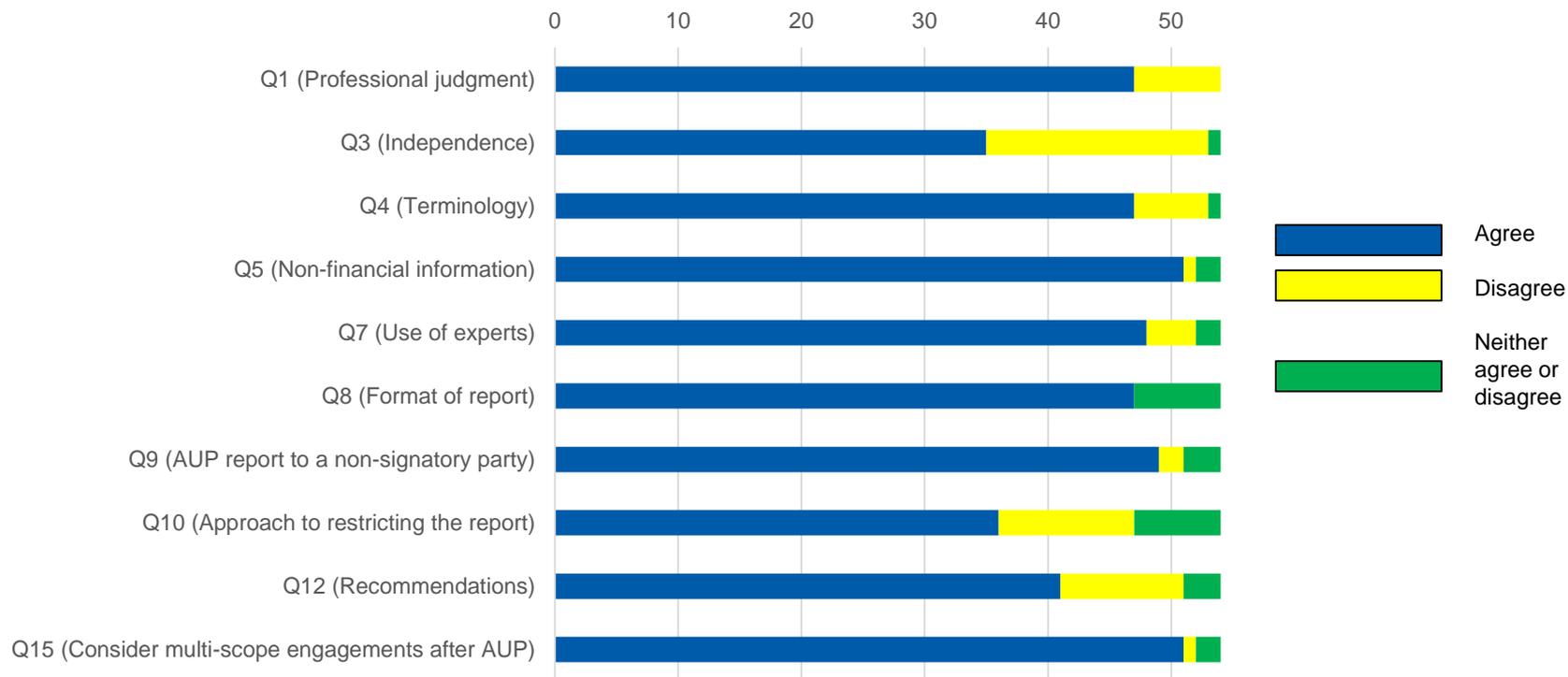
Responses (type of entity)



Responses (geographical area)



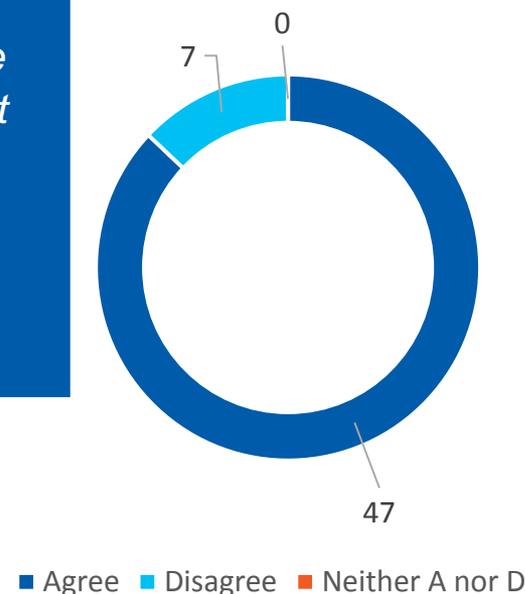
Overall summary of responses



The role of professional judgment in an AUP engagement

Q1. Results from the Working Group's outreach indicate that many stakeholders are of the view that professional judgment has a role in an AUP engagement, particularly in the context of performing the AUP engagement with professional competence and due care. However, the procedures in an AUP engagement should result in objectively verifiable factual findings and not subjective opinions or conclusions. Is this consistent with your views on the role of professional judgment in an AUP engagement? If not, what are your views on the role of professional judgment in an AUP engagement?

- A significant majority agreed that professional judgment has a role in an AUP engagement, particularly in the context of professional competence and due care.



Professional Judgment (cont'd)

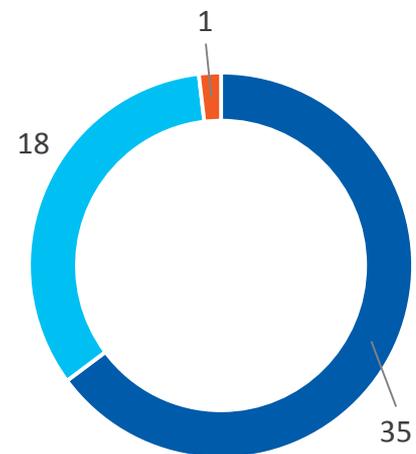
Q2. Should revised ISRS 4400 include requirements relating to professional judgment? If yes, are there any unintended consequences of doing so?

- Respondents' views were almost evenly split regarding whether there is a need for a **requirement** on professional judgment. Potential unintended consequences of including such a requirement include:
 - Exacerbating the confusion about the nature and extent of professional judgment expected in an AUP engagement; and
 - Obscuring the line between an AUP engagement and an assurance engagement.o

Independence of the professional accountant

Q3. What are your views regarding practitioner independence for AUP engagements? Would your views change if the AUP report is restricted to specific users?

- The majority agreed with not requiring the practitioner to be independent.



■ Agree ■ Disagree ■ Neither A nor D

Other significant issues

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?

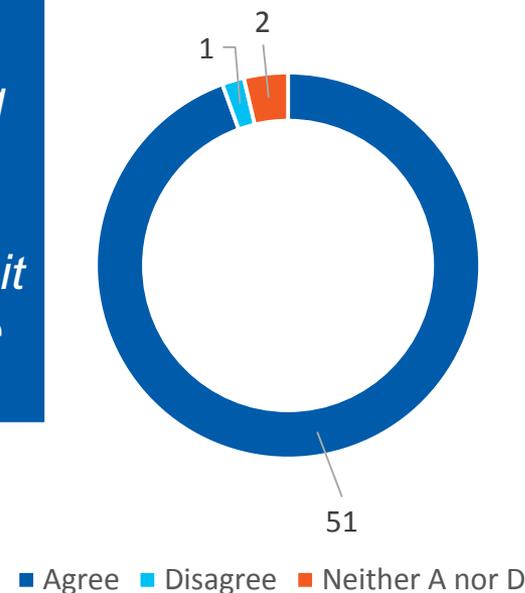
- Updating ISRS 4400 to reflect the range of AUP engagements used today
 - In particular, the requirements and related application material should be written in a way that can accommodate different types of AUP engagements such as those that are negotiated between the entity and the practitioner and those that are set out in law or regulation.
- Obtaining management's written representations and written assertions;
- Dating the AUP report;
- Including a linkage to ISQC 1; and
- Documentation.

Multi-scope engagements

Q14. What are your views as to whether the IAASB needs to address multi-scope engagements, and how should this be done? For example, would non-authoritative guidance be useful in light of the emerging use of these types of engagements?

Q15. Do you agree with the Working Group's view that it should address issues within AUP engagements before it addresses multi-scope engagements?

- A significant majority agreed that guidance on multi-scope engagements would be useful, but that guidance should not be developed before ISRS 4400 is revised.



Project Proposal

- WG thoughts
 - Surprised at the level of overwhelming support for positions in Discussion Paper
 - Persuaded to proceed to development of a project proposal and seek Board approval at its September meeting
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