

Agreed-Upon Procedures

Disposition of Significant Comments

This paper provides a summary of the Agreed-Upon Procedures (AUP) Working Group's dispositions of significant comments raised at the IAASB June 2016 meeting.

Comments	Proposed Dispositions
General	
Use more neutral wording in the discussion paper and avoid "leading questions".	The Working Group has redrafted the paper (including the questions) using more neutral wording. However, the Working Group believes that it is important to set out its views in the Discussion Paper as they help to clarify the issue and help solicit reactions from stakeholders. .
Professional Judgment and Professional Skepticism	
Combine the discussions on professional judgment and professional skepticism, and pose questions regarding professional skepticism.	<p>In the Working Group's view, it would be more useful to seek stakeholder input on professional skepticism in the context of AUP engagements after the Working Group has a chance to review stakeholders' input on professional skepticism in the Enhancing Audit Quality project as it would allow the Working Group to ask more targeted questions.</p> <p>Therefore, the Working Group is simply identifying the existing initiatives on professional skepticism in paragraph 17 of the Discussion Paper, but is not seeking input on professional skepticism at this time.</p>
The discussion on the role of professional judgment in an AUP engagement is not clear. The nature and extent of professional judgment may depend on what is considered to be a "factual finding".	<p>The Working Group has clarified the discussion on the role of professional judgment by segregating between:</p> <ul style="list-style-type: none"> Professional judgment in the context of exercising professional competence and due care (where professional judgment is involved); and Professional judgment when performing procedures and reporting on factual findings (where professional judgment should not be involved). <p>Please see paragraphs 11-15 of the Discussion Paper on the role of professional judgment in an AUP engagement.</p>
Independence	

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Linkage between independence and professional judgment: Independence is important if an AUP engagement involves extensive professional judgment; independence may not be essential if no professional judgment is involved.	This point is reflected in paragraph 22 of the Discussion Paper.
Terminology in Describing Procedures and Reporting Factual Findings	
The list of inappropriate/appropriate words in an AUP report is too overwhelming. It is also important to include a caveat that some terms may be appropriate or inappropriate depending on the context in which they are used.	The Working Group has condensed the inappropriate words to 4 main categories (as set out in paragraph 29). The Working Group has also included a caveat that terms that are often used appropriately in practice may be misleading or unclear depending on the context.
It is important to recognize that laws or regulations may prescribe unclear or misleading wording and allowing some flexibility to accommodate such wording should be considered. At the same time, unclear or misleading wording should not be allowed to accommodate contractual agreements such contracts can be easily changed.	The Working Group has removed references to contractual agreement as a condition for allowing unclear or misleading wording. To allow for flexibility to accommodate law or regulation, the Working Group proposes to permit unclear or misleading wording prescribed in law. However, the Working Group also proposes to encourage the practitioner to discuss with the appropriate parties as to whether it is possible to define the terms with reference to the required procedures in the AUP report so that they are no longer unclear or misleading. Please see paragraph 28.
Using the Work of an Expert	
Using an expert in an AUP engagement seems contradictory to the premise that performing procedures in an AUP engagement involve no professional judgment.	The Working Group has clarified that the expert applies his or her technical knowledge in performing AUP (and not professional judgment). The Working Group further clarified that the practitioner's evaluation of the objectivity and technical competence of the expert is part of exercising professional competence and due care in an AUP engagement. Please see paragraphs 34-37.
Users Who Are Not Parties to the Engagement (To Whom the AUP Report Should Be Restricted)	

Comments	Proposed Dispositions
The discussion on “users who are not parties to the engagement” is closely related to the discussion on “AUP report restrictions”.	To clarify the linkage between the two sections, the discussion on “Users who are not parties to the engagement” is redrafted in the context of “AUP Report Restrictions - To whom the AUP report should be restricted”.
AUP Report Restrictions – Three Possible Approaches to Restricting the AUP Report	
Include options on how the AUP report should be restricted (including no restriction at all) and obtain stakeholders’ input on the options.	The Working Group has included a discussion of three possible options (paragraphs 46-47) and questions on the options (Q10-Q11).
The more professional judgment is involved in an AUP engagement, the more restrictive the AUP report should be.	In the Working Group’s view, making this point in the Discussion Paper is no longer necessary with the Working Group’s clarification of the “Professional Judgment” section.
Recommendations Made in Conjunction with AUP Engagements	
The discussion should acknowledge that recommendations can be a by-product of the AUP engagement, and that the recommendations can be included on the same piece of paper as the AUP report as long as the recommendations are clearly segregated from the factual findings.	Both points are reflected in paragraphs 49 and 50 of the Discussion Paper.
Multi-scope engagements	
A discussion and a question regarding the prioritization of multi-scope engagements vis-à-vis AUP engagements should be included in the Discussion Paper.	The prioritization of multi-scope engagements and related questions are reflected in paragraphs 55-60 and Q14 and Q15 of the Discussion Paper.