

Meeting: IAASB
Meeting Location: Brussels, Belgium
Meeting Dates: March 16–20, 2015

Agenda Item 12

Agreed-upon Procedures

Objective of Agenda Item

1. To receive a presentation from representatives of the European Commission on the Commission's "Horizon 2020" program with additional context provided by Hilde Blomme, representing Fédération des Experts-comptables Européens, about the expectations on auditors issuing reports of factual findings on "Horizon 2020" projects.
2. See Agenda Item 12-A for background information about the "Horizon 2020" program, and the Appendix to this paper for an extract from the *IAASB's Work Plan for 2015-2016*¹ outlining the agreed-upon procedures initiative.

Material Presented

Agenda Item 12-A Agreed-upon Procedures –Background on "Horizon 2020"

¹ www.ifac.org/sites/default/files/publications/files/iaasb-work-plan-2015-2016.pdf

Appendix

Extract from the *IAASB's Work Plan for 2015-2016*

Agreed-upon Procedures – Revision of ISRS 4400 and Consideration of More Holistic Issues Involving Agreed-upon Procedures

Issues that May Be Addressed

In relation to agreed-upon procedures and the need to revise ISRS 4400—To respond to broad calls from SMPs and other stakeholders who have indicated that investors, banks and other providers of capital often request an entity to have agreed-upon procedures performed by a practitioner, either in lieu of an audit² or in order to ensure that specific procedures are performed on key account balances, a project to revise this standard was planned for the 2012–2014 Strategy and Work Program. One of the main objectives of the planned project was to revise the standard in the Clarity format. However, the commencement of the project in the 2012–2014 period was delayed because of the acceleration of work on the Auditor Reporting project.

In relation to more holistic issues involving agreed-upon procedures and other similar engagements addressed by the IAASB's standards—As the IAASB contemplates work on the topic of agreed-upon procedures in the next Work Plan, it has been noted that “hybrid” engagements, using a combination of procedures derived from review, compilation and agreed-upon procedures engagements, are being performed in some jurisdictions as a means of meeting the emerging needs of SMEs, among others. Accordingly, wider consideration will be given to exploring these evolving types of engagements to consider whether standard-setting or other activities may be appropriate, in light of the existing standards that may be applicable to these services in the IAASB's current suite of standards.

Standards that May Be Addressed

Revision of ISRS 4400, with conforming amendments to other standards as necessary

Possible Other Outputs

A new standard or guidance that would address engagements where there is a combination of agreed-upon procedures and assurance (either reasonable or limited).

Preliminary Views on the Approach to the Project

Initial information gathering activities will include consideration of:

- (a) The way forward with respect to the revision of ISRS 4400, taking into account the work of various NSS in this area.
- (b) The evolving use of “hybrid” engagements, including what needs such engagements are intended to address and how such engagements are performed (e.g., how the concepts of reasonable assurance and limited assurance are combined with agreed-upon procedures).

² In some jurisdictions, not all entities are subject to mandatory regulatory audit requirements.

IAASB discussions for this initiative are planned to commence in mid-2015 to allow sufficient time for understanding the market needs in this area and the underlying conceptual considerations for these new types of services. A project proposal for the revision of ISRS 4400 is expected at the end of 2015, with consideration to be given at that time as to whether actions are needed in relation to “hybrid” engagements.