

March 22, 2019

The IAASB Task Force Chairman
International Auditing and Assurance Standards Board
International Federation of Accountants
529 5th Avenue, 6th Floor
New York
New York 10017
United States of America

Via Online Submission

Dear Mr Eric Turner

**COMMENTS ON IAASB EXPOSURE DRAFT
PROPOSED INTERNATIONAL STANDARD ON RELATED SERVICES 4400 (REVISED)
AGREED-UPON PROCEDURES ENGAGEMENTS**

We thank you for the opportunity to comment on IAASB Exposure Draft, *Proposed International Standard on Related Services 4400 (Revised) Agreed-Upon Procedures Engagements*.

In this regard, we are pleased to attach the Institute's comments as set out in Appendix I for your consideration.

Please do not hesitate to contact the undersigned or the Institute's Senior Technical Manager, Ms Hoh Kim Hyan, at +603-2698 9622 should you require any clarification.

Thank you.

Yours faithfully



NOVIE TAJUDDIN
Chief Executive Officer

THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
(INSTITUT AKAUNTAN AWAM BERTAULIAH MALAYSIA)

International Auditing and Assurance Standards Board

Exposure Draft

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

Questionnaire

Respondents are asked to comment on the clarity, understandability and practicality of application of the requirements and related application material of ED-4400. In this regard, comments will be most helpful if they are identified with specific aspects of ED-4400 and include the reasons for any concern about clarity, understandability and practicality of application, along with suggestions for improvement.

Public Interest Issues Addressed in ED-4400

Question 1

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

MICPA's Comments:

Yes, ED-4400 has been appropriately clarified and modernized to respond to the needs of stakeholders and address public interest issues.

Professional Judgment

Question 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?

MICPA's Comments:

Yes, MICPA agrees that 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.

Practitioner's Objectivity and Independence

Question 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?

MICPA's Comments:

The Institute is of the view that practitioner independence should be a requirement for AUP engagements to enhance the perceived value of AUP reports.

Question 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 circumstances.

MICPA's Comments:

As mentioned in our response to Question 3 above, our view is that practitioner independence should be a requirement for AUP engagements.

However, if it is decided otherwise that there is no requirement for the practitioner to be independent for an AUP engagement, we believe that disclosures in the AUP report should still be required to state whether the practitioner is or is not independent. In addition, if the practitioner is indeed not independent, the disclosures should be expanded to state why the practitioner is still able to undertake the AUP engagement to promote transparency and to reduce any negative perceptions on the suitability of the practitioner to perform the procedures.

Findings**Question 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?

MICPA's Comments:

Yes, the definition of the term "findings" is clearly spelt out.

Engagement Acceptance and Continuance**Question 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?

MICPA's Comments:

Yes, the requirements and application material regarding engagement acceptance and continuance, as set out in paragraphs 20-21 and A20-A29 of ED-4400, are appropriate.

Practitioner's Expert**Question 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?

MICPA's Comments:

Yes, the Institute agrees 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.

However, due consideration should be given to situations where it could be more expedient for a party to contract directly with an expert rather than contracting with a practitioner who in turn is required to rely on such expert.

AUP Report**Question 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?

MICPA's Comments:

The institute agrees that the AUP report should not be required to be restricted to parties that have agreed to the procedures to be performed. However, appropriate guidance should be provided in the standard on the additional safeguards and procedures to be performed by the practitioner before allowing access to other intended users.

Question 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?

MICPA's Comments:

Yes, the Institute supports 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.

Request for General Comments**Question 10**

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

- (a) Translations – recognising 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.

- (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.

MICPA's Comments:

- (a) No issue on translation as we use the English version.
- (b) MICPA is agreeable for the effective date to be after a period of 18-24 months from the approval of the final ISRS.