



Board Meeting Summary Paper

Subject: Agreed Upon Procedures Engagements

Date: 8 October 2008

AUASB
AGENDA
ITEM NO.

8

Meeting Date:
27-28 October

2008

Action Required

For Information Purposes Only

Agenda Item Objectives

To determine whether AUS 904 *Engagements to Perform Agreed-upon Procedures* should be withdrawn, revised or reissued.

Background

AUS 904 has been inherited from the AuASB and has not been amended since 2002. AUS 904 is written for engagements to report on historical financial information where no assurance is provided. Reports under AUS 904 are of factual findings and the recipients of the report must form their own conclusions from the agreed-upon procedures performed and the factual findings reported. Although the auditor is engaged to carry out procedures of an audit nature, the engaging party determines the nature, timing and extent of the procedures performed. AUS 904 is consistent with ISRS 4400 *Engagements to Perform Agreed-upon Procedures Regarding Financial Information* (previously ISA 920) except that AUS 904 contains a number of additional requirements. The most significant additional requirement in AUS 904 is the inclusion of a requirement for the auditor to be independent. ISRS 4400 does not require the auditor to be independent but if they are not independent then they are required to make a statement to that effect in their report of factual findings. AUS 904 makes reference to outdated standards (AUSs) which have since been revised and reissued as ASAs.

The AUASB *Glossary* provides the following definition of *agreed-upon procedures engagement*: “an engagement in which an auditor is engaged to carry out those procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings. The recipients of the report form their own conclusions from the report by the auditor. The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.”

ISRS 4400 is not included in the IAASB’s clarity project and is not included for revision on the IAASB’s 2009-2011 work programme, consequently we would not expect any change to ISRS 4400 for some years to come.

This document contains preliminary views and/or staff recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

Matters to Consider

The Board is asked to consider the following issues in determining the approach to be taken with AUS 904:

1. Is it consistent with the AUASB's strategic direction to issue a standard for non-assurance engagements?
2. To what extent is AUS 904 being used in Australia and is there still a need for a standard on agreed-upon procedures?
3. Should the AUASB maintain consistency with the IAASB and issue ASRS 4400 to replace AUS 904?
4. Is there a need for revision to the requirements or guidance in AUS 904?

Available Options

We propose three possible options for AUS 904:

- 1. Option 1: Rename and update AUS 904**
- 2. Option 2: Rename and revise AUS 904 in line with ISRS 4400**
- 3. Option 3: Retain AUS 904 unchanged**

Staff Recommendations

We recommend option 1.

Material Presented

Agenda Item 8	Board Meeting Summary Paper
Agenda Item 8.1	Board Meeting Summary Paper Staff Attachment
Agenda Item 8.2	AUS 904 <i>Engagements to Perform Agreed-upon Procedures</i> (electronic version only)
Agenda Item 8.3	ISRS 4400 <i>Engagements to Perform Agreed-upon Procedures Regarding Financial Information</i> (electronic version only)

This document contains preliminary views and/or staff recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.