

## Agreed-Upon Procedures

Ron Salole, IAASB Member and Working Group Chair

IAASB Meeting  
September 22, 2016  
Agenda Item 6

# Today's session

- Today's Session
  - What we heard from the Board in June
  - How we dealt with the comments
  - Focus of Paper
  - Issues Discussed
  - Questions for Board

# IAASB June meeting

- What we heard
  - Should the revision and clarification of ISRS 4400 have priority over guidance on multi-scope engagements?
  - Expand discussion on multi-scope engagements and explain differences with hybrid engagements.
  - Make questions more open ended.
  - Make the connection between professional judgment and factual findings more explicit.
  - Discuss the issue of independence in conjunction with the discussion on professional judgment.

- What we heard (continued)
  - Staff to initiate discussion on independence for AUP engagements with IESBA staff.
  - Eliminate prohibitions of terminology.
  - Include ISA 800 (Revised) approach of restriction and use of report.
  - Support distinguishing communications arising from additional services from factual findings.
- Way forward
  - Present revised Discussion Paper at September meeting.

## Proposed dispositions (1)

	Proposed dispositions
Throughout the Discussion Paper	<ul style="list-style-type: none"><li>• Redrafted the paper (including the questions) using more neutral wording.</li><li>• WG's views continued to be set out in the paper to help clarify the issue and solicit reactions from stakeholders.</li></ul>

## Proposed dispositions (2)

	Proposed dispositions
The role of professional judgment and professional skepticism in an AUP engagement	<ul style="list-style-type: none"><li>• Clarified the role of professional judgment by segregating:<ul style="list-style-type: none"><li>• Professional judgment in the context of exercising professional competence and due care (professional judgment is involved); from</li><li>• Professional judgment when performing procedures and reporting on factual findings (professional judgment should not be involved).</li></ul></li><li>• Retained the discussion on existing initiatives on professional skepticism and not seeking input at this time.<ul style="list-style-type: none"><li>• WG can ask more targeted questions after being informed by stakeholders' input on professional skepticism in the Enhancing Audit Quality and other projects.</li></ul></li></ul>

## Proposed dispositions (3)

	Proposed dispositions
The independence of the professional accountant	<ul style="list-style-type: none"><li>• Highlighted linkage between independence and professional judgment.</li></ul>
Terminology in describing procedures and reporting factual findings in an AUP report	<ul style="list-style-type: none"><li>• Proposed to discourage use of unclear or misleading terminology unless prescribed by law or regulations.</li><li>• Practitioner encouraged to discuss with appropriate parties whether it is possible to define such terms in the AUP report so that they are no longer unclear or misleading.</li></ul>

## Proposed dispositions (4)

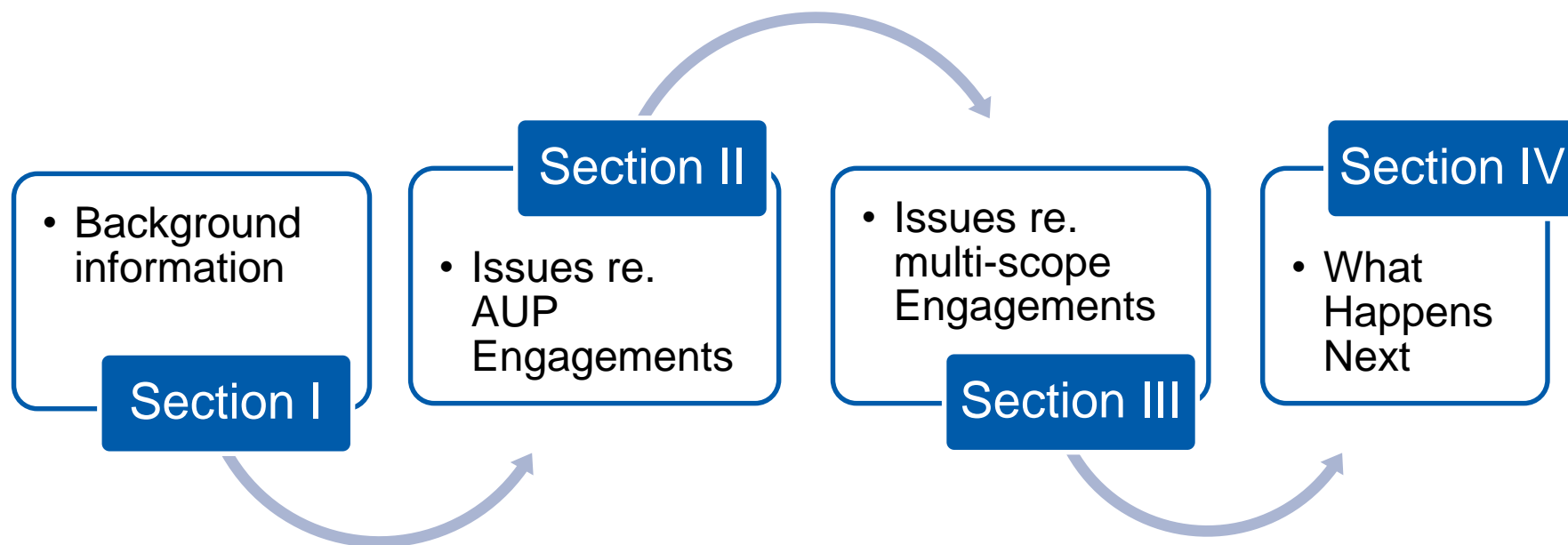
	Proposed dispositions
Using the Work of an Expert	<ul style="list-style-type: none"><li>• Clarified that:<ul style="list-style-type: none"><li>• The expert applies his or her technical knowledge (not professional judgment) in an AUP engagement.</li><li>• The practitioner's evaluation of the expert's objectivity and professional competence is part of exercising professional competence and due care in an AUP engagement.</li></ul></li></ul>
Users who are not parties to the engagement	<ul style="list-style-type: none"><li>• Clarified the linkage between “users who are not parties to the engagement” and “AUP report restrictions” by redrafting the former section in the context of “AUP Report Restrictions – To whom the AUP report should be restricted”.</li></ul>



## Proposed dispositions (5)

	Proposed dispositions
AUP report restrictions	<ul style="list-style-type: none"><li>• Set out 3 possible approaches to restricting the AUP report and included questions to stakeholders re. the approaches.</li></ul>
Recommendations made in conjunction with AUP engagements	<ul style="list-style-type: none"><li>• Clarified that recommendations can be:<ul style="list-style-type: none"><li>• a by-product of the AUP engagement; and</li><li>• included in the AUP report (as long as the recommendations are clearly segregated from the factual findings).</li></ul></li></ul>
Multi-scope engagements	<ul style="list-style-type: none"><li>• Included a discussion and a question re. the prioritization of multi-scope engagements vis-à-vis AUP engagements.</li></ul>

## Focus of Discussion Paper



## Issues Discussed

- The role of professional judgment and professional skepticism in an AUP engagement;
- The independence of the professional accountant;
- Terminology in describing procedures and reporting factual findings in an AUP report;
- AUP engagements on non-financial information;
- Using the work of an expert;
- Format of the AUP report;
- AUP report restrictions – To Whom the AUP Report Should Be Restricted;
- AUP report restrictions – 3 Possible Approaches to Restricting the AUP Report;
- Recommendations made in conjunction with AUP engagements; and
- Multi-scope engagements.

### Length

- Is the length of the paper appropriate and has the paper achieved an appropriate balance between being succinct and providing sufficient information to facilitate a wholesome discussion?

### Clarity

- Is the paper sufficiently clear for stakeholders to understand the issue?

### Questions

- Are the questions appropriate to solicit input from a broad range of stakeholders?

## Next steps

- Publish the Discussion Paper after responding to comments received from the IAASB.
  - Comment period of 120 days.
  - Continue the dialogue on the Discussion Paper with stakeholders through various outreach activities.
- Views on the way forward

IAASB

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