What We Hope to Achieve at This Session

Obtaining the views of the Board on the content and clarity of the Working Group Discussion Paper, *Exploring the Growing Demand for Agreed-Upon Procedures Engagements and Other Services and Implications for the IAASB’s Standards*
What We Hope to Achieve at This Session

- Para. 1-14: Overview of Discussion Paper
  - Introduction

- Para. 15-57: Agreed-Upon Procedures Engagements

- Para. 58-64: Multi-scope Engagements

- Para. 65: What Happens Next

Overall Comments?
Overview of Discussion Paper and Introduction

Purposes of Discussion Paper (Para. 1-2)

What are Agreed-Upon Procedures (Page 2)

Introduction (Para. 3-14)

• Who Uses an AUP Report? Why are AUP Engagements Performed and What are their Benefits?
• Why is the IAASB Undertaking Work on AUP Engagements?
• What Has Been Discussed by the IAASB and Its Consultative Advisory Group?

Comments?
AUP Engagements

Background and Issues (Para. 15-19)

- The use of professional judgment in an AUP engagement
- Professional skepticism
- The use of ambiguous terminology in describing procedures or findings
- AUP report restrictions
- The format of the AUP report
- Performing AUP engagements on non-financial information
- Using the work of others
- Users who are not parties to the engagement agreement
- Recommendations in conjunction with AUP engagements
- The role of independence in AUP engagements

Comments?
Do you agree with the issues identified? Are there any other issues that should be explored?
AUP Engagements

The use of professional judgment in an AUP engagement (Para. 20-25)

- Professional judgment on decisions about engagement acceptance, planning, parties to the agreement, and documentation
- Professional judgment exercised in the context of professional competence and due care

Professional skepticism (Para. 26)

- Issue explored as part of the IAASB’s Enhancing Audit Quality initiative
- Not seeking input at this time

Comments?
The use of ambiguous terminology in describing procedures or findings (Para. 27-33)

- Ambiguous terms: Terms given technical meanings in standards that differ from their normal English meaning or are otherwise not sufficiently specific
- Prohibit the use of ambiguous wording unless the wording is required by regulations or contracts

AUP report restrictions (Para. 34-37)

- Restrict the use (but not the distribution) of the AUP report

Comments?
The format of the AUP report (Para. 38-39)

- Illustrative report that presents:
  - The procedures and corresponding findings in a tabular format; or
  - Each procedure and corresponding finding together.

Performing AUP engagements on non-financial information (Para. 40-42)

- Broaden scope to include AUP on non-financial information
- Pre-acceptance considerations on practitioner and engagement team competence

Comments?
AUP Engagements

Using the work of others (Para. 43-44)

• When using the work of others, the practitioner should be required to evaluate:
  • The objectivity and technical competence of the other parties; and
  • The procedures performed and factual findings reported by the other parties.

Users who are not parties to the engagement (Para. 45-49)

• If the Terms of Reference is available – the practitioner should be able to determine that the user has a clear understanding of the AUP engagement even though the user is not a party to the engagement agreement
• In the absence of Terms of Reference – the practitioner may consider obtaining affirmative acknowledgement that the user and other relevant parties agree to the procedures to be performed and take responsibility for the procedures

Comments?
Recommendations in conjunction with AUP engagements (Para. 50-51)

- Recommendations in conjunction with an AUP engagement = A multi-scope engagement consisting of an AUP engagement and a separate service
- Communications arising from such additional services should be clearly distinguished from the AUP engagement and report

The role of independence in AUP engagements (Para. 52-57)

- Require the lack of independence to be disclosed in the AUP report (i.e., current approach under ISRS 4400)

Comments?
Multi-scope engagements (Para. 58-64)

- Multi-scope engagement – An engagement that comprises of 2 or more separate services within the IAASB pronouncements
- Multi-scope engagements should be separated from the project to revise ISRS 4400 as the scope extends beyond ISRS 4400

What happens next (Para. 65)

- Project proposal to be developed taking into account input from stakeholders on the Discussion Paper and the IAASB’s 2017-2018 Work Plan

Comments?