



# Grant Thornton

The Chairman  
Auditing and Assurance Standards Board  
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By Email: [edcomments@auasb.gov.au](mailto:edcomments@auasb.gov.au)

16 February 2011

Dear Merran

**EXPOSURE DRAFT ED 03/10 PROPOSED STANDARD ON ASSURANCE  
ENGAGEMENTS ASAE 440 AGREED-UPON ASSURANCE PROCEDURES TO  
REPORT FACTUAL FINDINGS (REVISION OF AUS 904)**

Grant Thornton Australia Limited (Grant Thornton) is pleased to provide the Auditing and Assurance Standards Board (AUASB) with its comments on Exposure Draft ED 03/10 Proposed Standard on Assurance Engagements ASAE 440 Agreed-Upon Assurance Procedures to Report Factual Findings (Revision of AUS 904).

Grant Thornton's response reflects our position as auditors and business advisers both to listed companies and privately held companies and businesses, and this submission has benefited with input from our clients, and discussions with key constituents.

Grant Thornton was a member of an AUASB Task-Force that provided input to an earlier draft of ED 03/10 and our then comments have been addressed in this ED.

We are supportive of ED 03 being issued as an Australian non-assurance Practice Statement rather than an Assurance Standard as no assurance is provided in an agreed-upon assurance procedures engagement.

We also note that the International Auditing and Assurance Standards Board (IASB) has not updated its corresponding Practice Statement ISRS 4400. We therefore encourage the AUASB to engage in dialogue with the IAASB so that when the IAASB updates its ISRS 4400, the AUASB reconsiders its own document to ensure that there are no inconsistencies between the International and Australian requirements, unless in the rare instance that there are clear and agreed reasons why a difference should remain.

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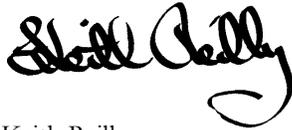
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Our responses to the specific questions are included in the appendix.

If you require any further information or comment, please contact me.

Yours sincerely  
GRANT THORNTON AUSTRALIA LIMITED



Keith Reilly  
National Head of Professional Standards

# Appendix

**1 What, if any, are the additional significant costs to/benefits for assurance practitioners and the business community for compliance with this proposed ASAE?**

We do not believe that there are any significant additional costs nor benefits apart from using a 'clarity' style of drafting and making it clear that 'agreed-upon procedures' do not constitute any 'assurance'.

**2 Are there any significant public interest matters that constituents wish to raise?**

We are not aware of any public interest matters.

**3 Will adherence to the independence requirements applicable to Other Assurance Engagements present any additional costs for assurance practitioners? Will these costs, if any, be passed on to the business community?**

We believe that there will be some additional costs for requiring 'independence' and these costs will be passed on to the business community. Whether Australia should require a higher requirement of a practitioner being independent compared to the International requirements is an issue that the AUASB needs to clearly articulate. In the absence of any change in International requirements, we question why there should be an 'Australian only' independence requirement.

**4 Will the term "assurance procedures" be properly understood by stakeholders as not providing assurance when conducted in an agreed-upon assurance engagement? Is it likely to be confused with the provision of assurance?**

We believe that the ED has made it clear that 'assurance procedures' are not designed to and cannot provide assurance, but it does seem illogical to refer to assurance procedures carried out by an assurance provider that 'cannot provide assurance'.

- 5 Does the practitioner merely exercise professional competence and skill in conducting the procedures agreed, as currently drafted, or does the practitioner also need to exercise professional judgment to conduct agreed procedures, as they would in an audit or review?**

As no assurance is provided, we see no need to specifically mandate professional judgment.

- 6 In an agreed-upon assurance procedures engagement, as currently drafted, the assurance practitioner does not assess:**
- a the adequacy of the procedures to be conducted;**
  - b risk; or**
  - c the findings.**

**Do you consider any of these matters need to be assessed? If so, under what circumstances?**

No, we do not see the need to engage in those assurance procedures for a non-assurance engagement.

- 7 Do the factual findings reported constitute a conclusion provided by the practitioner?**

We believe that the factual findings will be seen as being the practitioner's conclusions even though the actual report states that "...no assurance is expressed."

- 8 If a user relies on the factual findings reported is this based on:**
- a the practitioner's competence and skill in conducting the procedures (as currently drafted); or**
  - b assurance provided by the practitioner? If so, how is the level of assurance defined?**

Given the content of the report we believe that the user should only rely on the 'competence and skill of the practitioner' as it is clearly stated that "... no assurance is expressed."