



February 7, 2019

International Auditing and Assurance Standards Board
Via webposting: www.iaasb.org

Dear Sir/Madam:

Re: Proposed International Standard on Related Services 4400 (Revised) – Agreed-upon Procedures Engagements

We support the proposed amendments to the ISRS 4400 (Revised). The attachment sets out our responses to the specific request for comments listed in the exposure draft.

Yours truly,

A handwritten signature in black ink that reads "Judy Ferguson".

Judy Ferguson, FCPA, FCA
Provincial Auditor

DF/dd

Attachment

cc: Mr. E. Turner, CPA, CA, Director, Auditing and Assurance Standards

Specific Matter for Comment	Response
1) Has ED-4400 been appropriately clarified and modernized to respond to the needs of stakeholders and address public interest issues?	Partially—we found Board appropriately clarified and modernized the ED to respond to the needs of stakeholders and address public interest issues, except for the issues identified below.
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, requirement and application material on professional judgment appropriately reflect the role professional judgment plays in an AUP engagement.
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?	<p>Partially—AUP engagements are non-assurance engagements and the IESBA Code does not require a practitioner performing these engagements to be independent, so it is appropriate that independence is not required by the exposure draft. Section A13 appropriately addresses the fact that there may be differences across jurisdictions regarding independence requirements.</p> <p>However, the exposure draft does not provide sufficient guidance for acceptance and continuance of an AUP engagement when practitioners are required to be independent in their jurisdiction. See comments on #6.</p>
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.	<p>The table in paragraph 22 and the related requirements and application material are appropriate, except for the two issues described below.</p> <p>1) Unknown if practitioner is independent/practitioner not required to be independent: We do not think that a practitioner should be required to make an independence determination when not required to be independent for an AUP engagement. In such cases, the independence of the practitioner is irrelevant to the engagement.</p> <p>2) Practitioner is independent/practitioner is required to be independent: The exposure draft does not include sufficient guidance for acceptance and continuance when a practitioner is required to be independent, see #6 below.</p>

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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 the related definitions and application material.
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?	<p>No, we have two concerns with the requirements and application material regarding engagement acceptance and continuance.</p> <p>1) Paragraph 20 b): The wording is unclear regarding to whom the terms used should be clear, not misleading and not subject to varying interpretations. The clarity of terms used may depend on the knowledge of the engagement report users or the practitioner. We agree this is addressed by A22, but it is our opinion that the standard should provide clearer guidance on this point, such as including definitions for the terms used.</p> <p>2) Paragraph 20: We feel this should also incorporate an assessment of the practitioner’s independence. In cases where the practitioner is required to be independent, the practitioner should not accept an engagement until completing an assessment of their independence.</p>
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?	No, it is not clear within paragraph 28(d) whether the results of the work performed by the expert could include opinions or conclusions, since findings in 13(f) “exclude opinions or conclusions in any form.”
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?	Yes, the report should not be required to be restricted to parties that have agreed to the procedures to be performed. Paragraph A43 appropriately addresses circumstances where the practitioner may consider it appropriate to restrict the AUP report. Requiring all AUP reports to be restricted may reduce the usefulness to various users who engage practitioners for AUP engagements to meet requirements or requests of third-parties.
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?	<p>No, we have two concerns with the content and structure of the proposed AUP report.</p> <p>1) 30(n): Paragraph only refers to the practitioner’s signature, we question if this</p>

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	<p>should also include firm’s signature, since some firms use a company signature.</p> <p>2) We are concerned that restricting the report to include only findings in paragraph 33 and A45 will reduce the usefulness of AUP engagements. As a legislative audit office, we are typically required to audit agencies through legislation and it is not logical to provide recommendations to an agency in separate report. We are concerned that presenting recommendations in a separate report will reduce clarity for users of our reports. It may also increase the cost of AUP engagements to practitioners and engaging parties if separate reports are required. We are not opposed to practitioners distinguishing AUP reports from other engagement reports, but do not think that this should be a requirement.</p>
<p>10) 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.</p>	<p>We have no comment on translation.</p>
<p>10) 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.</p>	<p>We agree that 18-24 months after approval of the final ISRS is reasonable to support effective implementation.</p>