

March 15, 2019

Willie Botha

Technical Director

International Auditing and Assurance Standards Board

International Federation of Accountants

529 Fifth Avenue, 6th Floor

New York, NY 10017

KICPA's Comments on IAASB's Exposure Draft on Proposed International Standard on Related Services 4400 (Revised) – Agreed-Upon Procedures Engagements (“ED-4400”)

Dear Willie Botha,

KICPA is pleased to have an opportunity to comment on the Exposure Draft issued by the International Auditing and Assurance Standards Board for Accountants (IAASB), regarding International Standard on Related Services 4400 (Revised) – Agreed-Upon Procedures Engagements. KICPA is a strong advocate of IAASB for your relentless efforts to serve the public interest by setting high-quality international standards for auditing, assurance, and other related standards, and by facilitating the convergence of international and national auditing and assurance standards.

Please see the below for our responses to the specific questions.

Public Interest Issues Addressed in ED-4400

1) Has ED-4400 been appropriately clarified and modernized to respond to the needs of stakeholders and address public interest issues?

We believe ED-4400 is comprehensible and appropriately clarified, being sufficient enough to respond to the needs of stakeholders.

Professional Judgment

2) Do the definition, requirement and application material on professional judgment in paragraphs 13(j), 18 and A14-A16 of ED-4400 appropriately reflect the role professional judgment plays in an AUP engagement?

We support that requirements and application material on professional judgment are appropriately reflected in an AUP engagement. Additional description that when it comes to applying professional judgment, however, the responsibility for sufficient procedures to be performed in an AUP engagement lies to the engaging party needs to be made.

Practitioner's Objectivity and Independence

3) Do you agree with not including a precondition for the practitioner to be independent when performing an AUP engagement (even though the practitioner is required to be objective)? If not, under what circumstances do you believe a precondition for the practitioner to be independent would be appropriate, and for which the IAASB would discuss the relevant independence considerations with the IESBA?

We agree with not including a precondition for independence

4) What are your views on the disclosures about independence in the AUP report in the various scenarios described in the table in paragraph 22 of the Explanatory Memorandum, and the related requirements and application material in ED-4400? Do you believe that the practitioner should be required to make an independence determination when not required to be independent for an AUP engagement? If so, why and what disclosures might be appropriate in the AUP report in this circumstance.

We agree with independence disclosures under the scenarios described in the table in para. 22 of the Explanatory Memorandum and the related requirement and application material.

Findings

5) Do you agree with the term “findings” and the related definitions and application material in paragraphs 13(f) and A10-A11 of ED-4400?

We agree with the term “findings” and the related definitions and application material.

Engagement Acceptance and Continuance

6) Are the requirements and application material regarding engagement acceptance and continuance, as set out in paragraphs 20-21 and A20-A29 of ED-4400, appropriate?

We agree with the requirements and application material regarding “Engagement Acceptance and Continuance.”

Practitioner’s Expert

7) Do you agree with the proposed requirements and application material on the use of a practitioner’s expert in paragraphs 28 and A35-A36 of ED-4400, and references to the use of the expert in an AUP report in paragraphs 31 and A44 of ED-4400?

We support the requirements and application material on the use of a practitioner’s expert and reference to the use of the expert in an AUP report.

AUP Report

8) Do you agree that the AUP report should not be required to be restricted to parties that have agreed to the procedures to be performed, and how paragraph A43 of ED-4400 addresses circumstances when the practitioner may consider it appropriate to restrict the AUP report?

We agree with it. For additional opinion, we believe it is important for the AUP report always to be clear that it was prepared for a specific purpose for specific users. Therefore we suggest that a statement that a practitioner disclaims responsibility to any party other than the specified users for any uses or reliance on the report for any purpose be included in the AUP report.

9) Do you support the content and structure of the proposed AUP report as set out in paragraphs 30-32 and A37-A44 and Appendix 2 of ED-4400? What do you believe should be added or changed, if anything?

We support the content and structure of the proposed AUP report.

Request for General Comments

10) In addition to the requests for specific comments above, the IAASB is also seeking comments on the matters set out below:

(a) Translations—recognizing that many respondents may intend to translate the final ISRS for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing the ED-4400.

We have no comments on the translation issues.

(b) Effective Date—Recognizing that ED-4400 is a substantive revision and given the need for national due process and translation, as applicable, the IAASB believes that an appropriate effective date for the standard would be for AUP engagements for which the

terms of engagement are agreed approximately 18–24 months after the approval of the final ISRS. Earlier application would be permitted and encouraged. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the ISRS. Respondents are also asked to comment on whether a shorter period between the approval of the final ISRS and the effective date is practicable.

We have no other comments on the effective date of the revised ISRS.

We hope our comments would be helpful in your efforts to revise the International Standard on Related Services 4400. Please feel free to contact us via w4soup@kicpa.kr for further inquiries.