Technical Director
International Auditing and Assurance Standards Board
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

28 July 2011

Comments on the Exposure Draft ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Review of Historical Financial Information

Dear Board Members,

Assirevi is pleased to comment on the Proposed ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Review of Historical Financial Information.

Overall, we support the development of a principle-based standard that is capable of being applied effectively to a broad range of underlying subject matters, and that will provide a basis for current and future subject-specific ISAEs. We also acknowledge that the resulting standard should be sufficiently flexible to apply to the broad range of relevant engagements.

Our detailed comments are set out hereinbelow.

We would be pleased to discuss our comments further with the Board or its staff at your convenience.

Yours faithfully,

[Signature]

Mario Boella
Chairman of Assirevi
RESPONSES TO THE EXPOSURE DRAFT
ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Review
of Historical Financial Information
(April 2011)

Responses to questions:

1. Do respondents believe that the nature and extent of requirements in proposed
ISAE 3000 would enable consistent high quality assurance engagements while being
sufficiently flexible given the broad range of engagements to which proposed ISAE
3000 will apply?

Overall we agree with the proposed standard and we acknowledge that it is not possible at this
stage to explore the broad range of engagements. However, we believe that a general standard
does not eliminate the need for the development of further topic-specific ISAEs.

2. With respect to levels of assurance:

(a) Does proposed ISAE 3000 properly define, and explain the difference between, reasonable
assurance engagements and limited assurance engagements?

We agree with the proposed definitions. However, we suggest the inclusion in the Appendix
of some application guidance useful to explain the basic requirement stated in paragraph A.9,
"The suitability of criteria is not affected by the level of assurance, that is, if criteria are
unsuitable for a reasonable assurance engagement, they are also unsuitable for a limited
assurance engagement, and vice versa."

(b) Are the requirements and other material in proposed ISAE 3000 appropriate to both
reasonable assurance engagements and limited assurance engagements?

We agree with the approach considered by the Board when subject matter information
encompasses both historical financial information and other information. However, the same
approach should be discussed in the Framework thus allowing the practitioner to use his/her
professional judgment in light of individual engagement circumstances. For this purpose the
Board might consider to provide certain examples in the Appendix 5 “Categorization of
underlying subject matters” presented in the Framework (pages 116-117 of the ED).

(c) Should the proposed ISAE 3000 require, for limited assurance, the practitioner to obtain an
understanding of internal control over the preparation of the subject matter information
when relevant to the underlying subject matter and other engagement circumstances?

Due to the broad range of limited assurance engagements, we believe that the proposed ISAE
3000 should require the practitioner to obtain an understanding of internal control over the
preparation of the subject matter information when relevant to the underlying subject matter.
In our view this is an area of professional judgment. Therefore, we suggest that the
practitioner’s report in a limited assurance engagement should explicitly state when the
practitioner’s procedures did or did not encompass, among the others, to obtain an understanding of internal control over the preparation of the subject matter information based on his/her assessment of the relevance to the underlying subject matter and other engagement circumstances. Such statement might result helpful for users in understanding the level of assurance provided by the practitioner.

3. With respect to attestation and direct engagements:

(a) Do respondents agree with the proposed changes in terminology from “assurance-based engagements” to “attestation engagements” as well as those from “direct-reporting engagements” to “direct engagements”?

We agree.

(b) Does proposed ISAE 3000 properly define, and explain the difference between, direct engagements and attestation engagements?

We agree with the proposed ISAE 3000.

(c) Are the objectives, requirements and other material in the proposed ISAE 3000 appropriate to both direct engagements and attestation engagements? In particular:

(i) In a direct engagement when the practitioner’s conclusion is the subject matter information, do respondents believe that the practitioner’s objective in paragraph 6(a) (that is, to obtain either reasonable assurance or limited assurance about whether the subject matter information is free of material misstatement) is appropriate in light of the definition of a misstatement (see paragraph 8(n))?

We agree with the wording included in the proposed ISAE 3000 paragraphs 6(a) and 8(n).

(ii) In some direct engagements the practitioner may select or develop the applicable criteria. Do respondents believe the requirements and guidance in proposed ISAE 3000 appropriately address such circumstances?

We agree with the proposed ISAE 3000. However, in our view the standard may explicitly state that the practitioner does not need to explore all possible applicable criteria. Practitioner’s shall be required only to assess that the “applicable criteria” comply with the definition of “criteria” included in paragraph 8(c) of the proposed ISAE 3000.

4. With respect to describing the practitioner’s procedures in the assurance report:

(a) Is the requirement to include a summary of the work performed as the basis for the practitioner’s conclusion appropriate?

We agree with the proposed ISAE 3000. However, we consider that certain “reasonable assurance” engagements are performed for regulatory purposes, thus requiring the regulator direct involvement in the determination of the engagement requirements. In such circumstances we believe that the informative summary of the work performed is not essential to understand the assurance conveyed by the practitioner’s conclusion and, therefore, it could be omitted.
(b) Is the requirement, in the case of limited assurance engagements, to state that the practitioner’s procedures are more limited than for a reasonable assurance engagement and consequently they do not enable the practitioner to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement, appropriate?

We agree with the proposed ISAE 3000. Please see also our response to question 2(c) above.

(c) Should further requirements or guidance be included regarding the level of detail needed for the summary of the practitioner’s procedures in a limited assurance engagement?

We believe that additional requirements or guidance could be provided through further topic-specific ISAEs.

5. Do respondents believe that the form of the practitioner’s conclusion in a limited assurance engagement (that is, “based on the procedures performed, nothing has come to the practitioner’s attention to cause the practitioner to believe the subject matter information is materially misstated”) communicates adequately the assurance obtained by the practitioner?

We agree with the proposed ISAE 3000.

6. With respect to those applying the standard:

(a) Do respondents agree with the approach taken in proposed ISAE 3000 regarding application of the standard by competent practitioners other than professional accountants in public practice?

We agree with the approach taken in proposed ISAE 3000.

(b) Do respondents agree with proposed definition of “practitioner”?

We agree with the proposed ISAE 3000.

7. Other comments:

7.1 In our view the proposal included in paragraph 42(c) of proposed ISAE 3000, in the context of limited assurance engagements, might appear inconsistent with the principle stated in paragraph 57 when the practitioner is unable to obtain sufficient appropriate evidence and, then, he/she decides to withdraw from the engagements.

7.2 In paragraph 68 we suggest to amend the standard including at the end of the sentence the words, “.....where communication is possible under applicable laws or regulations”.

7.3 The Appendix 5 of the Framework provides examples of “underlying subject matter” for “future oriented financial information”. We suggest the Board to clarify the nature of the “entity creditworthiness”. As a general comment, in our view, the practitioner should not be involved in assurance engagements whose underlying subject matter is the “entity’s solvency” or the entity’s financial capability to satisfy its obligations.