

The International Auditing and Assurance Standards Board  
IAASB Agreed-Upon Procedures Working Group

[www.charteredaccountants.ie](http://www.charteredaccountants.ie)

13 March 2019

Dear Sir/Madam,

***Proposed International Standard on Related Services 4400 (Revised) Agreed-Upon Procedures Engagements.***

The Audit and Assurance Committee of Chartered Accountants Ireland ('the Institute') welcomes the IAASB public consultation on the above standard.

Set out below are the Institute's responses to the questions raised for stakeholder input by the Working Group. We agree in general to the changes proposed and we agree that there is a need for detailed guidance.

***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?*

Yes, the improvements made to the standard are very welcome. Explanations on the distinctions between Agreed-Upon-Procedures ("AUP") engagements and assurance engagements and the role of professional judgement were needed given the common misconceptions made in both circumstances by practitioners and users of AUP reports.

***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?*

Yes, the definition and requirement are sufficiently clear. The definition of professional judgement aligns with the definition in ISAE 3000 and it is useful to have this consistency.

In respect of the application material, one recommendation in respect of the application material provided is to make it clear that although the exercise of professional judgement is not suspended in an AUP engagement, the "extent" to which it is exercised only goes as far as ensuring that due care is exercised and in the context of professional competence. Examples are provided however, an overarching

rule/principle on the extent in this regard could be added and would help further clarify the actions of the practitioner when performing an AUP engagement.

### ***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 that independence should not be included as a precondition. Mandating the requirement for independence would/may prove to be very restrictive given the context of these engagements.

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 the approach taken in the Standard with regard to the required disclosures on independence. We would suggest that the Table provided in the Explanatory Memorandum that outlines all potential scenarios should be added to the application material of the Standard. This would help eliminate any confusion or misinterpretation by practitioners in this respect.

### ***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?*

Yes, we agree with the term "findings" and we agree that the definition and application material are sufficiently clear and understandable.

### ***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?*

Yes, we agreed that the requirements regarding engagement acceptance and continuance in paragraphs 20-21 are sufficiently clear.

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However In respect of paragraph A22 of the application material, it provides examples of acceptable terminology for agreed upon procedures, one of which is “confirm”.

We acknowledge that paragraph A22 does note that such term(s) should only be used in an appropriate context. The use of this term in particular, even in a specific context often implies a level of assurance and can be open to misinterpretation, which is not the objective of the AUP standard. To eliminate any possible ambiguity, we would encourage that further guidance is added here to sufficiently clarify the interpretation of “context” for the practitioner, perhaps adding an example where use of “confirm” in a procedure is acceptable

#### ***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?*

The role of the expert is particularly relevant for non-financial information.

We are unsure about the inclusion of the example of using a lawyer as an expert as in our experience the use of a lawyer will usually involve the interpretation of legislation which by its nature does not appear to accord with an agreed upon procedures engagement.

#### ***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 that the AUP report can be provided to a party that is not a signatory to the engagement letter. However, where this is the circumstance, the report should only be provided on the basis that the party has a clear understanding of the AUPs and the relevant conditions of the engagement. There may be separately agreed terms of reference between these parties, which should be appended to the AUP report. The Standard or the application material as currently drafted does not specify or recommend this.

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 agree with content and structure of the proposed AUP report.

It would be worth considering including further examples of reports that deals with non-financial information.

**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 this aspect.

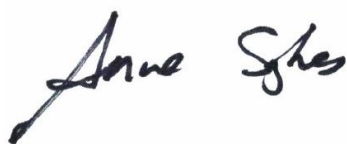
(b) *Effective Date—Recognizing that ED-4400 is a substantive revision and given the need for national due process and translation, as applicable, the IAASB believes that an appropriate effective date for the standard would be for AUP engagements for which the terms of engagement are agreed approximately 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 agree with proposed timeline and transition period.

Thank you for the opportunity to provide input for your consideration, we look forward to seeing the finalised ISRS 4400.

Please feel free to contact the Institute by email at [anne.sykes@charteredaccountants.ie](mailto:anne.sykes@charteredaccountants.ie) or by phone on +353 1-6377313 if you wish to discuss any of our comments in more detail.

Yours sincerely



Anne Sykes

Secretary to the Audit and Assurance Committee of Chartered Accountants Ireland

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