



# Board Meeting Summary Paper

**Subject:** Specified Assurance Procedures and Agreed-upon Procedures Engagements

**Date:** 12 April 2010

AUASB  
AGENDA  
ITEM NO.

8

Meeting Date:  
19 April

2010

Action Required

For Information Purposes Only

## Agenda Item Objectives

To provide an update of the project to develop a new standard on Specified Assurance Procedures engagements and obtain initial comments on the draft ED 02/10.

## Background

At the December 2009 Board meeting, the Board considered an issues paper on specified assurance procedures (SAP) and approved the development of a standard on assurance engagements (ASAE) for the conduct of SAP engagements. The Board agreed that the ASAE would highlight the differentiating factors between an assurance engagement and a non-assurance engagement for SAP engagements and to identify the standards relevant to conducting specified assurance procedures engagements.

## Matters to Consider

Following the Board's decision to issue an ASAE for SAP engagements, the Technical Group have prepared a preliminary draft of the ASAE, ED 02/10, which is attached at Agenda Item 8.1. This ASAE will not replace directly the existing AUS 904 *Engagements to Perform Agreed-upon Procedures*, however it is hoped that AUS 904 will be able to be withdrawn once this ASAE is issued, as the new ASAE should provide sufficient requirements to differentiate an assurance from a no assurance engagement.

The ASAE focuses on the application of the Auditing and Assurance Standards, as appropriate, to the acceptance, scoping, conduct and reporting of SAP engagements which are assurance engagements and how this contrasts with SAP engagements which provide no assurance.

Illustrative examples in the appendices will be developed for SAP engagements which use the same subject matter and similar procedures to demonstrate the differences in scope, conduct and reporting between assurance and non-assurance engagements.

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The draft ASAE contains requirements for the following matters:

1. Ethical requirements relating to a SAP engagement
2. Acceptance of a SAP engagement
3. Terms of the engagement
4. Performing the engagement
5. Planning
6. Risk assessment
7. Materiality
8. Work performed by assistants
9. Work performed by another assurance practitioner
10. Work performed by an expert
11. Documentation
12. Procedures and evidence
13. Reporting

Initial feedback is sought on the draft ED 02/10.

Questions for the Board to consider:

1. In accepting a SAP engagement are the matters in paragraphs 3, 13, 14 and 15 all that needs to be considered in determining whether the level of assurance to be provided is appropriate?
2. Does paragraph 4, as reflected in paragraphs 19 to 32, capture the differences between the SAP engagement process for an assurance and a no assurance engagement?
3. Is it within the scope of the ASAE to provide requirements for the content of a no assurance report as provided in paragraph 34?
4. Are there additional topics which the Board considers should be addressed in this ASAE?

## **Material Presented**

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Agenda Item 8.1        Draft ED 02/10 for proposed ASAE XXXX *Engagements to Perform Specified Assurance Procedures.*

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