



**International Federation of Accountants**

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**(Revised)  
Agenda Item  
9**

**Committee:** IAASB

**Meeting Location:** Seoul

**Meeting Date:** September 21-25, 2009

**Assurance Reports on Controls at a Service Organization**

**Objectives of Agenda Item**

1. To review a revised draft of ISAE 3402<sup>1</sup> and approve it as a final standard, amended as appropriate.
2. To review a revised draft conforming amendment to the Preface<sup>2</sup> and approve it, amended as appropriate.

**Task Force Composition**

3. The Task Force comprises:
  - Denise Esdon, Chair<sup>3</sup>
  - Romek Lubaczewski, PwC, Poland
  - Calum Thomson, Deloitte, UK
  - Karsten tom Dieck, KPMG, Germany
  - Rick Wood, Grant Thornton, Canada

**Background**

4. The IAASB commenced this project in 2006 concurrently with a project to revise extant ISA 402.<sup>4</sup> An Exposure Draft of proposed ISAE 3402 (ED-ISA 3402) was issued in December 2007, with a response date of May 31, 2008. Forty-seven responses were received, distributed as follows. A list of all respondents is included in the Appendix to this Paper.<sup>5</sup>

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<sup>1</sup> International Standard on Assurance Engagements (ISAE) 3402, "Assurance Reports on Controls at a Service Organization."

<sup>2</sup> Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services.

<sup>3</sup> George Tucker, Ernst & Young (retired), USA, and former IAASB Technical Advisor, was chair of the Task Force until exposure draft stage.

<sup>4</sup> International Standard on Auditing (ISA) 402, "Audit Considerations Relating to an Entity Using a Service Organization."

<sup>5</sup> ED-ISA 3402 and copies of respondent's letters are available at <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0099>.

- 21 Professional Accounting Bodies
  - 3 National Auditing Standard Setters
  - 5 Service Organizations
  - 6 Public Sector Organizations
  - 2 Regulators and Oversight Authorities
  - 7 Audit Firms
  - 3 Individuals and Others
5. The IAASB considered key issues arising on exposure at its December 2008 meeting. At that meeting, it was noted that over the past few decades, in the absence of an IAASB pronouncement, SAS 70,<sup>6</sup> developed by the American Institute of Certified Public Accountant (AICPA)'s Auditing Standards Board (ASB), had been accepted in many jurisdictions as the de facto international standard, and that the ASB had just issued an Exposure Draft of a revised SAS 70 in November 2008. The IAASB therefore decided to defer further consideration of ED-ISAIE 3402 until June 2009 to allow the Task Force to liaise with the AICPA Task Force in an effort to harmonize the two standards to the extent possible.
6. The Task Force held a successful joint meeting with the ASB Task Force in March 2009, and has continued to liaise since that time. A verbal report on the status of the AICPA project will be given at the meeting.
7. The IAASB considered a first draft of a revised ISAIE at its June 2009 meeting.

### **Activities Since Last Discussion**

8. Feedback was received during August on a revised draft of the proposed ISAIE that had been distributed to IAASB Members and Technical Advisers.

### **Consideration of the Need to Re-expose**

9. Agenda Item 9-D shows in marked text the changes proposed to ED-ISAIE 3402. The Task Force is of the view that the changes are in response to matters raised by respondents to the exposure draft. They do not introduce new principles or represent other changes of substance when compared with the exposure draft.
10. Accordingly, the Task Force is of the view that re-exposure is not necessary.<sup>7</sup>

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<sup>6</sup> Statement of Auditing Standards (SAS) 70, "Reports on the Processing of Transactions by Service Organizations."

<sup>7</sup> IAASB Working Procedures regarding re-exposure state: "Situations that constitute potential grounds for a decision to re-expose may include, for example: substantial change to a proposal arising from matters not aired in the exposure draft such that commentators have not had an opportunity to make their views known to the

**Material Presented** (The draft showing changes since June 2009 [**Agenda Item 9-B**] will be used for discussion at the meeting.)

Agenda Item 9-A Assurance Reports on Controls at a Service Organization— Issues and IAASB Task Force Proposals dated Sept 2009

Agenda Item 9-B Draft ISAE 3402 dated Sept 2009 (Marked from June 2009).doc

Agenda Item 9-C Draft ISAE 3402 dated Sept 2009.doc

Agenda Item 9-D Draft ISAE 3402 dated Sept 2009 (Marked from ED).doc

**Action Requested**

11. The IAASB is asked to review the issues raised in **Agenda Item 9-A**, and to review, amend as appropriate, and approve:
  - (a) ISAE 3402 as a final standard, and
  - (b) The conforming amendment to the Preface.

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IAASB before it reaches a final conclusion; substantial change arising from matters not previously deliberated by the IAASB; or substantial change to the substance of an International Standard or Practice Statement.”

## Appendix

### List of Respondents

#### Professional Accounting Bodies

AICPA	American Institute of Certified Public Accountants
ACCA	Association of Chartered Certified Accountants
AIA	The Association of International Accountants
CSCPA	California Society of Certified Public Accountants
CICA	The Canadian Institute of Chartered Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
CNCC-CSOEC	Compagnie Nationale des Commissaires aux Comptes & Conseil Supérieur de l'Ordre des Experts-Comptables
DnR	Den norske Revisorforening
FEE	Federation des Experts Comptables Europeens
FICPA	Florida Institute of Certified Public Accountants
FSR	Foreningen af Statsautoriserede Revisorer (Denmark)
HKICPA	Hong Kong Institute of Certified Public Accountants
IdW	Institut der Wirtschaftsprüfer
ICPAS	Institute of Certified Public Accountants of Singapore
ICAEW	The Institute of Chartered Accountants in England and Wales
ICAIre	The Institute of Chartered Accountants in Ireland
ICAP	Institute of Chartered Accountants of Pakistan
JICPA	The Japanese Institute of Certified Public Accountants
NIVRA	Koninklijk Nederlands Instituut van Registeraccountants
KICPA	Korean Institute of Certified Public Accountants
NZICA	New Zealand Institute of Chartered Accountants
SAICA	The South African Institute of Chartered Accountants

#### Independent National Auditing Standard Setters

AUASB	Auditing and Assurance Standards Board (Australia)
APB	Auditing Practices Board (UK)
IRBA	Independent Regulatory Board for Auditors (South Africa)

### **Service Organizations**

Atos	Atos Origin
IBM	IBM Global Services
HP	Hewlett-Packard
Mn Serv	Mn Services
Robeco	Robeco

### **Public Sector Organizations**

AGA	Association of Government Accountants
ACAG	Australasian Council of Auditors-General
OAGC	Office of the Auditor General of Canada
GAO	General Accounting Office (USA)
NAO	National Audit Office (UK)
PA Sask	Provincial Auditor Saskatchewan

### **Regulators and Oversight Authorities**

Basel	Basel Committee on Banking Supervision
IOSCO	International Organization of Securities Commissions

### **Audit Firms**

BDO	BDO Global Coordination B.V.
DTT	Deloitte Touche Tohmatsu
EYG	Ernst & Young Global
GTI	Grant Thornton International
KPMG	KPMG
PwC	PricewaterhouseCoopers

### **Individuals and Others**

ISACA	Information Security and Control Association
Maresca	Joseph Maresca
VanRanst	Al Van Ranst