



Board Meeting Summary Paper

Subject: Specified Assurance Procedures
Engagements

Date: 19 October 2009

AUASB AGENDA ITEM NO. 14
Meeting Date: 26-27 October
2009

Action Required

For Information Purposes Only

Agenda Item Objectives

1. To consider an issues paper on specified assurance procedures.
2. To consider the pronouncements applicable to specified assurance procedures engagements.
3. To agree the form of pronouncement to be issued for specified assurance procedures.

Background

At the February 2009 meeting the Board approved a project plan to revise and reissue AUS 904 on agreed-upon procedures (AUP) engagements as ASRS 4400. A PAG was formed which met prior to the April Board meeting and a number of recommendations made for the development of the proposed standard on AUPs. At the April Board meeting there was extensive discussion regarding the level of assurance which an AUP engagement may provide. It was suggested that an AUP engagement may either provide no assurance or some level of assurance which may be termed “specified” within the very narrow scope of the engagement. The latter type of engagement was termed “specified assurance procedures” (SAP) engagement.

The Board asked that an issues paper be presented on which to base a decision on the nature of the engagements that would be addressed in a new pronouncement and the type of pronouncement which was required.

Matters to Consider

There is evidence to suggest that some AUP engagements are inadvertently or deliberately providing assurance without meeting the requirements of an assurance engagement under the AUASB Standards.

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The key questions which need to be addressed, in order to determine whether a pronouncement is required and what the scope of that pronouncement should be, are:

1. Are agreed-upon procedures engagements currently being conducted which provide assurance and so fall within the scope of the AUASB Standards but fail to comply with those Standards?
2. What are the defining features of these engagements?
3. Should these engagements be conducted as assurance engagements?
4. Are there any additional requirements needed with respect to these engagements?
5. Is there any additional guidance needed with respect to these engagements?

The attached issues paper (Agenda Item 14.1) discusses these matters in greater detail.

The AUASB Standards which are applicable to specified assurance procedures engagements are presented in Agenda Item 14.2.

The AUASB staff and the Chairman of the PAG met with representatives of the IAASB Task Force on Reviews (ISRE 2400) and Compilation engagements (ISRS 4410), to examine whether there is any potential overlap between that project and the AUASB's project on specified assurance procedures. The Task Force is still at an early stage of the project with issues still being debated. Accordingly the AUASB will need to maintain a watching brief over this project to ensure that any developments which effect the differentiation between assurance and non-assurance engagements are considered.

The PAG has expressed the view at this stage that whilst the user may place reliance on the factual findings of an assurance practitioner in an agreed-upon procedures engagement by virtue of the practitioner's professional skill in conducting the agreed-upon procedures, this reliance does not amount to the provision of assurance. In contrast, an assurance engagement the practitioner exercises their professional judgement to determine the procedures necessary to gather sufficient appropriate evidence on which to base a conclusion, which provides assurance to the intended user.

Staff Recommendations

The AUASB Technical group recommend that a new Guidance Statement on specified assurance procedures be developed which:

1. differentiates between no-assurance and assurance engagements;
2. provides guidance on determining whether an assurance or no-assurance engagement is appropriate;

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3. identifies narrow scope engagements for which a conclusion is required as assurance engagements for which the AUASB Standards already provide requirements and guidance; and
4. provides further guidance on applying the AUASB Standards to these narrow scope assurance engagements.

The proposed timeline for development of this guidance statement would be:

- Dec 2009 Board meeting – present draft guidance statement
- Feb 2009 Board meeting – present final guidance statement
- March 2009 – conduct QA and issue guidance statement

Between Board meetings the AUASB staff would draft the GS and obtain detailed input from the PAG both through meetings and email communication.

Material Presented

Agenda Item 14	Board Meeting Summary Paper
Agenda Item 14.1	Board Meeting summary paper – staff attachment – Issues paper
Agenda Item 14.2	Table of relevant AUASB Standards for Specified Assurance Procedures Engagements

Action Required

No.	Action Item	Deliverable	Responsibility	Due Date	Status
1.	Decide type of pronouncement to be issued.	Board decision	Board	26-27 Oct	Pending
2.	Decide scope of pronouncement	Board decision	Board	26-27 Oct	Pending

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