



**ASOCIACION INTERAMERICANA DE CONTABILIDAD
INTERAMERICAN ACCOUNTING ASSOCIATION
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

San Juan, Puerto Rico, March 14th, 2019

Members of the Board

International Auditing and Assurance Standards Board (IAASB).

529 5th Avenue, 6th Floor

New York, New York 10017

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

Dear Members of the Board,

The Inter-American Accounting Association (IAA) (AIC – in Spanish), welcomes the opportunity to comment on the Exposure Draft **Proposed International Standard on Related Services 4400 (Revised). Agreed-Upon Procedures Engagements**

This reply summarizes the views of different member countries of the IAA, according to the following due process:

Due process:

The Draft was submitted to the different IAA member, the Inter-American Technical Commissions (ITC) and the Sponsor Organizations (SO), hence all members had the opportunity to participate in the discussion of the Draft.

All comments received from the ITC and SO, were compared and discussed, before preparing a reply which has been approved upon by all members

General comments:

We decisively support the IAASB initiative on this important issue, considering the educational issue as fundamental in the formation and exercise of the accounting and auditing professional.

If you have any questions about our comments, please do not hesitate to contact us.

Sincerely,

Cornelio Porrás Cuellar
PRESIDENT



ASOCIACION INTERAMERICANA DE CONTABILIDAD INTERAMERICAN ACCOUNTING ASSOCIATION ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE

Comment Letter of the Interamerican Accounting Association- IAA on the document for public discussion referred to; “Proposed International Standard on Related Services 4400 (Revised). Agreed-Upon Procedures Engagements”

We have answered the questions of the document in accordance with the provided instructions. Please see our answers and related comments below.

Overall Questions

Public Interest Issues Addressed in ED-4400

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

A. **Yes, we understand that the ED-4400 is written with a language that transmits clarity in its purposes and contents; As for the consultation, it is clear that the text of the project has adequately clarified and modernized any possible interpretation of the parties concerned in a related service work, in particular to address issues of public interest.**

However we believe that is still necessary to incorporate the requirements of independence, as we are considering in the answer to question No 3 of this comment from respondent.

Specific Questions

Professional Judgment

2) Q. *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?*

A. **Yes, we understand that definition contained in paragraph 13 (j), the requirement of paragraph 18 as well as the application and other explanatory material of paragraphs A14 to the A16, adequately and appropriately reflect the role of professional judgment in assuming and Execute a AUP commitment. In particular we think that the detail of the explanatory material is rich in guidance for the professional accountant who leads a work with agreed scope, which as the Explanatory Memorandum says is in clear progress.**

Practitioner’s Objectivity and Independence

3) Q. *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?*

A. **No, we disagree, we believe that this aspect is one of the requirements ignored in the current standard and is maintained in the project. The independence of the accounting professional is one of its attributes that gives confidence to the users and the public interest. We believe that at**



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least a certain degree of independence must be required of the professional to exercise such an important task as the order with agreed scope and related services; We understand that in all circumstances in which a professional is linked in the execution of a professional service, even if it is with agreed scope must transmit its independence of judgment in relation to the other parties involved in this type of order. Not been a prerequisite the independence of the accounted from one of the other parts, which produces the information, the object of the work, or the user who feels harmed by the work, can accuse the professional of favoritism for a matter of interest Which would harm not only the professional involved but the profession. We are of the opinion that a degree of independence must be included as a prerequisite before the service is accepted.

4) Q. *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.*

A. While the table in paragraph 22 of the explanatory memorandum to ED-4400 is illustrative of the scope of the agreed Commission and the justification of the non-requirement of independence supported by the content of the AUP report, specifically in the Requirements of paragraph 30 (f) (ii) and other related, however, we understand that this SSRIs 4400 must explicitly contemplate in their requirements, as prior, independence. We do not agree that the fact of being onerous is a justification for exclusion. We believe that in all cases the professional must be required to be independent and not only when the code of ethics requires it.

We believe that independence, in all cases for this standard, should be disclosed on the request of the standard to provide greater transparency assurance and to provide greater security to all parties involved and to avoid or lessen possible conflict as Consequence of the doubts generated by the lack of an explicit revelation of independence.

Findings

5) Q. *Do you agree with the term "findings" and the related definitions and application material in paragraphs 13(f) and A10-A11 of ED-4400?*

A. Yes, We are totally agree, it seems very appropriate to define the term "findings" and other related issues addressed in the project. The definition is clear that in the order of procedures agreed upon, no opinion or conclusion is issued and the professional does not make a recommendation; is limited to presenting the verifiable result with supporting documentation.

Engagement Acceptance and Continuance

6) Q. *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?*



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- A. Yes, the requirements and the application material regarding the acceptance and continuance of the commitment, contained in paragraphs 20-21 and A20-A29 of the ED-4400, are appropriate; however, in accordance with our opinion on the prior requirement of independence, to consider that requirement, we understand that it must be included as requirements for acceptance of commitments and continuity.

Practitioner's Expert

- 7) Q. *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?*
- A. Yes, we agree with the proposed requirements in relation to the experts and the professional to accept an expert, foreseen in the draft modification of the standard.

AUP Report

- 8) Q. *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?*
- A. No, we do not agree. We understand that the nature and scope of a work of agreed procedures should be limited entirely to the parties involved and to the user that the principal user, possibly by agreements or regulations, may be required to deliver. We also think that the explanation of the A43 could be improved, in the sense of not considering it as an option of the professional but as a requirement to reveal in its report that it is not destined (the report) to third party, that is not the addressee explicitly mentioned in the report.
- 9) Q. *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?*
- A. Yes, we support partially. We continue to maintain that the AUP report must contain explicitly and in compliance with mandatory requirements of the rule revealing the independence of the professional accountant, we reiterate to transmit transparency and at the same time give greater credibility to professional work, in particular to the product that is the AUP report. The other issue that should be revealed, in all cases, not as an option but in compliance with the requirement of the standard, is the limitation of the use that can be given to the report. We believe that since it is not a public report, that by its very nature of the service, it is an "agreed procedure", therefore, it must be restricted to the affected parties, at least be clearly revealed in the report that any disclosure without knowledge and without prior written authorization from the professional, it would be the sole responsibility of the person disclosing.



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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. *Q. 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.*

 - A. In our opinion, the issue of translation is a problem that the IAASB must at some point address and solve. In the absence of an official translation made by IAASB and the allowance of a practically free translation, there is a diversity of interpretation and generates discrepancy in the original meaning of the standards, not only of this one but of all the standards issued by the different IFAC Councils. In other draft standards, we have already issued our commentary on this, in the sense that the IAASB creates a translation and correction committee in other languages, especially in ours, Spanish, in order to have a single translation official. We know of the effort made by several institutions, such as Universities, in the area of translation, but we believe it is very important that there is an internal body that depends on IFAC through its Councils, or if it is convenient for the authorities of the Federation, depending on other levels , but under the umbrella of the Federation.**

 - b. *Q. 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.*

 - A. Yes, we believe that the proposed term of 18 to 24 months after the final approval of the SSRI is adequate, a shorter term could hinder its full application, without which the norm would not make sense, in particular for countries with minors development possibilities that have greater diffusion difficulties.**