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**Exposure Draft: Proposed International Standard on Related Services 4400 (Revised),  
Agreed-Upon Procedures Engagements**

Dear Willie,

Dear Ladies and Gentlemen,

We would like to thank you for the opportunity to provide you with our comments on the Exposure Draft: “Proposed International Standard on Related Services 4400 (Revised), Agreed-Upon Procedures Engagements”, hereinafter referred to as “draft”.

We welcome the proposed revision of ISRS 4400. We believe that the draft is revised in a concise and readable manner, maintaining an appropriate level of flexibility for use in various kinds of AUP engagements. Overall, we believe that the draft has been appropriately clarified and modernized to respond to the needs of stakeholders and address public interest issues.

Please find our comments to the questions posed in the Explanatory Memorandum below:

***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?**

Overall, we believe that the draft has been appropriately clarified and – moderately – modernized to respond to the needs of stakeholders and address public interest issues.

Nevertheless, from our perspective a modernization of ISRS 4400 should also link to current development in technology (e.g. digitalization, big data, blockchain). Additionally it seems helpful to clarify that AUP might be applied in the context of group audits - if specified in the group audit procedures - in addition to audit procedures.

### ***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 basically agree with the proposed definition and requirements of professional judgement in the draft. Professional judgement is used throughout an agreed-upon procedures engagement (for instance during acceptance, agreeing terms of engagement, considering the use of a practitioner's expert and determination of adequate procedures).

But we do not think that that the exercise of professional judgment can take place in the actual performance of the agreed-upon procedures. This would change the nature of the engagement from identifying and communicating (factual) findings to interpreting findings ("expressing an opinion").

### ***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 the IAASB to not include a precondition for the practitioner to be independent when performing an AUP engagement. The reference to the fundamental principles in the IESBA Code of Ethics (esp. objectivity) and possible national ethical requirements (ED-ISRS 4400.17, .A12 - .A13) seem sufficient.

- 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 determina-**

**tion 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 the approach set forth in the table in paragraph 22 of the Explanatory Memorandum. The table adequately displays the different possibilities that might arise in practice. On this basis, making a determination of independence when not required to be independent does not seem reasonable.

***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?**

Basically we agree with the term “findings” and the related definition in ED-ISRS 4400.13 (f). From our understanding, no change to the meaning of the concept factual findings (i.e., factual results) is intended.

However, there is a risk that the change in term will be viewed as a change in concept – particularly by users who will not read ISRS 4400 and its definitions. Therefore we would preserve the term “factual findings”.

***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 basically agree with the requirements in ED-ISRS 4400.20 (b) and .21. We suggest to place the requirement in .21 prior to that in .20 to rank the requirements according to their importance.

While we seem to understand the intention of ED-ISRS 4400.20(a) *‘The engaging party acknowledges that the expected procedures to be performed by the practitioner are appropriate for the purpose of the engagement’* from a practitioners perspective, we question whether it can be expected from an average small or medium-sized engaging party to have an understanding of AUP that is sufficient to meet this requirement.

***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 consider the proposed extension of ED-ISRS 4400 to the use of a practitioner's expert as a reasonable measure that increases flexibility and practicability of the standard. We agree with the proposed requirements in ED-ISRS 4400.28 and .31 on the use of a practitioner's expert. Since the practitioner remains responsible for the AUP engagement overall, the expert may only be involved for selected and clearly defined areas. The question whether an expert is needed and the selection of the appropriate expert require professional judgement.

***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 the suggested approach in ED-ISRS 4400.30 (m). Restrictions of distribution of AUP reports should be agreed upon between the contracting parties in accordance with national regulation.

- 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.

Kind regards



Dr. Reiner Veidt  
Executive Director



Dr. Eberhard Richter  
Deputy Executive Director