

Our Ref: T/11

15 March 2019

International Auditing and Assurance Standards Board (IAASB)
529 Fifth Avenue, 6th Floor,
New York, NY 10017
United States of America

Submitted via website: www.iaasb.org

Dear Sir/Madam

**EXPOSURE DRAFT PROPOSED INTERNATIONAL STANDARDS ON RELATED SERVICES
4400 (REVISED) - AGREED-UPON PROCEDURES ENGAGEMENT**

The Institute of Certified Public Accountants of Uganda (ICPAU) appreciates the opportunity to respond to Exposure Draft on the Proposed International Standards On Related Services 4400 (Revised) - Agreed-Upon Procedures Engagement

We are supportive of the Board's goal to update ISRS 4400 by enhancing the requirements therein.

Our comments are provided in the attached appendix.

We hope you will find our comments helpful.

Yours sincerely,


CPA Derick Nkajja
CEO/SECRETARY

Institute of Certified Public Accountants of Uganda

Appendix: Comments to the Exposure Draft on the Proposed International Standards on Related Services 4400 (Revised) - Agreed-Upon Procedures Engagement

CL/....

**EXPOSURE DRAFT ON THE PROPOSED INTERNATIONAL STANDARDS ON
RELATED SERVICES 4400 (REVISED) - AGREED-UPON PROCEDURES
ENGAGEMENT**

OVERALL QUESTIONS	
<p>Request for Comment 1: Public Interest Issues Addressed in ED-4400</p> <p><i>Has ED-4400 been appropriately clarified and modernized to respond to the needs of stakeholders and address public interest issues?</i></p>	<p>Yes, we believe that the ED-4400 has been appropriately clarified and modernized. However, we submit comments on the specific topics presented in the Exposure Draft for consideration to address certain public interest issues.</p>
<p>Request for Comment 2: Professional Judgment</p> <p><i>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?</i></p>	<p>We support the approach applied in defining professional judgment. We equally found the examples provided in the application material helpful and illustrative as professional judgment in all engagements is critical whether in planning, execution or reporting.</p>
<p>Request for Comment 3: Practitioner's Objectivity and Independence</p> <p><i>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?</i></p>	<p>The Institute of Public Accountants of Uganda (ICPAU) Code of Ethics requires a similar degree of objectivity and independence to be exercised by a member in financial reporting and similar <u>roles outside the audit</u>. By implication this makes it a requirement for a practitioner to be independent irrespective of the work they may be performing.</p> <p>The practitioner's independence is significant as it enhances the value of AUP services to intended users as it accentuates the perception of the practitioner being seen to be free of any undue influence. The extent of application of the independence requirements may be varied depending on the nature of the client. Professional judgment should be a guiding principle</p>

	<p>here to minimize onerous requirements particularly for small and medium sized practices.</p> <p>We would thus recommend that the standard considers the aspect of independence in performing agreed upon procedures.</p>
<p>Request for Comment 4: Practitioner’s Objectivity and Independence</p> <p><i>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.</i></p>	<p>If independence is not a requisite of performing an AUP engagement, then we believe that the disclosures about independence in the AUP report must be made and these must be clear.</p> <p>The various illustrations in para 22 (page 11) of the Explanatory Memorandum would be helpful to include in the final version of the standard as this would guide the intended users’ level of reliance on the report of findings; By not requiring a practitioner to be independent and permitting the practitioner to disclose that they are not required to be independent (para 30, page 25- ISRS 4400) would materially fetter the purpose of clarifying, enhancing and modernizing the extant ISRS 4400 to serve in public interest.</p>
<p>Request for Comment 5: Findings</p> <p><i>Do you agree with the term “findings” and the related definitions and application material in paragraphs 13(f) and A10-A11 of ED-4400?</i></p>	<p>We agree with the term “findings” and the related definitions.</p>
<p>Request for Comment 6: Engagement Acceptance and Continuance</p> <p><i>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?</i></p>	<p>We agree with the requirements and application material in paragraphs 20-21 and A20-29 of ED -4400 subject to our comments under the section of ‘other comments.’</p>
<p>Request for Comment 7: Practitioner’s Expert</p> <p><i>Do you agree with the proposed requirements and application material on the use of a practitioner’s expert in</i></p>	<p>We are in support of the proposed requirements and application material on the use of a practitioner’s expert in paragraphs 28 and A35-A36 of ED-4400.</p>

<p>paragraphs 28 and A35-A36 of ED-4400, and references to the use of the expert in an AUP report in paragraphs 31 of ED-4400?</p>	
<p>Request for Comment 8: AUP Report</p> <p><i>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?</i></p>	<p>We believe that the use and distribution of an AUP report should be restricted.</p> <p>We note that much of the requirements of the standard seem to address a particular class of intended users. Whereas the ED -4400 may no longer restrict the AUP report to parties that have agreed to the procedures to be performed, these are the very parties that will be involved in determining and agreeing the terms of the engagement which terms would be relevant to the parties that framed them. Hence restrictions would enable and limit the extent of application or reliance on the report by other possible users particularly if the agreed terms of engagement are not consistent with their demands.</p>
<p>Request for Comment 9: AUP Report</p> <p><i>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?</i></p>	<p>We are in support of 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 subject to our comments on request for comment 4 and comments on the Agreed Upon Procedures Report stated herein after.</p>
<p>Request for Comment 10: General Comments</p> <p><i>In addition to the requests for specific comments above, the IAASB is also seeking comments on the matters set out below:</i></p> <p><i>(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-</i></p>	<p>(a) We have no comment on the potential translation issues for the final ISRS.</p> <p>(b) The effective date of the standard should be timely enough for the practitioner to sufficiently appreciate and implement. Up to 24 months after the approval of the final ISRS would be more than adequate time for effective application of the standard. However,</p>

<p>4400.</p> <p><i>(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. 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.</i></p>	<p>the early application should be permitted and encouraged.</p>	
<p>OTHER OBSERVATIONS</p>		
<p>OBSERVATION</p>	<p>REF</p>	<p>COMMENTS/SUGGESTIONS</p>
<p>Engagement Acceptance and Continuance</p> <p>Whereas we firmly support the provisions under para 20 and 21, we believe that at the moment of acceptance and or continuance of any agreed upon procedures, the practitioner needs to assess whether he/she has sufficient and competent personnel with capabilities to enable successful completion of the exercise.</p>	<p>Page 24</p>	<p>We propose inclusion of the following ;</p> <p>“Engagement Acceptance and Continuance</p> <p>22. Before accepting an agreed-upon procedures engagement, the practitioner shall determine that the persons who are to perform the engagement collectively have the appropriate competence and capabilities to perform the procedures”</p> <p>Justification is to give due prominence to the requirement to assess capabilities before one takes on the engagement.</p>
<p>With the above inclusion, we would equally suggest to have an amendment on the current para 21,</p>	<p>Para 21 (page</p>	<p>We propose para 21 to be amended to read as follows:</p> <p>“Before accepting an agreed-upon</p>

<p>to cater for non acceptance of the engagement where a practitioner believes not to have adequate personnel to handle the engagement</p>	<p>24)</p>	<p>procedures engagement, the practitioner shall obtain an understanding of the purpose of the engagement. The practitioner shall not accept 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 <u>or where the practitioner believes not to have sufficient personnel with competence and capabilities to perform the procedures.</u> (Ref: Para. A26, A29)</p> <p>The justification being that since agreed upon procedures result into findings that are capable of being objectively verified and objectively described, they should be performed by personnel with competence and capabilities specific to the assignment.</p>
<p>The Agreed Upon Procedures Report</p> <p>Whereas we agree with the content of the report, we wish to propose inclusion of a requirement to allow use of jurisdictional prescribed formats of the report of findings. This is intended to permit jurisdictions to add or prescribe formats of the report which may be relevant and in tandem to particular local reporting requirements.</p>	<p>Para 30 page 25-26</p>	<p>We therefore propose to include the following immediately after para 32 and rename the rest</p> <p>“33. Law or regulation of the relevant jurisdiction may prescribe the layout or wording of the report of findings in a form or in terms which are significantly different from the requirements of this standard. In these circumstances, the practitioner shall evaluate:</p> <p>(a) whether intended users might misunderstand the findings reported and the fact that no assurance is provided; and, if so;</p> <p>(b) whether additional explanation in the report of findings can mitigate</p>

		<p>possible misunderstanding.”</p> <p>Justification of the above is to provide clarity and allow a principle based approach to the standard</p>
<p>Documentation</p> <p>We take note of the fact that the ED introduces a number of procedures expected to be performed by a practitioner before performance, during and after performance of the Agreed upon engagement. However, the documentation suggested under para 34 seems too limited compared to the work the practitioner shall have performed in such engagement.</p>	<p>Page 26</p>	<p>We thus propose to include immediately after para 34(c) the following;</p> <p>“Para 34 .</p> <p>(d) issues identified with respect to compliance with relevant ethical requirements and how they were resolved;</p> <p>(e) conclusions reached regarding the acceptance and continuance of client relationships and acceptance of the agreed-upon procedures engagement;</p> <p>(f) significant professional judgments made in reaching conclusions.</p> <p>(g) evidence that the engagement was carried out in accordance with this standard and the terms of the engagement.”</p> <p><u>Justification</u> is that documentation is a key step in assessing compliance with the standards. And in jurisdiction where the agreed upon procedures would be performed by regulated practitioners, the regulators may wish to inspect such documentation that supports the eventual work of a practitioner.</p>
<p>We take note of the Board’s explanation within the explanatory memorandum to ED -4400 (para 27) on the motivation behind the shift from using the term ‘factual findings’ to the new term ‘findings’, the fact that reference to findings in the ISRS excludes opinions or conclusions in any form</p>	<p>Page 12</p>	<p>We propose to include immediately after para A2 of the Application and Other Explanatory Material the following and re-number the rest;</p> <p>“A3 - This Standard on Related Services applies to agreed-upon procedures engagements to be performed by a practitioner, where</p>

<p>as well as recommendations.. In order to provide clarity on this matter within the standard, we would suggest to include an application guidance (under the Application and other explanatory material immediately after paragraph A2 (page 27).</p>	<p>findings are reported but no conclusion or opinion is expressed and no assurance is provided by the practitioner. The intended users draw their own conclusions based on the findings reported combined with any other information they have obtained.”</p> <p>With introduction of the above, paragraph 2 (page20) would such change to the following;</p> <p>“This ISRS applies to the performance of agreed -upon procedures engagements on financial or non financial subject matters. <u>(Ref: Para. A1-A3)</u>”</p>
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