



International Federation of Accountants

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Agenda Item

10

Committee: IAASB

Meeting Location: Sydney

Meeting Date: April 16-20, 2007

Service Organizations – ISAE 3402

Objectives of Agenda Item

To review draft Introduction and Requirements sections for ISAE 3402 “Assurance on a Service Organization’s Controls,” and provide guidance on a number of issues identified by the task force.

Task Force:

- George Tucker, Chair, IAASB Technical Advisor, Ernst & Young, USA, and Member ISA 402 task force
- Romek Lubaczewski, PwC, Poland
- Calum Thomson, Deloitte, UK
- Karsten tom Dieck, KPMG, Germany
- Rick Wood, Grant Thornton, Canada
- Denise Esdon, Deputy Chair, IAASB, Ernst & Young Global, UK, and Chair ISA 402 task force
- Correspondence member: Claire Grayston/Chris Hall, AUASB, Australia

Background

This project, although separate from the project to revise ISA 402, “Audit Considerations Relating to Entities Using Service Organizations,” is closely linked to that project. ISA 402 addresses the considerations of user auditors, i.e., auditors who audit the financial statements of an entity that uses a service organization. ISAE 3402 provides guidance to service auditors, i.e., auditors who issue assurance reports on controls at a service organization that could be relevant to the audits of user entities’ financial statements.

At its March 2006 meeting, the IAASB approved the project proposal to develop ISAE 3402. An issues paper was discussed at the IAASB’s September 2006 (Montréal) meeting. Since that time, the ISAE 3402 task force has held one physical meeting and one conference call.

Issues

The task force has prepared a first draft of the Introduction and Requirements sections for ISAE 3402 (Agenda Item 10-A), and has identified the following issues (discussed in Agenda Item 10-B)

on which the IAASB's input is sought:

- A. Assertion-based reports
- B. Point in time versus period of time
- C. Citing ISAE 3402 in the service auditor's report
- D. Application of ISAE 3402 beyond financial reporting controls
- E. Which controls at the service organization?
- F. Control objectives
- G. Using the Work of Others
- H. Subject Matter, Criteria, and Subject Matter Information

Material Presented

Agenda Item 10-A (Pages 1381 - 1406)	Draft Introduction and Requirements of ISAE 3402
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Agenda Item 10-B (Pages 1407 - 1420)	Issues Paper
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Action Requested

The IAASB is asked to review the draft Introduction and Requirements sections at Agenda Item 10-A, and provide direction to the task force on the issues raised in Agenda Item 10-B.