Responses to ED–4400¹
Comments to Q9 ‘AUP Report – Structure and Content’
NVivo Report 9A
(FOR REFERENCE)

01. IRBA

Presenting the procedures and corresponding findings in a tabular format is logical for an AUP report as that can help facilitate better communication and readability.

02. NASBA

As stated in the response to Request for Comment 4, we believe that the practitioner should first determine if he or she is independent. If independent, the report should so state.

To state in the report that the practitioner is not required to be independent is not in the public interest. The practitioner should make a determination of independence in every case, even if not required, and such position should be disclosed.

03. WB

The structure of the AUP report could draw from that of the audit report in ISA 700 (revised), with the view to giving more emphasis to the results of the engagement and less to standard language. In that regard, the long sentence on ISQC1 and the second paragraph could be moved to after the presentation of the findings.

Moreover, the description of the detailed findings can sometimes involve lengthy descriptions and, in the absence of exception, their exhaustive presentation is likely to be of lesser value to the user. The standards could explicitly allow the practitioner to include the presentation of exceptions in the body of the report of the full detailed findings in an annex.

04. AuAASB

Content of the AUP Report

The AUASB largely supports the content of the proposed AUP report, however amendments would be required after consideration of feedback above. For example paragraphs 30(f)-30(g) would be impacted by the AUASB’s comments about independence and independence disclosures as presented in the response to Q3/4 above. For example, the AUASB considers that it may be impractical to require the practitioner to include a statement on independence when independence is not a requirement of the standard nor the engagement.

Readers of an AUP report will often not appreciate the subtle difference between objectivity (which is always required) and independence. If the report includes a statement that the practitioner is not independent, even though independence is not required, many readers will instantly discount the value of the report even though to do so is inappropriate and unnecessary.

¹ Exposure Draft International Standard on Related Services 4400, Agreed-Upon Procedures Engagements
The AUASB makes the following additional comments/suggestions:

- Paragraph 30(b) requires “an addressee as set forth in the terms of the engagement” however there is no further clarification on who the addressee should be. Given that under ED 4400 only the engaging party is required to acknowledge the appropriateness of the procedures, should consideration be given as to whether an intended user other than the engaging party may be included as an addressee?

- It may be useful to require or acknowledge in the application material that when circumstances impose restrictions on the performance of the procedures (and those restrictions are considered appropriate), the restrictions are described in the AUP report. For example, when the agreed-upon procedures are set forth in regulation and a procedure is not applicable in the circumstances of the particular engagement, the practitioner may describe the reason that the procedure was not performed in the AUP report.

05. CAASB

We agree, in part, with the requirements and application material. Many Canadian stakeholders indicated that they found the illustrative AUP reports very helpful in providing guidance on describing procedures and findings using terminology that is clear, not misleading and not subject to varying interpretations.

When describing the procedures and findings, there is a risk that the practitioner may unintentionally include confidential information in the descriptions. Therefore, we suggest an application paragraph to remind practitioners to consider law and regulations pertaining to confidentiality when describing the procedures or findings (for example, being careful not to include home addresses or other potentially sensitive information in the descriptions).

Canadian stakeholders have also indicated that laws or regulations may require AUP reports to be provided directly to intended users rather than the engaging party (for example, an AUP report that is provided to the public (the intended users) and the regulator is the engaging party). To further enhance the usefulness of the illustrative AUP reports, we suggest that the IAASB consider including an example of an AUP report that is provided directly to an intended user.

06. CNCC-CSOEC

We are supportive 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.

However, we have the following comments:

- In relation to our comment in question 8, we suggest adding a specific mention in the AUP report (paragraph 30) : the context of the engagement;

- In order to reflect the requirement in paragraph 30 (m), we suggest clarifying/mentioning the purpose of the AUP engagement proposed in Illustrations 1 and 2. Please refer to our suggestion made in question 8.

07. HKICPA

In general, we support the content and structure of the proposed AUP reports in ED-4400.
With reference to paragraph 31, it would be helpful if the standard clearly indicates whether it is a requirement for practitioner to make reference to the work performed by the practitioner’s expert (if used) in the AUP report.

**08. IDW**

The paragraphs 30-32 and A37-A44 do not require a particular structure for the AUP report (some items, such as the title and addressee, would inconceivably be somewhere other than the front, and the signature on, and date of, the report and the location of the practitioner’s practice would conceivably be at the end of the report). The proposed order of requirements in paragraph 30 appears to indicate a preferred order by the IAASB, which appears reasonable for most circumstances.

We agree with the content of the requirements in paragraphs 30-32 with the exception of the comments following.

In line with our comments on paragraph 22 (e) and (f) in our response to Question 6 above, the word “subject matters” in paragraphs 30 (c) should be change to “overall matters”, and in paragraph 30 (i) the phrase “the matters upon which each were performed,” should be inserted in between the words “detailing” and “the nature”.

It is completely unclear what “exceptions” in paragraph 30 (j) constitute. We surmise that “exceptions from the required, desired or expected findings, as applicable” is meant. For this reason, the noted phrase should be added to the end of item (j) in paragraph 30.

**09. JICPA**

We think that the items below should be added or changed.

- The proposed format of the report should be amended to show the several sections using headings, as is the case for audits and reviews.

- If the practitioner is required to be independent, the title of the report should include the phrase “Independent Practitioner’s…” or similar to clearly indicate that the practitioner is independent.

- With regard to paragraph 30(m) (identification of the purpose of the agreed-upon procedures report), the purpose of the engagements should be more specifically stated in detail at the first section of the report.

- Paragraph 30 is insufficient as it fails to mention the responsibilities of the practitioner, the engaging party, and other intended users. The respective parties’ responsibilities should therefore be added to the items in paragraph 30 which shall be stated in the AUP report.

- To avoid misunderstanding and over-expectation of the intended users, the responsibilities of the respective parties should also be made clear in the illustrative AUP report.

- The paragraph 30(h) (particularly the statement that the practitioner makes no representation regarding the appropriateness of the procedures) is not reflected clearly enough in the illustrative AUP reports. The illustrative AUP report should clearly show practitioner does not bear any responsibilities of the appropriateness of the procedures performed.

- The illustration 2 of the AUP report offers sample wording for a situation in which the practitioner is not required to be independent (paragraph 30(f)(ii)a). However, given that this ED proposes the new treatment of practitioner’s independence in the AUP report, sample wordings for the cases described
in paragraph 30(f)(ii)b and paragraph 30(g) should also be provided in the illustration at least as footnotes or by other means.

- For reference to support and the facilitate the understanding with the above-mentioned comments, we attach to the end an illustrative AUP report adapted from the Japanese Professional Guidelines 4400 “Practical Guidelines on the Agreed-Upon Procedures.”

10. MAASB

We support the content and structure of the proposed AUP report except as discussed in our response above.

11. NBA

We have some additions and/or modifications to the report. We recommend to clearly state the responsibilities of the practitioner and the intended users. A statement should be included that the intended users are responsible for determining whether procedures performed as agreed upon are sufficient and appropriate for the purpose of which they are solely intended. Furthermore, we question whether reference should be made to ISQC1 in the report. This is also not explicitly done in most other engagements (only in ISAE 3000, but not in ISRE 2400 and ISRS 4410). In addition, we note that increased use of headings and sub-headings may also help in the organization and readability of the content. Finally, the two examples provided do not cover all situations. For example, we would like to see an example where the intended user is different from the engaging party,

12. NBAT

Yes: We do 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.

13. BDO

We support the content and structure of the proposed AUP report, except for the requirements in paragraphs 30(f)(ii) and 30(g) regarding independence (as discussed above).

We also present below some minor suggested wording changes to the reporting requirements and the illustrative reports in Appendix 2:

- In requirement 30(h)(i), we suggest deleting ‘the practitioner and’ to keep the emphasis on the engaging party, not the practitioner, for approving the procedures, as shown below.

  "An agreed-upon procedures engagement involves the practitioner performing the procedures that have been agreed to by the practitioner and the engaging party, and reporting the findings based on the procedures performed; and …"

- Correspondingly, in the 2nd paragraph of the illustrative reports, we suggest deleting ‘us and’ as shown below to match the wording in the 1st paragraph of the illustrative report and to keep the emphasis on the engaging party rather than on the practitioner.

  "An agreed-upon procedures engagement performed in accordance with ISRS 4400 (Revised) involves our performing of the procedures that have been agreed to by us and [Engaging Party], and reporting the findings based on the procedures performed."
In illustrative report 2, the scenario at the top states that there is a restriction on the use or distribution of the report. However, the sample wording provided in the illustrative report is only a restriction on distribution. We suggest removing ‘use or’ from the scenario so that illustrative report 2 is only a restriction on distribution, as the current wording reflects.

15. CHI

We agree with the content and structure of the proposed AUP report.

16. DTTL

DTTL supports the content and structure of the proposed agreed-upon procedures report; however, additional elements should be required to increase transparency. In addition to the recommendations relating to independence and objectivity discussed in response to Question 4, additional elements should be required to be included in the AUP report and added to paragraph 30, as discussed below. As noted in the recommendations pertaining to Question 2, DTTL believes that the agreed-upon procedures report should require identification of the responsible party and their responsibilities over the subject matter. In addition, we recommend modifying paragraph 30(m) to include an explicit statement that the purpose of the agreed-upon procedures report has been determined by the engaging party.

Changes to the requirements in paragraph 30, including the recommended edits to this paragraph discussed in the response to Question 4, are depicted below.

30. The agreed-upon procedures report shall include: (Ref: Para. A37-A39) …

(x) A statement that identifies the responsible party and its responsibility for the subject matters on which the agreed-upon procedures have been performed.

(f) With respect to independence:

(i) If required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, a statement that the practitioner is independent and the basis therefor; or

(ii) If not required to be independent by relevant ethical requirements, terms of the engagement, or other reasons, either:

a. A statement that the practitioner is not required to be independent; or

b. If a determination has been made that the practitioner is independent, a statement to that effect and the basis therefor; (Ref: Para. A40)

(g) When it is known that the practitioner is not independent, a statement to that effect; (Ref: Para. A41-A42) A statement that the practitioner has fulfilled the practitioner's relevant ethical responsibilities. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), which requires practitioners to comply with fundamental principles including objectivity, which imposes an obligation on practitioners not to compromise their professional or business judgment because of bias, conflict of interest, or undue influence of others;
(m) **Identification** of the purpose of the agreed-upon procedures report and a statement the **engaging party has determined the purpose** and that the agreed-upon procedures report may not be suitable for another purpose; (Ref: Para. A43)

In an effort to provide greater clarity to stakeholders regarding whether any other parties have acknowledged the procedures, DTTL believes that the agreed-upon procedures report should include a statement identifying whether any other parties, in addition to the engaging party, have acknowledged that the procedures performed are appropriate for their intended purpose, and if no such additional parties exist, the report will state that no other party acknowledged that the procedures are appropriate. We also suggest adding application material similar to that provided in paragraph A26 which addresses actions that may satisfy the practitioner that engagement acceptance and continuance conditions have been met.

Proposed changes relating to this recommendation are depicted below.

30. The agreed-upon procedures report shall include: (Ref: Para. A37-A39)

   ...  

   **(x)** A statement that identifies whether any other parties, in addition to the engaging party have acknowledged that the procedures performed are appropriate for their intended purpose, and if no such additional parties exist, a statement that no other party acknowledged that the procedures are appropriate; (Ref: Para. Axx-Axx)

   **Axx.** Actions that may satisfy the practitioner whether any other parties, in addition to the engaging party, have acknowledged that the procedures performed are appropriate for their intended purpose include:

   - Comparing the procedures to be performed with written requirements set out, for example, in law or regulation, or in a contractual agreement (sometimes referred to as the “Terms of Reference”), where appropriate.

   - Requesting the engaging party to distribute a copy of the anticipated procedures and the form and content of the agreed-upon procedures report as set out in the terms of engagement to the intended user(s) and obtain acknowledgement from the intended user(s) of the procedures to be performed and that they are appropriate for the intended purpose.

   - Reading correspondence between the engaging party and the intended user(s) which includes an explicit acknowledgement by the intended user(s) that the procedures to be performed are appropriate for their intended purpose.

   **Axx.** If no other party has acknowledged that the procedures are appropriate, the practitioner may request a representation from the engaging party. (Ref: Para. A34)

In regards to the application material to paragraph 30, DTTL believes that paragraph A38 is not clear and suggests that it is appropriate to name the responsible party in the agreed-upon procedures report without getting the responsible party’s agreement. Accordingly, we recommend deleting paragraph A38 as it lacks clarity and if a statement is included in the agreed-upon procedures identifying the responsible party this application material is no longer relevant. The recommendation to delete paragraph A38 is shown below.
A38. If the responsible party is not the engaging party, the practitioner may consider obtaining the responsible party’s agreement in order to include the name of the responsible party in the agreed-upon procedures report.

Further, DTTL recommends adding application material to acknowledge that the practitioner may consider it appropriate to indicate that the agreed-upon procedures performed may not address all the items of interest to an intended user and may not meet the needs of all intended users and, as such, intended users are responsible for the appropriateness of the agreed-upon procedures for their intended purpose, as depicted below.

**Axx. The agreed-upon procedures performed may not address all the items of interest to an intended user and may not meet the needs of all intended users and, as such, intended users are responsible for the appropriateness of the agreed-upon procedures for their intended purpose.**

17. EYG

We generally support the content and structure of the proposed AUP report. Our biggest concern relates to the required statements about the practitioner’s independence when the practitioner is not required to be independent as expressed in our response to Q4. We have the following further comments and suggestions for clarifications to the requirements, application material or illustrations:

- **Paragraph 30(c):** “Subject matters” should be singular.

- **Paragraph 30(f):**
  - Paragraphs 30(f) and 30(g) should be moved to before paragraph 30(e) so that the ordering of the requirements mirrors the ordering of the statements in the illustrative reports.
  - It would be helpful if paragraph 30(f)(i) had application material that describes the meaning of “basis”. This could be achieved by referencing or using the examples in paragraph A13 (e.g. national ethical codes, laws or regulations, the firm’s policies and procedures or the terms of the engagement).
  - Similarly, we suggest including application material to explain what “other reasons” in paragraph 30(f)(i) may include.
  - The requirement in paragraph 30(f)(i) does not require a statement that the practitioner is required to be independent; however, Illustration 1 of the AUP report includes the phrase “The terms of our engagement require us to be independent…” We suggest removing the first phrase of the statement in Illustration 1 so that the statement in the illustration aligns to the requirement.

- **Paragraph 30(i):**
  - We suggest expanding paragraph 30(i) to require the description of procedures to include materiality limits, if applicable.
  - It may be useful to require or acknowledge in the application material that when circumstances impose restrictions on the performance of the procedures (and those restrictions are considered appropriate), the restrictions are described in the AUP report. For example, when the agreed-upon procedures are set forth in regulation and a procedure is not applicable in the
circumstances of the particular engagement, the practitioner may describe the reason that the procedure was not performed in the AUP report.

18. GTIL

Overall, we support the content and the structure of the proposed AUP report as set out in ED-4400. However, we make the following observations:

- Paragraph 30(c) requires the identification of the subject matter on which the procedures have been performed. This identification is not obvious in the illustrative AUP report.

- Paragraph 30(m) requires the identification of the purpose of the AUP report and a statement that the AUP report may not be suitable for any other purpose. We note that this is included as the last section in the illustrative AUP report and question whether this provides sufficient prominence to its purpose.

- Paragraph 30(j) requires the AUP report to include the (factual) findings from each procedure performed, including details on exceptions found. We would recommend that application material be included to clarify that:
  - Professional judgement may not be applied in determining which exceptions to report;
  - Typically all exceptions are reported; and
  - When sampling is used, the concept of an anomaly may not be relevant.

In our experience, these are questions frequently raised by practitioners when preparing an AUP report.

19. KS

We are broadly in agreement with the proposed structure of the report and note that the examples are meant to be illustrative rather than overly prescriptive. The form of the report needs to retain flexibility particularly as AUP assignments continue to evolve.

20. KPMG

We support the content and structure of the proposed AUP report and the related guidance and illustrative examples. We note the following suggestions for improvement/ clarity:

- We suggest that the requirement, at paragraph 30(g), that irrespective of the fact that the standard does not require the practitioner to be independent, the practitioner states that they are not independent, when this fact is known, should also require the practitioner to state the basis for the assessment, similar to paragraph 30(f)(ii)b);

- Paragraph 30(g) requires the practitioner to include a statement that they are not independent, when this fact is known. Since this scenario is not compatible with that described at 30(f)(i), in which the practitioner is required to be independent, we recommend that the requirement at 30(g) be re-positioned to 30(f)(ii);

- Paragraph 30(h) requires the report to include a description of an AUP engagement. We suggest the requirement be expanded to include a description as to what constitutes “findings”, i.e. that these are factual, are capable of being objectively described and verified, and that they impart no assurance/ no conclusion is expressed;
• Paragraph 30(h)(i) refers to the agreement to the procedures by the practitioner and the engaging party. We suggest removing reference to the practitioner as the engaging party is the party that is ultimately responsible for determining the procedures to be performed, whilst the practitioner is responsible, as described at paragraph 21, for considering whether, based on their understanding of the purpose of the engagement, they are aware of any facts or circumstances suggesting that the procedures that the practitioner is being asked to perform are inappropriate. See also our response to Question 6;

• We also recommend that the report clearly set out the responsibilities of the engaging party, including the identification of the intended users and consideration of their needs;

• Paragraph 30(j) requires the report to include findings from each procedure performed, including details on exceptions found. We note that the procedures may be performed at a level of granularity such that findings may relate to specific information that may include personal details such as names, dates, ages and other sensitive information. We suggest that the application material provide guidance as to considerations in respect of reporting such information, and the fact that it may not be legally permissible to include this in the report, in particular, when there may be a broad range of intended users or the report may be made publically available;

• Paragraph 30(k) requires the report to include a statement that the engagement does not constitute a “reasonable or limited assurance engagement”. We suggest removing reference to “reasonable or limited” as users of the report may have limited knowledge of assurance engagements and may infer that this provides assurance nonetheless, at a different level to reasonable or limited. We believe it would therefore be clearer to simply state that it does not provide assurance. We suggest that a similar amendment be made to paragraph 22(a);

• We suggest that the report include an explicit statement that the practitioner has complied with relevant ethical requirements (as required by paragraph 17) prior to commenting on independence. We recommend that the application material provide guidance to the practitioner that it may be helpful to include a statement that the practitioner has complied with the principles of professional competence and objectivity;

• As noted in our response to Question 8, we suggest that the requirement at paragraph 30(m), to include a description of the purpose of the engagement and the statement that the report may not be suitable for another purpose, be made more prominent, e.g. with a sub-heading “Purpose of the Agreed-Upon Procedures Engagement” and language that makes clear that this is a warning. We also suggest that this description be required earlier in the report, before the details of the procedures themselves and the findings thereon;

• We also suggest that the IAASB consider greater alignment with the example audit reports further to the enhancements to the auditor reporting suite of standards, where relevant, e.g. placement of the date and location;

• We highlight that the illustrative example reports include “determine” in the description of certain procedures. We believe that to “determine” necessarily involves the exercise of professional judgement and therefore we believe that this procedure may be misleading and may not be capable of being objectively verified. We therefore recommend that the example be amended to include greater specificity as to the procedure actually being performed to avoid subjective interpretation.

21. PKF

We support the content and structure as proposed.
22. PwC

We support the proposed requirements in relation to the practitioner’s report. We have no substantive comments on the proposed structure and content of the AUP report, noting that this is often prescribed in law or regulation resulting in more bespoke reports.

23. RSM

We consider 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 to be appropriate.

25. GAO

We support the IAASB’s efforts to improve the content and structure of the proposed AUP report. We do not have any additional changes outside of those noted in the preceding responses.

26. NAOT

I 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.

27. PAS

No, we have two concerns with the content and structure of the proposed AUP report.

30(n): Paragraph only refers to the practitioner’s signature, we question if this should also include firm’s signature, since some firms use a company signature.

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.

28. ACCA-CAANZ

We believe the following additional information should be required in the report:

Identification of the purpose of the engagement as this is crucial information for the understanding of the report, especially if the report is not being restricted.

- An explanation if procedures that were agreed upon were not able to be completed and why.
- Identification of, and a statement of compliance with, the applicable Code of Ethics, since it is these professional qualities, rather than independence, that are being relied on by the engaging party (hence compliance with them is a requirement of paragraph 17 of the standard).

The report should be restructured to move the detail about the purpose of the engagement (paragraph 2 of the illustrative report) to the beginning as this is the key information. The compliance related information, while important, should be included further down, consistent with the structure adopted by the new format audit reports.
We are also of the view that the example reports do not adequately address the potential impact of addressees other than the engaging party as envisaged in A9, since both assume these parties are the same. We consider that the second example should allow for and provide an example of this difference.

29. AE

We would support an increased use of headings and sub-headings to help improve the readability of the report. In addition, an example of a report where the intended user would be different from the engaging party would prove to be very useful in our European context.

Please refer to other comments elsewhere about clarifications that may be needed in the report.

31. CAI

We agree with content and structure of the proposed AUP report.

It would be worth considering including further examples of reports that deals with non-financial information.

32. CPAA

Whilst we support the structure and content of the AUP report broadly, some amendments would be needed to address our comments to the questions above including:

- Paragraph 30 (f) and (g) - combine and amend to require only whether or not the practitioner is independent and, if so, the independence framework which has been applied.
- Paragraph 30 (m) – amend as follows: Identification of the purpose of the agreed-upon procedures report, including the intended users if different to the engaging party, and a statement that the agreed-upon procedures report may not be suitable is not intended for another purpose.
- Appendix 2 – reflect the amendments recommended for paragraph 30 (f), (g) and (m) and provide optional wording for a restriction on distribution or use or a disclaimer.

33. EFAA

We support the content and structure of the proposed AUP report subject to any modifications relating to what is understood by findings (see question 5).

34. FAPT

**Answer:** The report's structure and content included all necessary information according to the standard requirement. However, we concern on the content about additional procedures according to paragraph 30 (l), which states that “Had the practitioner performed additional procedures, other matters might have come to the practitioner’s attention that would have been reported”. It said that practitioner will report finding from additional procedures so lead to practical question on how to report and who should we report especially finding about fraud or integrity. It was appreciated if the standard mentions more guidance.

35. FAR

FAR supports the content and structure of the proposed AUP report and especially welcomes the new format of presenting procedures and corresponding findings in a tabular format.

36. FSR

In our opinion, the content and structure of the proposed AUP report has not changed significantly compared to the report in the extant ISRS 4400.
Our experience has shown that users have problems reading and understanding an AUP report and, therefore, misinterpret the report and its scope. Consequently, in our opinion it is important that the IAASB focuses on making the AUP report more understandable for users that are not practitioners or have detailed knowledge of the AUP standard.

To improve the understandability of the report we suggest that headings are added, as is the case in assurance reports, to improve readability. For example by clarifying:

− the object of the engagement and related subject matter
− independence and quality control
− the practitioner’s responsibilities
− limitations in use and purpose

To accommodate that reports can be made more readable and understandable there should at least be flexibility as to the order of the report and the use of headings.

In practice we have found that the statement that is required by paragraph 30 (k), in many circumstances is not considered in the correct context and is, therefore, seen as a form of disclaimer that undermines the purpose of the AUP engagement. We, therefore, believe it would be more appropriate to include this wording before the procedures and related findings.

We have shown in appendix 1 how we believe a more user-friendly report can be presented.

37. IAAA

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.

38. IBRACON

We support the structure of the proposed AUP except for:

− The independence issue as mentioned in questions 3 and 4;
− The restriction on the use as mentioned in question 8.

In addition, although AUP engagements involve the objective performance and reporting of procedures, we would like to suggest the inclusion of a requirement about written representations to assure that the practitioner had access to all records relevant to the AUP.

39. IBR-IRE

See our response to the questions 3, 4 and 7.

The readability of the AUP report could be increased by using headings and subheadings.
40. ICAEW

See our comments above about the use of an expert. It would also be useful to include a new illustration or amend an existing one to reflect circumstances where there is more than one engaging party.

41. ICAN

Yes.

42. ICAP

We generally support the content and structure of the proposed AUP report. However, as explained in our response to question 4 above, we do not agree with the statement about the practitioner’s independence when the practitioner is not required to be independent.

43. ICAS

We would support an increased use of headings and sub-headings to help improve the readability of the report.

44. ICPAU

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.

45. SMPC

We 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.

46. ISCA

We suggest the inclusion of sub-headers in the AUP report, similar to the auditor’s report, which will provide more clarity to the reader.

Paragraph 18(m) of extant ISRS 4400 currently requires the inclusion of a statement (when applicable) that the report relates only to the elements, accounts, items or financial and non-financial information specified and that it does not extend to the entity's financial statements taken as a whole. In paragraph A37 of ED-4400, the IAASB now does not mandate such a statement. We believe that this should continue to remain as a requirement to provide clarity to the user of the report. The term “may” used in paragraph A37 may potentially pose challenges to the practitioner when they believe that this statement is necessary, but the engaging party considers otherwise.

We believe that the table of procedures and findings in the AUP report should only include a description of the nature, extent and timing of each procedure and the factual findings. It should not include management’s representations or comments. Hence we suggest that the sample finding 2 in illustration 2 of Appendix 2, “Management has represented to us that the reason that this contract was not subject to competitive bidding was due to a pressing emergency to meet a contractual deadline”, be removed. We are of the view that management’s comments, if necessary, should be presented in a separate letter/report from management.

Sample finding 3 in illustration 2 of Appendix 2, “In all these cases, we found that the different amounts were to accommodate an increase of 1% in the sales tax rate of [jurisdiction] that was effective in September 20X8”, does not appear appropriate in an AUP report. We are of the view that it is not the responsibility of
the practitioner to provide such details as it equates to an opinion or conclusion rendered by the practitioner. The responsible party for the subject matter should provide such details and as highlighted above, this should be presented in a separate letter/report from management.

Alternatively, if such details are to be included within the AUP report, we believe it should be clear in the report that such details are from management and management should agree with the practitioner on how they are worded in the report. In that case, paragraph A34 of ED-4400 should be expanded to include an example for the engaging party to provide representation over these details. In addition, a caveat that management’s assertions over these details are not part of the practitioner’s responsibilities should also be included in the AUP report.

We also suggest for the illustrative procedures and findings to be more granular. Where relevant, they should include details of the following:

- The parties involved (for example, the designations of client personnel to whom inquiries were directed or from whom responses were obtained);
- The documents or information used in the performance of the procedures (for example, “Agree the amount payable as stated in the signed contract and supplier invoice to the actual amount paid to the supplier in the bank statement”);
- Key dates or financial periods; and
- Key locations (for example, a particular asset was sighted in a factory located at a specific address).

47. KICPA

We support the content and structure of the proposed AUP report.

48. MICPA

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.

49. NYSS

We support the ED proposed content and structure except for the discussion on firm quality control procedures.

We have some comments and suggestions on the examples in Appendix 2. The report examples illustrate reports on an AUP for a client’s contract procurement process and its transactions recording payment for contract services. The examples are useful from a formatting perspective, however, in our view, both examples have low utility. The procedures appear as though they could be done in a short time duration (several hours) and are routine in nature to an experienced practitioner.

We suggest adding two or three additional objectives to make the assignment more realistic and useful. We recommend adding the words “and contract modifications” to contracts in the second objective (payment comparisons), since it is unlikely that payment amounts would not differ for a set of contracts over a one-year time frame with no contract modifications.

We also suggest including language in the application guidance discussing how firms might go about monitoring their firm quality, for large and for small firms, and/or a cross-reference for this discussion to other more detailed standards.
50. SAICA

79% of survey respondents supported the content and structure of the proposed AUP report. Specific comments were noted around the table format that make the report clearer and easier to read.

SAICA 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 and we do not believe anything should be added or changed.

51. WPK

We support the content and structure of the proposed AUP report.

52. TAS

We support the content and structure but feel that paragraph 30(f)(ii) should be removed, in a case where the practitioner is not required to be independent, there should not be a disclosure of the independence assessment.