

15 March 2019

Willie Botha — Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017

Dear Mr. Botha:

Deloitte Touche Tohmatsu Limited (DTTL) is pleased to have the opportunity to provide comments on the Exposure Draft, proposed International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements* (“ED-4400” or the “proposed standard”) issued by the International Auditing and Assurance Standards Board (“IAASB”) in November 2018.

Overall comments

DTTL supports the issuance of ED-4400 and believes there is a need to enhance the key concepts relevant to agreed-upon procedures (“AUP”) engagements beyond that currently provided by extant ISRS 4400.

However, DTTL has the following overarching observations pertaining to the following:

Agreed-upon procedures report

It is imperative that the agreed-upon procedures report provide transparency for the engaging party and the intended users of the agreed-upon procedures report. DTTL believes that additional elements would provide increased transparency and serve the public interest. As noted in the responses to Questions 4 and 9 in Appendix I, DTTL does not agree with all the proposed disclosures about independence and we believe additional elements are needed in the AUP report to:

- Identify the practitioner’s requirements to fulfill relevant ethical requirements relating to objectivity.
- Identify the responsible party.
- Identify any intended users that have acknowledged that the procedures are appropriate for the purposes of the engagement.
- Explicitly acknowledge that the engaging party has determined the purpose of the engagement.

Fraud and non-compliance with laws and regulations

The proposed standard does not have any requirements that address the practitioner’s responsibilities relating to identified or suspected fraud or an entity’s non-compliance with laws and regulations. DTTL recommends adding a requirement that addresses the practitioner’s responsibilities if they become aware of actual or suspected fraud or an entity’s non-compliance with laws and regulations while performing the AUP engagement. Further, DTTL recommends moving paragraph 6, which discusses fraud and non-compliance with laws and regulations, to the application material for the recommended new requirement. Alternatively, paragraph 6 could be moved to application material for paragraph 17 which requires practitioners to fulfill the responsibilities in accordance with the relevant ethical requirements. If the IAASB determines that this ISRS should not establish specific requirements relating to fraud and non-compliance with laws and regulations, then it is important to clearly state that the proposed standard does not establish such requirements.

Consistency of global standards

Maintaining consistency among global standards serves to enhance uniformity and quality, and thereby serves the public interest. To that end, DTTL is aware that during the period of developing ED-4400,

many jurisdictions, national standard setters, and professional accounting bodies (e.g., the Australian Auditing and Assurance Standards Board, the American Institute of Certified Public Accountants (AICPA), the Royal Netherlands Institute of Chartered Accountants) undertook work to explore how AUP engagements can be enhanced in light of the increasing demand.

DTTL recommends that the IAASB consider these deliberations and comment letter processes, if applicable, as they relate to proposed changes for AUP engagements, and the resulting implications, if any, on ED-4400.

Education of stakeholders

Due to the substantive revisions to ISRS-4400, and the wide range of stakeholders (e.g., securities regulators, funding agencies, national standard setters) that use the proposed standard and AUP reports for a variety of reasons, the education of stakeholders is essential to the successful implementation of the standard. It is important for the IAASB to consider how, in publishing and promoting the final ISRS-4400, it will clearly communicate the key messages about the nature of AUP engagements to these stakeholders. To serve the public interest and the profession, DTTL recommends further outreach to provide education and information to stakeholders that offer a clear understanding of the nature of AUP engagements and the standards that practitioners are expected to follow.

Conclusion

DTTL is supportive of the work on ED-4400 that the IAASB has undertaken, and believes that certain aspects of ED-4400 should be revisited to provide additional clarity and greater transparency. DTTL believes that the recommendations articulated in this letter will assist the IAASB as it continues its deliberations.

DTTL's comments on ED-4400 are addressed as follows:

Appendix I — Specific Requests for Comments

Appendix II — Other Recommendations and Editorial Comments

* * * * *

DTTL appreciates the opportunity to provide our perspective on ED-4400 and would be pleased to discuss this letter with you or your staff at your convenience. If you have any questions, please contact me via email (cbuss@deloitte.ca) or at +1 604 640 3313.

Very truly yours,



Calvin H. Buss, FCPA, FCA

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Appendix I – Specific request for comments

DTTL’s responses to the detailed questions included in the IAASB’s Explanatory Memorandum accompanying the proposed standard are set forth in this appendix. In these comments, recommended additional text is shown using **bold underline**; recommended deletions to the text are shown using double ~~strike through~~.

Overall questions

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

DTTL is supportive of the issuance of ED-4400 and believes that the proposed revisions support the objective to clarify and modernize Extant ISRS 4400, with the exceptions noted within this comment letter. DTTL believes that with the consideration of the feedback articulated in this letter, the proposed standard will provide more clarity and will be more responsive to the needs of stakeholders.

Specific questions

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?

DTTL agrees with the definition and requirement on professional judgment in the referenced paragraphs above; however, we have suggested amendments to the application material. First, the concept of a “responsible” party is included in paragraph A15 (and paragraphs A9 and A38); however, there is no definition of a responsible party or requirements pertaining to responsible parties within ED-4400. See the response to Question 9 in Appendix I and comments in Appendix II for specific recommendations regarding the application material and definition for responsible party.

Secondly, paragraph A15 indicates that professional judgment may be applied in determining the appropriate actions if the practitioner becomes aware of matters that may indicate fraud or an instance of non-compliance or suspected non-compliance with laws or regulations. While DTTL agrees that the practitioner would need to apply professional judgment in these situations, we noted that ED-4400 does not include any requirements relating to fraud and non-compliance with laws or regulations (as noted in our overall comments above).

DTTL also recommends modifying the term “discussing” with “agreeing” in the first bullet in paragraph A15 as professional judgement is not applied in discussing the nature, timing, and extent of procedures, but rather applies in agreeing upon the procedures. Further, we do not think that the practitioner’s expert is involved in agreeing upon the procedures; accordingly, recommend the following modifications:

A15. Professional judgment may be applied in an agreed-upon procedures engagement as follows:

- ~~Discussing~~ **Agreeing upon** the nature, timing, and extent of the procedures to be performed (taking into account the purpose of the engagement) with the engaging party, and in some cases, the intended users or the responsible party (if these parties are not the engaging party) ~~or the practitioner’s expert.~~

Furthermore, in an AUP engagement, the practitioner performs the procedures that have been agreed upon with the engaging party and communicates the procedures and findings. The proposed standard defines findings as being capable of being objectively verified and objectively described. DTTL does not agree with the application guidance in paragraph A16, which suggests

that it is appropriate to apply professional judgment in the performance of a procedure. We do not believe professional judgment should play a role in performing agreed-upon procedures, as this may result in different practitioners performing the same procedures but getting different results as the level of professional judgment differs. Accordingly, we recommend replacing the application material in paragraph A16 that suggests professional judgment plays a role in performing agreed-upon procedures with application material that makes it clear that professional judgment is not necessary, as shown below:

A16. Unlike in an assurance engagement, the procedures performed in an agreed-upon procedures engagement are not designed by the practitioner to obtain reasonable or limited assurance evidence that provides a basis for an opinion or conclusion. Rather, an agreed-upon procedures engagement involves the performance of the specific procedures that have been agreed upon with the engaging party, where the engaging party has acknowledged that the procedures performed are appropriate for the purpose of the engagement. **The application of professional judgement in the performance of the specific procedure is not necessary as the procedures are required to be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations.** ~~The more a procedure requires professional judgment, the more the practitioner may need to consider whether the condition that the agreed-upon procedures and findings can be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations is present.~~

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?

The Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the "IESBA Code") does not require a practitioner performing an AUP engagement to be independent. Accordingly, under the current construct of the IESBA Code, DTTL agrees that there should not be a precondition for the practitioner to be independent when performing an AUP engagement.

Because independence requirements are established by IESBA, the IAASB will need to liaise with IESBA on independence matters. If the IAASB determines that a practitioner should be independent when performing an AUP engagement, then we suggest that the IESBA develop a specific independence framework or criteria that would apply to AUP engagements, as the independence requirements that apply to audit and assurance engagements may not be suitable. It may be appropriate for narrower requirements to be established for AUP engagements than those applicable to audits or assurance engagements. For example, the IESBA could consider the requirements for independence with respect to AUP engagements performed under the AICPA Attestation Standards in the U.S., which narrow the population of practitioners for which independence is required.

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.

Because the current construct of the proposed standard does not require the practitioner to be independent, DTTL supports the proposed disclosures in paragraphs 30(f)(i) and 30(f)(ii)(a), requiring a practitioner to set out in the report that, either they are required to be independent by relevant ethical requirements and the basis thereof (and they are independent), or they are not required to be independent. This recognizes that there may be more restrictive ethical

requirements in a particular jurisdiction or firm that impose a requirement for independence, but also provides transparency where independence is not be required, such as under the IESBA Code.

DTTL does not support the proposed disclosures in 30(f)(ii)(b) and 30(g) as we do not consider that there is any reason to require a practitioner to make an independence determination when there is no requirement to be independent. Further, without applicable relevant ethical principles, it is unclear under what framework or criteria the practitioner would make such an assessment.

DTTL believes that rather than provide transparency, a statement that the practitioner is not independent might be confusing to the reader and call into question the practitioner's objectivity, which is not in the public interest. As noted in ED-4400, the IESBA Code requires practitioners to comply with the fundamental principle of objectivity; accordingly, we recommend adding a statement in the agreed-upon procedures report regarding objectivity.

DTTL recommends revising paragraph 30(f), adding a new statement to the agreed-upon procedures report, and deleting paragraphs 30(g), and A40-A42 as shown below:

The Agreed-Upon Procedures Report

...

30. The agreed-upon procedures report shall include: (Ref: Para. A37-A39)

...

(f) With respect to independence:

(i) If required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, a statement that the practitioner is independent and the basis therefor; or

(ii) If not required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, ~~either:~~

~~a. A statement that the practitioner is not required to be independent; or,~~

~~b. If a determination has been made that the practitioner is independent, a statement to that effect and the basis therefor; (Ref: Para. A40)~~

(g) ~~When it is known that the practitioner is not independent, a statement to that effect; (Ref: Para. A41–A42)~~ **A statement that the practitioner has fulfilled the practitioner's relevant ethical responsibilities. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), which requires practitioners to comply with fundamental principles, including objectivity, which imposes an obligation on practitioners not to compromise their professional or business judgment because of bias, conflict of interest, or undue influence of others.**

The Agreed-Upon Procedures Report (Ref: Para. 30–31)

...

~~A40. In some circumstances, the practitioner may have determined that the practitioner is independent even though the relevant ethical requirements do not require such a determination. For example, the practitioner may have made the independence determination in connection with performing an audit engagement for the entity.~~

~~A41. In other circumstances, the practitioner may have determined that the practitioner is not independent even though the relevant ethical requirements do not require such a determination. For example, the practitioner may have determined that the practitioner is not independent when previously considering whether to accept an assurance engagement for the entity.~~

~~A42. If a statement is made that the practitioner is not independent, the practitioner may wish to include an explanation as to why the practitioner is not independent.~~

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?

DTTL agrees with the term “findings” and the related definition and application material; however, we recommend removing duplicative language from the definition that is also addressed in the application material and moving the language relating to references to findings to the application material.

DTTL recommends the following revisions to paragraphs 13(f) and A10:

Definitions

13. For purposes of this ISRS, the following terms have the meanings attributed below:

...(f) Findings – Findings are the factual results of procedures performed. ~~Findings are capable of being objectively verified and objectively described. Accordingly, references to findings in this ISRS exclude opinions or conclusions in any form as well as any recommendations that the practitioner may make.~~ (Ref: Para. A10-A11)

Findings (Ref: Para. 13(f))

A10. Factual results are capable of being objectively described and objectively verified, which means that different practitioners performing the same procedures are expected to arrive at ~~the same results~~ **a consistent outcome. References to findings in this ISRS exclude opinions or conclusions in any form as well as any recommendations that the practitioner may make.**

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?

DTTL believes the requirements regarding engagement acceptance and continuance, as set out in paragraphs 20-21, should be expanded to include additional requirements similar to those set forth in ISAE 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000). These are also relevant when accepting or continuing an AUP engagement.

Specifically, DTTL recommends adding a requirement that the engagement partner shall be satisfied that appropriate procedures regarding acceptance and continuance have been followed by the firm and that the conclusions reached are appropriate. DTTL also believes that paragraph 20 should be expanded to include conditions relating to ethical requirements and competence and capabilities of those persons performing the engagement. Further, we believe that conditions can change during the course of an engagement; accordingly, we recommend adding a requirement that addresses the engagement partner’s responsibility if they obtain information that would have caused the firm to decline the engagement had that information been available earlier. Furthermore, as engagement continuance was not addressed in paragraphs 20-21, DTTL recommends adding the concept that the requirements set out in paragraphs 20-21 also apply during engagement continuance.

DTTL also believes that the requirement in paragraph 21 should be modified to state that the practitioner should not accept or continue the engagement if the practitioner is aware of any facts or circumstances suggesting that the procedures are inappropriate for the AUP engagement and not just for the purpose of the AUP engagement. As the application material paragraphs referenced in paragraph 21 does not include all the relevant paragraphs from the application material, we recommend modifying the reference.

DTTL recommends adding the following requirements and making the following revisions to paragraphs 20-21 as noted below:

xx. The engagement partner shall be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and agreed-upon procedures engagements have been followed by the firm, and shall determine that conclusions reached in this regard are appropriate.

20. Before accepting **or continuing** an agreed-upon procedures engagement, the practitioner shall determine that the following conditions are present: (Ref: Para. A20-A29)

(a) The practitioner has no reason to believe that relevant ethical requirements, including independence if required by relevant ethical requirements or for other reasons, will not be satisfied,

(b) The practitioner is satisfied that those individuals who are to perform the engagement collectively have the appropriate competence and capabilities,

~~(c)~~ **(c) The engaging party acknowledges that the expected procedures to be performed by the practitioner are appropriate for the purpose of the engagement (as determined by the engaging party); ...**

21. Before accepting **or continuing** an agreed-upon procedures engagement, the practitioner shall obtain an understanding of the purpose of the engagement **(as determined by the engaging party)**. The practitioner shall not accept **or continue** the engagement if the practitioner is aware of any facts or circumstances suggesting that the procedures the practitioner is being asked to perform are inappropriate for ~~the purpose of~~ the agreed-upon procedures engagement. (Ref: Para. A26-~~A29~~**20**-A29)

xx. If the engagement partner obtains information that would have caused the firm to decline the engagement had that information been available earlier, the engagement partner shall communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action.

In the application material, DTTL believes that paragraph A28 should be expanded to clearly articulate that the practitioner may consider the purpose of the engagement based on their understanding and to clarify that there is no expectation that the practitioner would be required to perform extensive procedures to address the requirement in paragraph 21, as shown below.

A28. **As set out in paragraph 21, if the practitioner is aware of any facts or circumstances suggesting that the procedures the practitioner is being asked to perform are inappropriate for the agreed-upon procedures engagement, the practitioner is required not to accept or continue the engagement. In addition to determining that the procedures can be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations, the practitioner may consider the purpose of the engagement. Based on the practitioner's understanding of the purpose of the engagement, the practitioner may consider whether the circumstances are such that the procedures are inappropriate or are not consistent with the purpose of the agreed-upon procedures engagement (as determined by the engaging party).** Facts or circumstances suggesting that the procedures may be inappropriate for the purpose of the agreed-upon procedures engagement may include, for example, procedures on subject matters that are unreliable or procedures that deal with existence of inventory when the purpose of the engagement is concerned with the completeness of inventory.

DTTL agrees with the remaining application material set out in paragraphs A20-A29 and believes the additional guidance in paragraph A26 on actions that the practitioner may take to be satisfied

that the engagement acceptance and continuance conditions are met is helpful, as well as the guidance and examples that address inappropriate terminology.

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?

DTTL agrees with the proposed requirements and application material regarding the use of a practitioner's expert; however, we believe that paragraph 28 should be expanded for situations in which the practitioner uses an external expert. Consideration could be given to ISAE 3000 (Revised) paragraph 52(a) and the related application material, which includes an additional requirement that in the case of a practitioner's external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to the expert's objectivity. DTTL's recommendation is depicted below.

28. If the practitioner uses the work of a practitioner's expert, the practitioner shall: (Ref: Para. A35-A36)

- (a) Evaluate the expert's competence, capabilities and objectivity. **In the case of a practitioner's external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to the expert's objectivity; (Ref: Para Axx)**

...

- (c) Determine whether the nature, timing and extent of the work performed by the expert is consistent with the work agreed upon with the expert; and

Axx. When evaluating the objectivity of a practitioner's external expert, it may be relevant to:

- **Inquire of the engaging party (or responsible party if different), about any known interests or relationships that the engaging party (or responsible party if different) has with the practitioner's external expert that may affect that expert's objectivity.**
- **Discuss with that expert any applicable safeguards, including any professional requirements that apply to that expert, and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that it may be relevant to discuss with the practitioner's expert include:**
 - **Financial interests.**
 - **Business and personal relationships.**
 - **Provision of other services by the expert, including by the organization in the case of an external expert that is an organization.**

In some cases, it may also be appropriate for the practitioner to obtain a written representation from the practitioner's external expert about any interests or relationships with the engaging party (or responsible party, if different) of which that expert is aware.

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?

DTTL recognizes the need to provide flexibility around AUP engagements. DTTL agrees that the agreed-upon procedures report should not be required to be restricted to parties that have agreed to the procedures to be performed; however, additional application material is needed to identify circumstances when the practitioner may consider it appropriate to restrict the use of the agreed-upon procedures report. For example, consideration may be given to the following:

- Whether the practitioner considers it appropriate to restrict the use of the agreed-upon procedures report based on the practitioner’s understanding of the intended purpose of the engagement.
- If not restricting the use of the agreed-upon procedures report could increase the risk that the intended users of the report may misunderstand the subject matter that the procedures relate to, the procedures performed, or other information provided.

DTTL recommends modifying paragraph A43 to clarify that the practitioner always has the option to restrict the distribution or use of the agreed-upon procedures report unless restricting the use of the report is precluded by laws or regulations, as shown below:

A43. In addition to the statement required by paragraph 30(m), the practitioner may consider it appropriate to indicate that the agreed-upon procedures report is intended solely for the engaging party and the intended users. ~~Depending on the law or regulation of the particular jurisdiction,~~ **This may be achieved by restricting the distribution or use of the agreed-upon procedures report, unless restricting its use is precluded by laws or regulations of the particular jurisdiction.**

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 II of ED-4400? What do you believe should be added or changed, if anything?

DTTL supports the content and structure of the proposed agreed-upon procedures report; however, additional elements should be required to increase transparency. In addition to the recommendations relating to independence and objectivity discussed in response to Question 4, additional elements should be required to be included in the AUP report and added to paragraph 30, as discussed below. As noted in the recommendations pertaining to Question 2, DTTL believes that the agreed-upon procedures report should require identification of the responsible party and their responsibilities over the subject matter. In addition, we recommend modifying paragraph 30(m) to include an explicit statement that the purpose of the agreed-upon procedures report has been determined by the engaging party.

Changes to the requirements in paragraph 30, including the recommended edits to this paragraph discussed in the response to Question 4, are depicted below.

30. The agreed-upon procedures report shall include: (Ref: Para. A37-A39)

...

(x) A statement that identifies the responsible party and its responsibility for the subject matters on which the agreed-upon procedures have been performed.

(f) With respect to independence:

(i) If required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, a statement that the practitioner is independent and the basis therefor; or

(ii) If not required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, ~~either~~

~~a. A statement that the practitioner is not required to be independent; or~~

~~b. If a determination has been made that the practitioner is independent, a statement to that effect and the basis therefor; (Ref: Para. A40)~~

- (g) ~~When it is known that the practitioner is not independent, a statement to that effect, (Ref: Para. A41-A42)~~ **A statement that the practitioner has fulfilled the practitioner's relevant ethical responsibilities. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), which requires practitioners to comply with fundamental principles including objectivity, which imposes an obligation on practitioners not to compromise their professional or business judgment because of bias, conflict of interest, or undue influence of others;**
- (m) **Identification** of the purpose of the agreed-upon procedures report and a statement **the engaging party has determined the purpose and** that the agreed-upon procedures report may not be suitable for another purpose; (Ref: Para. A43)

In an effort to provide greater clarity to stakeholders regarding whether any other parties have acknowledged the procedures, DTTL believes that the agreed-upon procedures report should include a statement identifying whether any other parties, in addition to the engaging party, have acknowledged that the procedures performed are appropriate for their intended purpose, and if no such additional parties exist, the report will state that no other party acknowledged that the procedures are appropriate. We also suggest adding application material similar to that provided in paragraph A26 which addresses actions that may satisfy the practitioner that engagement acceptance and continuance conditions have been met.

Proposed changes relating to this recommendation are depicted below.

30. The agreed-upon procedures report shall include: (Ref: Para. A37-A39)

...

- (x) A statement that identifies whether any other parties, in addition to the engaging party have acknowledged that the procedures performed are appropriate for their intended purpose, and if no such additional parties exist, a statement that no other party acknowledged that the procedures are appropriate; (Ref: Para. Axx-Axx)**

Axx. Actions that may satisfy the practitioner whether any other parties, in addition to the engaging party, have acknowledged that the procedures performed are appropriate for their intended purpose include:

- **Comparing the procedures to be performed with written requirements set out, for example, in law or regulation, or in a contractual agreement (sometimes referred to as the "Terms of Reference"), where appropriate.**
- **Requesting the engaging party to distribute a copy of the anticipated procedures and the form and content of the agreed-upon procedures report as set out in the terms of engagement to the intended user(s) and obtain acknowledgement from the intended user(s) of the procedures to be performed and that they are appropriate for the intended purpose.**
- **Reading correspondence between the engaging party and the intended user(s) which includes an explicit acknowledgement by the intended user(s) that the procedures to be performed are appropriate for their intended purpose.**

Axx. If no other party has acknowledged that the procedures are appropriate, the practitioner may request a representation from the engaging party. (Ref: Para. A34)

In regards to the application material to paragraph 30, DTTL believes that paragraph A38 is not clear and suggests that it is appropriate to name the responsible party in the agreed-upon procedures report without getting the responsible party's agreement. Accordingly, we recommend deleting paragraph A38 as it lacks clarity and if a statement is included in the agreed-upon procedures identifying the responsible party this application material is no longer relevant. The recommendation to delete paragraph A38 is shown below.

~~A38. If the responsible party is not the engaging party, the practitioner may consider obtaining the responsible party's agreement in order to include the name of the responsible party in the agreed-upon procedures report.~~

Further, DTTL recommends adding application material to acknowledge that the practitioner may consider it appropriate to indicate that the agreed-upon procedures performed may not address all the items of interest to an intended user and may not meet the needs of all intended users and, as such, intended users are responsible for the appropriateness of the agreed-upon procedures for their intended purpose, as depicted below.

Axx. The agreed-upon procedures performed may not address all the items of interest to an intended user and may not meet the needs of all intended users and, as such, intended users are responsible for the appropriateness of the agreed-upon procedures for their intended purpose.

10A. 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.

In reviewing ED-4400, DTTL did not identify any potential issues related to the translation of the proposed standard to bring to your attention.

10B. 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.

Due to the substantive revisions to ISRS 4400 and the necessary education of practitioners and intended users, DTTL believes 18-24 months after the approval of the final ISRS is a sufficient period to support effective implementation.

Consistent with other standards, DTTL believes that the effective date for the final ISRS should be based on the date of the agreed-upon procedures report and not the date that the terms of engagement are agreed, as stated in ED-4400 paragraph 11. We believe that there may be significant timing differences in adopting ED-4400 since the proposed standard only requires that the practitioner evaluate whether circumstances, including changes in the engagement acceptance considerations, require the terms of the engagement to be revised. Accordingly, we recommend modifying paragraph 11 to acknowledge that the effective date is based on the date of the agreed-upon procedures report. The below edit depicts our recommendation.

11. This ISRS is effective for agreed-upon procedures engagements for which the **date of the agreed-upon procedures report is** ~~terms of engagement are agreed~~ on or after [DATE].

Lastly, DTTL supports permitting and encouraging earlier application.

APPENDIX II – OTHER RECOMMENDATIONS AND EDITORIAL COMMENTS

DTTL has other recommendations and editorial comments with respect to ED-4400 as detailed below. In these comments, recommended additional text is shown using **bold underline**; recommended deletions to the text are shown using double ~~strike through~~.

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
Table of Contents	Appendix I: Illustrative Engagement Letter for an Agreed-Upon Procedures Engagement Appendix II: Illustrations of Agreed-Upon Procedures Report	Appendix I: Illustrative <u>Illustrative</u> Engagement Letter for an Agreed-Upon Procedures Engagement Appendix II: Illustrations <u>Illustrations</u> of Agreed-Upon Procedures Reports	Consider editorial recommendation to fix spelling and "report" should be plural.
Paragraph 1	1. This International Standard on Related Services (ISRS) deals with: (a) The practitioner's responsibilities when engaged to perform agreed-upon procedures; and ...	1. This International Standard on Related Services (ISRS) deals with: (a) The practitioner's responsibilities when engaged to perform agreed-upon procedures <u>engagements</u> ; and ...	Consider editorial recommendation to add the missing the word "engagements."
Paragraph 3	3. Quality control systems, policies and procedures are the responsibility of the firm. ISQC 1 applies to firms of professional accountants in respect of a firm's agreed-upon procedures engagements.	3. Quality control systems, policies and procedures are the responsibility of the firm. ISQC 1 <u>International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements</u> , applies to firms of professional accountants in respect of a firm's agreed-upon procedures engagements.	Consider editorial recommendation to define ISQC 1.

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
Paragraph 4	4. In an agreed-upon procedures engagement, the practitioner performs procedures agreed upon by the practitioner and the engaging party and communicates the procedures performed and the related findings in the agreed-upon procedures report.	4. In an agreed-upon procedures engagement, the practitioner performs procedures agreed upon by the practitioner and the engaging party <u>(and potentially the intended users)</u> , and communicates the procedures performed and the related findings in the agreed-upon procedures report.	Recommend acknowledging that the intended users may also agree upon the procedures.
Paragraph 12	12. The practitioner’s objectives in an agreed-upon procedures engagement under this ISRS are to: (a) Agree the procedures to be performed with the engaging party; ...	12. The practitioner’s objectives in an agreed-upon procedures engagement under this ISRS are to: (a) Agree <u>upon</u> the procedures to be performed with the engaging party; ...	Consider editorial recommendation to add the missing word “upon.”
Paragraph 13	13. For purposes of this ISRS, the following terms have the meanings attributed below: ... (f) Findings – Findings are the factual results of procedures performed. Findings are capable of being objectively verified and objectively described. Accordingly, references to findings in this ISRS exclude opinions or conclusions in any form as well as any recommendations that the practitioner may make. (Ref: Para. A10–A11) ...	13. For purposes of this ISRS, the following terms have the meanings attributed below: ... (f) Findings – Findings are the factual results of procedures performed. Findings are capable of being objectively verified and objectively described. Accordingly, references to findings in this ISRS exclude opinions or conclusions in any form as well as any recommendations that the practitioner may make. (Ref: Para. A10–A11) ... <u>(x) Firm – A sole practitioner, partnership or corporation, or other entity of individual</u>	DTTL recommends adding definitions for certain terms that are used in the proposed standard but are not defined. This includes the following terms: “firm,” “limited assurance engagement”, and “reasonable assurance engagement”. Recommended edits to this paragraph incorporate the modifications proposed in Appendix I relating to the defined term “findings” and adding a definition for term “responsible party.”

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
		<p><u>practitioners. "Firm" should be read as referring to its public sector equivalents where relevant.</u></p> <p><u>(x) Limited assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the subject matter information is materially misstated. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgment, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended</u></p>	

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
		<p><u>users' confidence about the subject matter information to a degree that is clearly more than inconsequential.</u></p> <p><u>(x) Reasonable assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a form that conveys the practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.</u></p> <p><u>(x) Responsible party – The party(ies) responsible for the underlying subject matter.</u></p>	
Paragraph 22	<p>22. The practitioner shall agree the terms of the agreed-upon procedures engagement with the engaging party. These terms shall include the following:</p> <p>...</p> <p>(c) The purpose of the engagement and the intended users of the agreed-upon procedures report as identified by the engaging party;</p> <p>(e) Identification of the subject matters on which the agreed-upon</p>	<p>22. The practitioner shall agree the term of the agreed-upon procedures engagement with the engaging party. These terms shall include the following:</p> <p>...</p> <p>(c) The purpose of the engagement and the intended users of the agreed-upon procedures report as identified determined by the engaging party;</p> <p>(e) Identification of the subject matter(s) on which the agreed-</p>	<p>DTTL believes that the engaging party determines the purpose rather than identifies the purpose of the engagement and recommend replacing that term.</p> <p>We also recommend clarifying in paragraph 22(e) that it is possible the subject matter may not be plural.</p> <p>DTTL believes that the terms of the engagement should include the party that is responsible for</p>

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
	<p>procedures will be performed; ...</p> <p>(g) Reference to the expected form and content of the agreed-upon procedures report; ...</p>	<p>upon procedures will be performed; ...</p> <p>(g) Reference to the expected form and content of the agreed-upon procedures report <u>and a statement that there may be circumstances in which a report may differ from its expected form and content;</u></p> <p><u>(x) A statement defining the party that is responsible for the subject matter of the engagement.</u></p>	<p>the subject matter of the engagement.</p> <p>We also recommend expanding paragraph 22(g) to include a statement similar to ISA 210, <i>Agreeing the Terms of Audit Engagements</i>, paragraph 10(f) noting that there may be circumstances in which the agreed-upon procedures report may differ from its expected form and content.</p>
Paragraph 27	27. The practitioner shall consider whether it is necessary to request written representations from the engaging party. (Ref: Para. A34)	27. The practitioner shall consider whether it is necessary to request written representations from the engaging party. <u>When the engaging party is not the responsible party, the practitioner shall request written representations from both the responsible party and engaging party.</u> (Ref: Para. A34)	<p>DTTL believes that the practitioner should be required to request written representations from the engaging party. We do not believe that a practitioner would be able to conclude that written representations are not necessary, especially since the examples provided in paragraph A34 seem fundamental to being able to complete the engagement.</p> <p>Furthermore, we believe that if the responsible party is different than the engaging party, then the practitioner shall request written representations from both the responsible party and the engaging party.</p>

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
Paragraph 30	<p>30. The agreed-upon procedures report shall include: (Ref: Para. A37-A39)</p> <ul style="list-style-type: none"> (c) Identification of the subject matters on which the procedures have been performed (e) A statement that the firm of which the practitioner is a member applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements in law or regulation, applied that are at least as demanding as ISQC 1; (f) With respect to independence: <ul style="list-style-type: none"> (i) If required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, a statement that the practitioner is independent and the basis therefor; or (ii) If not required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, either: <ul style="list-style-type: none"> a. A statement that the practitioner is not required to be independent; or 	<p>30. The agreed-upon procedures report shall include: (Ref: Para. A37-A39)</p> <ul style="list-style-type: none"> (c) Identification of the subject matter(s) on which the procedures have been performed (e) A statement that the firm of which the practitioner is a member applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1. If the practitioner is not a professional accountant <u>as defined in the IESBA Code</u>, the statement shall identify the professional requirements, or requirements in law or regulation, applied that are at least as demanding as ISQC 1; <p><u>xx. A statement that identifies the responsible party and its responsibility for the subject matters on which the agreed-upon procedures have been performed.</u></p> <ul style="list-style-type: none"> (f) With respect to independence: <ul style="list-style-type: none"> (i) If required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, a statement that the practitioner is independent and the basis therefor; or (ii) If not required to be independent by relevant 	<p>DTTL recommends clarifying in paragraph 30(c) that it is possible the subject matter may not be plural.</p> <p>In paragraph 30(e), we recommend defining the term “professional accountant,” as referring to the definition in the IESBA Code.</p> <p>We recommend rephrasing paragraph 30(l) to add clarity and consistency.</p> <p>Recommended edits to this paragraph incorporate the modifications proposed in Appendix I.</p>

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
	<p>b. If a determination has been made that the practitioner is independent, a statement to that effect and the basis therefor; (Ref: Para. A40)</p> <p>(g) When it is known that the practitioner is not independent, a statement to that effect; (Ref: Para. A41-A42)</p> <p>(h) A description of an agreed-upon procedures engagement stating that: ... (ii) The engaging party has acknowledged that the procedures are appropriate for the purpose of the engagement, and that the practitioner makes no representation regarding their appropriateness;</p> <p>(l) A statement that, had the practitioner performed additional procedures, other matters might have come to the practitioner's attention that would have been reported;</p> <p>(m) Identification of the purpose of the agreed-upon procedures report and a statement that the agreed-upon procedures report may not be suitable for another purpose; (Ref: Para. A43)</p>	<p>ethical requirements, terms of the engagement, or other reasons, either:</p> <p>a. A statement that the practitioner is not required to be independent, or</p> <p>b. If a determination has been made that the practitioner is independent, a statement to that effect and the basis therefor; (Ref: Para. A40)</p> <p>(g) When it is known that the practitioner is not independent, a statement to that effect; (Ref: Para. A41-A42) <u>A statement that the practitioner has fulfilled the practitioner's relevant ethical responsibilities. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), which requires practitioners to comply with fundamental principles including objectivity, which imposes an obligation on practitioners not to compromise their professional or business judgment because of bias, conflict of interest, or undue influence of others.</u></p>	

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
		<p><u>xx. A statement that identifies whether any other parties, in addition to the engaging party, have acknowledged that the procedures performed are appropriate for their intended purpose, and if no such additional parties exist, a statement that no other party acknowledged that the procedures are appropriate: (Ref: Para. Axx-Axx)</u></p> <p>(l) A statement that, had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention which that <u>which that</u> would have been reported <u>communicated separately;</u></p> <p>(m) Identification of the purpose of the agreed-upon procedures report and a statement <u>that the engaging party has determined the purpose and</u> that the agreed-upon procedures report may not be suitable for another purpose; (Ref: Para. A43)</p>	
Paragraph 31	31. If the practitioner refers to the work performed by a practitioner’s expert in the agreed-upon procedures report, the wording of the report shall not imply that the practitioner’s responsibility for performing the procedures and reporting the findings is reduced because of the involvement of an expert. (Ref: Para. A44)	31. If the practitioner refers to the work performed by a practitioner’s expert in the agreed-upon procedures report, the wording of the report shall not imply that the practitioner’s responsibility for performing the procedures and reporting <u>communicating</u> the findings is	DTTL recommends replacing the term “reporting” with “communicating” to be consistent with other instances in the proposed standard.

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
		reduced because of the involvement of an expert. (Ref: Para. A44)	
Paragraph 32	32. The practitioner shall date the agreed-upon procedures report on the date the practitioner has completed the agreed-upon procedures engagement in accordance with this ISRS.	32. The practitioner shall date the agreed-upon procedures report no earlier than on the date on which the practitioner has completed the agreed-upon procedures engagement and determined the findings in accordance with this ISRS.	Paragraph 32 requires that the date of the agreed-upon procedures report can only be dated on the date the practitioner has completed the agreed-upon procedures engagement, however this may not be practicable in all instances. DTTL recommends rephrasing to allow for the date to be reported on or after the date that the agreed-upon procedures have been completed and the findings have been determined.
Paragraph A2	A2. Examples of financial and non-financial subject matters on which an agreed-upon procedures engagement may be performed include: ... <ul style="list-style-type: none"> • Non-financial subject matters relating to: <ul style="list-style-type: none"> – Numbers of passengers reported to a civil aviation authority. – Observation of destruction of fake or defective goods reported to a regulatory authority. – Data generating processes for lottery draws reported to a regulatory authority. 	A2. Examples of financial and non-financial subject matters on which an agreed-upon procedures engagement may be performed include: ... <ul style="list-style-type: none"> • Non-financial subject matters relating to: <ul style="list-style-type: none"> – The nNumber of passengers reported to a civil aviation authority. – The oObservation of destruction of fake or defective goods reported to a regulatory authority. – Data generating processes for lottery draws reported to a regulatory authority. 	Recommend editorial changes and clarification that the types of subject matters may change and not types of agreed-upon procedures engagements.

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
	<ul style="list-style-type: none"> - Volume of greenhouse gas emissions reported to a regulatory authority. - Compliance with contract or regulation. <p>The above list is not exhaustive. Additional types of agreed-upon procedures engagements may arise as external reporting demands evolve.</p>	<ul style="list-style-type: none"> - The vVolume of greenhouse gas emissions reported to a regulatory authority. - Compliance with contracts or regulations. <p>The above list is not exhaustive. Additional types of agreed-upon procedures engagements subject matters may arise as external reporting demands evolve.</p>	
Paragraph A12	A12 ...The IESBA Code requires practitioners to comply with fundamental principles including objectivity, which requires practitioners not to compromise their professional or business judgment because of bias, conflict of interest or the undue influence of others.	A12. ... The IESBA Code requires practitioners to comply with fundamental principles including objectivity, which requires imposes an obligation on practitioners not to compromise their professional or business judgment because of bias, conflict of interest or the undue influence of others.	DTTL recommends rewording to conform with the language in the IESBA Code Section 120.1.
Paragraph A15	A15. Professional judgment may be applied in an agreed-upon procedures engagement as follows: <ul style="list-style-type: none"> • Discussing the nature, timing and extent of the procedures to be performed (taking into account the purpose of the engagement) with the engaging party, and in some cases, the intended users or the responsible party (if these parties are not the engaging party) or the practitioner's expert. ... • Determining appropriate actions if the practitioner becomes aware of: 	A15. Professional judgment may be applied in an agreed-upon procedures engagement as follows: <ul style="list-style-type: none"> • Discussing Agreeing upon the nature, timing and extent of the procedures to be performed (taking into account the purpose of the engagement) with the engaging party, and in some cases, the intended users or the responsible party (if these parties are not the engaging party) or the practitioner's expert. ... 	Consider editorial recommendation to add the missing word "upon." Recommended edits to this paragraph incorporate the modifications proposed in Appendix I.

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
	<ul style="list-style-type: none"> - Facts or circumstances suggesting that the procedures to which the practitioner is being asked to agree are inappropriate for the purpose of the agreed-upon procedures engagement. 	<ul style="list-style-type: none"> • Determining appropriate actions if the practitioner becomes aware of: <ul style="list-style-type: none"> - Facts or circumstances suggesting that the procedures to which the practitioner is being asked to agree upon are inappropriate for the purpose of the agreed-upon procedures engagement. 	
Paragraph A22	<p>A22. The practitioner is required to determine that the agreed-upon procedures can be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations. ...</p> <ul style="list-style-type: none"> • Inquire; • Recalculate; and • Observe. 	<p>A22. The practitioner is required to determine that the agreed-upon procedures can be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations. ...</p> <ul style="list-style-type: none"> • Inquire; • Recalculate; and • Observe. 	Consider editorial recommendation.
Paragraph A23	<p>A23. Terms that may be unclear, misleading, or subject to varying interpretations depending on the context in which they are used, may include, for example:</p> <p>...</p> <ul style="list-style-type: none"> • Imprecise descriptions of procedures such as “discuss” without specifying with whom the discussion is held or the specific questions asked. <p>...</p>	<p>A23. Terms that may be unclear, misleading, or subject to varying interpretations depending on the context in which they are used, may include, for example:</p> <p>...</p> <ul style="list-style-type: none"> • Imprecise descriptions of procedures such as “discuss” without specifying with whom the discussion is to be held or the specific questions asked. <p>...</p>	Consider editorial recommendation.
Paragraph A25	<p>A25. In cases where law or regulation specifies a procedure or describes a procedure using terms that are unclear, misleading, or subject to</p>	<p>A25. In cases where law or regulation specifies a procedure or describes a procedure using terms that are unclear, misleading, or subject to</p>	DTTL believes that “obtaining the agreement of the engaging party” implies that prior to this, the procedures have already

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
	<p>varying interpretations, the practitioner may satisfy the condition in paragraph 20(b) by, for example, obtaining the agreement of the engaging party to:</p> <p>...</p>	<p>varying interpretations, the practitioner may satisfy the condition in paragraph 20(b) by, for example, obtaining the agreement of requesting the engaging party to:</p> <p>...</p>	<p>been agreed to. As this paragraph relates to the engagement acceptance and continuance requirements, we recommend replacing "obtaining the agreement of" with "requesting."</p>
Paragraph A30	<p>A30. In some cases, agreeing the terms of engagement and performing the agreed-upon procedures takes place in a linear and discrete manner. In other cases, agreeing the terms of engagement and performing the agreed-upon procedures is an iterative process, with changes to the agreed-upon procedures being agreed as the engagement progresses in response to new information coming to light. If procedures that have been previously agreed upon need to be modified, paragraph 23 requires the practitioner to agree amended terms of engagement with the engaging party. The amended terms of engagement may, for example, take the form of an updated engagement letter, an addendum to an existing engagement letter, or other form of written acknowledgement.</p>	<p>A30. In some cases, agreeing the terms of engagement and performing the agreed-upon procedures takes place in a linear and discrete manner. In other cases, agreeing upon the terms of engagement and performing the agreed-upon procedures is an iterative process, with changes to the agreed-upon procedures being agreed to as the engagement progresses in response to new information coming to light. If procedures that have been previously agreed upon need to be modified, paragraph 23 requires the practitioner to agree upon the amended terms of engagement with the engaging party. The amended terms of engagement may, for example, take the form of an updated engagement letter, an addendum to an existing engagement letter, or other form of written acknowledgement.</p>	<p>Consider editorial recommendations.</p>
Paragraph A32	<p>A32. The practitioner may decide not to send a new engagement letter or other written agreement for a recurring engagement. However, the following factors may indicate that it is appropriate to revise the terms of</p>	<p>A32. The practitioner may decide not to send a new engagement letter or other written agreement for a recurring engagement. However, the following factors may indicate that it is appropriate to revise the terms of</p>	<p>For clarity and consistency of terminology, DTTL recommends clarifying that the purpose relates to the engagement and replacing the reference to the "scope of the engagement" with</p>

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
	<p>the engagement, or to remind the engaging party of the existing terms of the engagement:</p> <ul style="list-style-type: none"> Any indication that the engaging party misunderstands the purpose and scope of the engagement. 	<p>the engagement, or to remind the engaging party of the existing terms of the engagement:</p> <ul style="list-style-type: none"> Any indication that the engaging party misunderstands the purpose <u>of the engagement</u> and <u>the nature, timing, or extent of the scope of the engagement agreed-upon procedures.</u> 	<p>"the nature, timing or extent of the agreed-upon procedures."</p>
Paragraph A33	<p>A33. In some circumstances, the procedures agreed upon may need to be modified over the course of the engagement. In such circumstances, paragraph 23 requires the practitioner to agree amended terms of engagement with the engaging party to reflect the modified procedures.</p>	<p>A33. In some circumstances, the procedures agreed upon may need to be modified over the course of the engagement. In such circumstances, paragraph 23 requires the practitioner to agree amended terms of engagement with the engaging party to reflect the modified procedures.</p>	<p>DTTL believes the content within this paragraph is already covered in paragraph A30. Consider removing this paragraph as it is duplicative. Any references to paragraph A33 should be redirected to paragraph A30.</p>
Paragraph A34	<p>A34. The practitioner may, for example, request representations that the engaging party has provided the practitioner with access to all records relevant to the agreed-upon procedures engagement or that the engaging party has disclosed to the practitioner its knowledge of identified or suspected fraud or non-compliance with laws and regulations.</p>	<p>A34. The practitioner may, for example, request representations:</p> <ul style="list-style-type: none"> That <u>that the engaging party (or responsible party, if different than the engaging party) has provided the practitioner with access to all records relevant to the agreed-upon procedures engagement; or</u> <u>State that the engaging party (and responsible party, if different than the engaging party) has disclosed to the practitioner other matters as the practitioner deems appropriate.</u> That <u>that the engaging party (and responsible party, if different</u> 	<p>DTTL recommends expanding the content in application material paragraph A34 to encompass additional examples of representations the practitioner may request from the engaging party.</p>

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
		<p><u>than the engaging party</u>) has disclosed to the practitioner its knowledge of identified or suspected fraud or non-compliance with laws and regulations;</p> <ul style="list-style-type: none"> • <u>State that all known matters contradicting the subject matter(s) and any communication from regulatory agencies or others affecting the subject matter(s) have been disclosed to the practitioner, including communications received between the end of the period addressed in subject matters(s) and the date of the practitioner's report.</u> • <u>That the engaging party (or responsible party, if different than the engaging party) acknowledge responsibility for the subject matter(s).</u> • <u>State whether any other parties, in addition to the engaging party have acknowledged that the procedures performed are appropriate for their intended purpose, and if no such additional parties exist, a state that no other party acknowledged that the procedures are appropriate.</u> 	

Paragraph Reference	Paragraph Detail	Proposed Amendments	Reasons
Illustration II, Table Row 3, Findings	<p>...</p> <p>We found that the amounts payable in the signed contracts differed from the amounts ultimately paid by [Engaging Party] for 26 of the 37 contracts. In all these cases, we found that the different amounts were to accommodate an increase of 1% in the sales tax rate of [jurisdiction] that was effective in September 20X8.</p>	<p>...</p> <p>We found that the amounts payable in the signed contracts differed from the amounts ultimately paid by [Engaging Party] for 26 of the 37 contracts. In all these cases, we found that the different amounts were to accommodate an increase of 1% in the sales tax rate of [jurisdiction] that was effective in September 20X8.</p>	<p>In this illustration, the agreed-upon procedures do not clearly specify that the practitioner should obtain an explanation for any differences and the finding suggests that the differences are not significant, which implies judgement by the practitioner. Accordingly, DTTL recommends deleting this from the illustration.</p> <p>Alternatively, the agreed-upon procedure could be modified to reflect that only differences exceeding x% are communicated, or that the practitioner has inquired about the reason for each difference and clearly state who the practitioner inquired with and the results of that inquiry.</p>
Illustration II, First Paragraph below the Table	<p>We engaged an external procurement officer to assist us in performing procedure 2. The engagement of the procurement officer to assist us in the performance of this procedure does not reduce our responsibility for the engagement.</p>	<p>We engaged an external procurement officer to assist us in performing procedure 2. The engagement of the procurement officer to assist us in the performance of this procedure does not reduce our responsibility for the engagement.</p>	<p>DTTL believes it is unclear why an external procurement officer is needed to help with these procedures; accordingly, we recommend removing this text or providing additional context under the description of the circumstances to clarify why an expert is needed for this agreed-upon procedures engagement.</p>