

# Agreed-Upon Procedures

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Working Group Chair

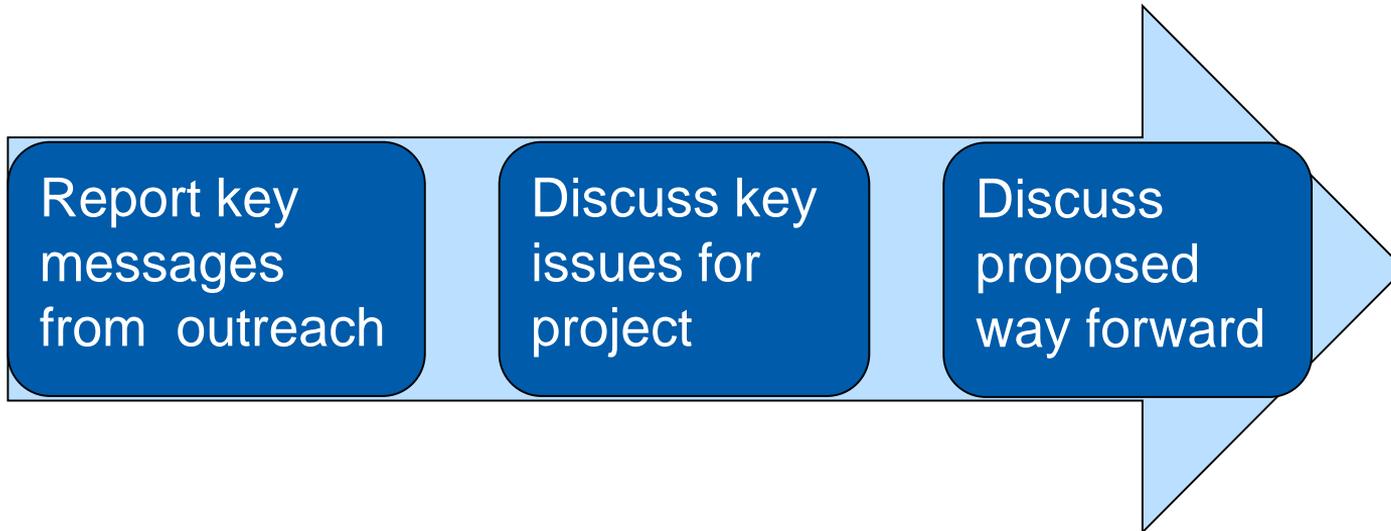
IAASB Meeting

March 17, 2016

# CAG comments

- Multi-scope engagement reports – single or multiple reports?
  - Depends – audience, nature of engagement and what was agreed
  - No prohibition unless proscribed by laws or regulations
- Restriction of AUP Reports
  - Restrict the use of the report, but not its distribution.
  - Explicit about the purpose and use of the report of factual findings.

# What We Hope to Achieve at This Session



# Key Messages from Outreach

- Excellent input from wide ranging stakeholders

## Three main categories

- Value and limitations of AUP engagements
- Demand for "hybrid" or "multi-scope" engagements
- Recommendations in AUP report

## Key Messages from Outreach (cont.)

- Value and limitations of AUP engagements (Paragraph 6-9)
  - AUP engagements fulfill important market need
  - Fear that more comfort than warranted taken
  - Increased awareness and education needed
  - Involvement of third parties in AUP agreement
  - Call for increased flexibility

## Key Messages from Outreach (cont.)

- Demand for "hybrid" or "multi-scope" engagements (Paragraphs 10-15)
  - Confusion and no consensus over what constitutes a "hybrid" engagement
  - Practice evolved to comply with standards by combining engagements – hence multi-scope engagements
  - NSS pronouncements jurisdiction specific and industry specific

## Key Messages from Outreach (cont.)

- Recommendations in AUP report (Paragraph 16-17)
  - Call for recommendations for improvements
  - Make it easier to add colour – maybe a summary overview

# Key Issues

- Value and limitations of an AUP engagement
- Multi-scope engagements
- Use of judgment in an AUP engagement
- Recommendations in AUP reports
- Update and introduce greater flexibility

# Way Forward

- Value and limitations of an AUP engagement (Paragraph 20)
  - Develop Discussion Paper
  - Highlight benefits and limitations clearly
  - Awareness and Education
    - Seek opportunities to reach out to as wide a constituency as possible
    - Include funders and program directors
    - Who else??
- Comments?

## Way Forward (cont.)

- Multi-scope engagements (Paragraph 21-23)
  - This is the focus of new material (hybrids died)
  - Consider if multi-scope engagements are best included in a revision of ISRS 4400 or in a separate pronouncement.
  - Learn from AUASB's post-implementation review of its guidance on multi-scope engagements
- Comments?

## Way Forward (cont.)

- Use of judgment in an AUP engagement (Paragraph 23-30)
  - Contentious issue – no clear consensus
  - Design of procedures so specific no judgment needed
  - Exercise of professional judgment should not be less in an AUP than in other engagements
  - Having a balance between principles and prescription needed.
- Comments?

## Way Forward (cont.)

- Recommendations in AUP reports (Paragraph 31)
  - Contrary to premise of an AUP engagement
  - Provision of engagements is a separate services engagement (CSRS 4460?)
  - Appetite for some flexibility and if so what? (Added colour, summary of findings)
- Comments?

## Way Forward (cont.)

- Update and introduce greater flexibility (Paragraph 32-39)
  - Ambitious terminology
  - Restriction of AUP report
  - Non-financial information
  - Party setting out procedures is not a party to engagement

# Proposed Timeline

Date	Activity
March – May 2016	<ul style="list-style-type: none"><li>• Consultations with Small-Medium Practice Committee, National Standard Setters, and other stakeholders before finalizing a WG Discussion Paper for presentation to the IAASB in June 2016.</li></ul>
June 2016	<ul style="list-style-type: none"><li>• WG to present Discussion Paper to the IAASB for comments before public issuance.</li></ul>
July 2016	<ul style="list-style-type: none"><li>• Issuance of Discussion Paper for public comments.</li></ul>
July – November 2016	<ul style="list-style-type: none"><li>• Further discussions with stakeholders to obtain views on matters identified in the Discussion Paper.</li></ul>
December 2016	<ul style="list-style-type: none"><li>• Discuss comments received on Discussion Paper.</li><li>• Project proposal and formation of a Task Force.</li></ul>



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