

ASRS 4400
(June 2011)

Standard on Related Services
ASRS 4400
Agreed-Upon Procedures
Engagements to Report
Factual Findings

Issued by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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CONTENTS

PREFACE

AUTHORITY STATEMENT

	<i>Paragraphs</i>
Application	1-2
Operative Date	3
Introduction	4-10
Objective	11
Definitions	12-15
Requirements	
Conduct of an Agreed-Upon Procedures Engagement.....	16
Ethical Requirements Relating to an Agreed-Upon Procedures Engagement	17
Acceptance of an Agreed-Upon Procedures Engagement	18-22
Agreeing the Terms of the Agreed-Upon Procedures Engagement.....	23-26
Planning	27-28
Risk Assessment	29
Materiality.....	30
Quality Control	31-33
Using the Work of Others	34-35
Documentation.....	36
Performing the Engagement.....	37-38
Reporting	39-47
Application and Other Explanatory Material	
Ethical Requirements Relating to an Agreed-Upon Procedures Engagement	A1
Acceptance of an Agreed-Upon Procedures Engagement	A2-A8

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

Agreeing the Terms of the Agreed-Upon Procedures Engagement.....	A9-A13
Planning	A14
Performing the Engagement.....	A15-A16
Reporting	A17-A22
Conformity with International Standards on Related Services	
Appendix 1: Differentiating Factors between Agreed-Upon Procedures Engagements and Assurance Engagements	
Appendix 2: Examples of Differences in Scope between an Agreed-Upon Procedures Engagement and an Assurance Engagement	
Appendix 3: Example of an Engagement Letter for an Agreed-Upon Procedures Engagement	
Appendix 4: Example of a Report of Factual Findings in Connection with Accounts Payable	

PREFACE

Reasons for Issuing Standard on Related Services ASRS 4400

The Auditing and Assurance Standards Board (AUASB) issues Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*, pursuant to the requirements of the legislative provisions and the Strategic Direction explained below.

The AUASB is an independent statutory board of the Australian Government established under section 227A of the *Australian Securities and Investments Commission Act 2001*, as amended (ASIC Act). Under section 227B of the ASIC Act, the AUASB may formulate assurance standards for other purposes.

Under the Strategic Direction given to the AUASB by the Financial Reporting Council (FRC), the AUASB develops auditing and assurance standards other than for historical financial information. The AUASB uses the standards of the International Auditing and Assurance Standards Board as a base on which to develop standards and incorporates additional requirements considered to be in the public interest. Accordingly, the AUASB has decided to issue ASRS 4400 using the equivalent International Standard on Related Services ISRS 4400 *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

Main Features

This Standard on Related Services establishes mandatory requirements and provides application and other explanatory material for assurance practitioners when accepting, undertaking and reporting on engagements to perform agreed-upon procedures.

This Standard on Related Services:

- (a) details ethical requirements, including independence, applicable to agreed-upon procedures engagements;
- (b) describes acceptance requirements for agreed-upon procedures engagements;
- (c) requires terms of the engagement to be agreed;
- (d) requires the assurance practitioner to plan the work;
- (e) specifies that the assurance practitioner does not perform a risk assessment and does not apply materiality;
- (f) describes quality control requirements;
- (g) describes requirements for using the work of others;
- (h) describes the documentation requirements;
- (i) requires the procedures to be performed when conducting the engagement to be limited to those agreed; and
- (j) describes the form and content of the report of factual findings.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

AUTHORITY STATEMENT

The Auditing and Assurance Standards Board (AUASB) formulates this Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*, pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*.

This Standard on Related Services ASRS 4400 is to be read in conjunction with the *Preamble to AUASB Standards*, which sets out the intentions of the AUASB on how its standards are to be understood, interpreted and applied.

Dated: 8 June 2011

M H Kelsall
Chairman - AUASB

STANDARD ON RELATED SERVICES ASRS 4400

Agreed-Upon Procedures Engagements to Report Factual Findings

Application

1. This Standard on Related Services applies to agreed-upon procedures engagements to be performed by an assurance practitioner, where factual findings are reported but no conclusion or opinion is expressed and no assurance is provided by the assurance practitioner. The intended users draw their own conclusions based on the factual findings reported combined with any other information they have obtained.
2. This standard may also be applied, as appropriate, to agreed-upon procedures engagements to be performed by a practitioner other than an assurance practitioner.

Operative Date

3. This standard is operative for agreed-upon procedures engagements commencing on or after 1 October 2011.

Introduction

4. An agreed-upon procedures engagement involves the performance of procedures of an assurance nature from which no conclusion or opinion is expressed by the assurance practitioner and no assurance is provided to intended users. Instead only factual findings obtained as a result of the procedures performed are reported.
5. An assurance practitioner may be asked to perform other types of engagements for which assurance is also not provided but in contrast to agreed-upon procedures engagements, the procedures conducted are not primarily of an assurance nature. These engagements are not dealt with in this standard and include:
 - (a) consulting (or advisory) services;
 - (b) compilation engagements; and

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

- (c) business services, such as accounting and taxation services.

The objective of consulting services is the provision of professional advice and recommendations with respect to the subject matter. The objective of compilation engagements is the presentation of financial information in a specified form. The objective of business services is the conduct of accounting procedures, computations or the provision of business or taxation advice. These engagements are not subject to the requirements of this standard.

6. An agreed-upon procedures engagement is not an assurance engagement,¹ even though similar procedures are performed, as the purpose of the procedures performed is not to obtain sufficient appropriate evidence on which to base a conclusion. In contrast, the sufficiency and appropriateness of the evidence obtained in an assurance engagement is based on the assurance practitioner's assessment of materiality and risk of material misstatement or non-compliance. As the assurance practitioner does not assess materiality or engagement risk to determine the evidence gathering procedures to be performed in an agreed-upon procedures engagement, the assurance practitioner is unable to determine whether the evidence is sufficient and appropriate to reduce risk to an acceptable level as a basis for a conclusion.
7. ASRS 4400 addresses the assurance practitioner's professional responsibilities to accept agreed-upon procedures engagements to report factual findings only if:
- (a) the assurance practitioner has the capabilities and competence to perform the procedures;
 - (b) assurance is not deemed to be necessary to meet the needs of intended users of the assurance practitioner's report;
 - (c) the assurance practitioner is not required to determine the sufficiency of the procedures to be performed;
 - (d) neither an assurance conclusion nor assurance opinion will be provided on the findings but the intended users may

¹ See *Framework for Assurance Engagements*, paragraph Aus 7.1. "Assurance engagement" is defined as an engagement in which an assurance practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users, other than the responsible party, about the outcome of the evaluation or measurement of a subject matter against criteria.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

draw their own conclusions with respect to the subject matter; and

- (e) each of the procedures to be performed is to be clearly specified in the engagement letter.
8. ASRS 4400 deals with the conduct of agreed-upon procedures engagements and identifies that risk assessment, responding to assessed risks, evaluation of evidence gathered and expressing a conclusion or opinion are aspects of an assurance engagement which are not performed when no assurance is to be provided.
9. An agreed-upon procedures engagement may be misunderstood as providing assurance, as the engagement is performed by an assurance practitioner and involves the conduct of the same or similar procedures to an assurance engagement. The *Framework for Assurance Engagements*² states that the assurance practitioner should clearly distinguish a report on an engagement that is not an assurance engagement from an assurance report. This standard deals with the content of a report of factual findings in order to differentiate it from an assurance report.
10. This standard deals with how the form, content and restrictions on distribution of an assurance practitioner's report of factual findings helps to minimise misinterpretation and promote the intended users' understanding of that report.

Objective

11. The objective of the assurance practitioner in an agreed-upon procedures engagement is to apply their professional capabilities and competence in carrying out procedures of an assurance nature, to which the assurance practitioner, the engaging party and any third party (as applicable) have agreed, and to report factual findings, without providing assurance or implying that assurance has been provided.

² See *Framework for Assurance Engagements*, paragraph 15.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

Definitions

12. Assurance practitioner means a person or an organisation, whether in public practice, industry, commerce or the public sector, involved in the provision of assurance services.³
13. Engaging party means the party(ies) that engages the assurance practitioner to perform the agreed-upon procedures engagement.
14. Intended users means the individual(s) or organisation(s), or class(es) thereof for whom the assurance practitioner prepares the report of factual findings.
15. Procedures of an assurance nature means procedures performed by an assurance practitioner which are the same or similar to procedures performed in an assurance engagement.

Requirements

Conduct of an Agreed-Upon Procedures Engagement

16. The assurance practitioner shall comply with this standard and with the terms of the engagement agreed with the engaging party.

Ethical Requirements Relating to an Agreed-Upon Procedures Engagement

17. When conducting an agreed-upon procedures engagement, the assurance practitioner shall comply with ethical requirements equivalent to the ethical requirements applicable to Other Assurance Engagements,⁴ including those pertaining to independence, unless the engaging party has explicitly agreed to modified independence requirements in the terms of the engagement.⁵ If modified

³ The term "assurance practitioner" is used throughout this ASRS as defined in ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. Such reference is not intended to imply that assurance is being provided.

The term is used to indicate that the work is required to be performed and the report prepared by persons who have adequate training, experience and competence in conducting assurance engagements.

⁴ The ethical requirements, including independence, applicable to Other Assurance Engagements are defined in ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*. For ethical requirements specifically relating to Other Assurance Engagements, refer to APES 110 *Code of Ethics for Professional Accountants*, section 291 *Independence - Other Assurance Engagements* (December 2010), issued by the Accounting Professional & Ethical Standards Board Ltd (APESB), subsequent to ASA 102 (October 2009).

⁵ See subparagraph 24(f) of this standard.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

independence requirements have been agreed in the terms of the engagement, the level of independence applied shall be described in the report of factual findings.⁶ (Ref: Para. A1)

Acceptance of an Agreed-Upon Procedures Engagement

18. The assurance practitioner shall obtain an understanding of the needs and objectives of the intended users, including a class of intended users, of the assurance practitioner's report of factual findings and the purpose for which that report will be used. (Ref: Para. A2-A3)
19. A regulator or representative of a class of users, industry or the accounting profession may specify the agreed-upon procedures to be performed to meet the needs of a class of intended users. In these circumstances, the assurance practitioner shall be satisfied that the needs of the class of users for whom the engagement is intended have been appropriately considered and addressed.
20. Before accepting an agreed-upon procedures engagement, the assurance practitioner shall determine that the persons who are to perform the engagement collectively have the appropriate competence and capabilities to perform the procedures.
21. The assurance practitioner shall not accept an agreed-upon procedures engagement if, in the professional judgement of the assurance practitioner:
 - (a) the provision of factual findings alone which provide no assurance is unlikely to meet the needs of the intended users; or (Ref: Para. A3)
 - (b) the circumstances of the engagement indicate that the intended users are likely to construe the outcome of the engagement as providing an assurance conclusion about the subject matter; or
 - (c) distribution of the report of factual findings cannot be restricted to the engaging party and any intended users identified, due to legal requirements or other circumstances; or
 - (d) all of the elements of an assurance engagement⁷ are met; or (Ref: Para. A4-A6)

⁶ See sub-paragraph 43(f) of this standard.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

- (e) the engagement has no rational purpose; or
 - (f) the circumstances of the engagement indicate that it will be necessary for the assurance practitioner to do any of the following:
 - (i) determine the sufficiency of the procedures to be performed; (Ref: Para. A7)
 - (ii) perform a risk assessment in order to determine the procedures to be undertaken; (Ref: Para. A8)
 - (iii) evaluate the findings in order to determine the sufficiency and appropriateness of the evidence gathered; (Ref: Para. A8) or
 - (iv) reach a conclusion or form an opinion based on the evidence gathered. (Ref: Para. A8)
22. In order to establish whether the preconditions of an agreed-upon procedures engagement are present, the assurance practitioner shall obtain agreement from management [and, where appropriate, those charged with governance and intended users] that it acknowledges and understands its responsibility:
- (a) for determining the adequacy or otherwise of the procedures agreed to be performed;
 - (b) for determining whether the factual findings reported, in combination with any other information obtained, provide an appropriate basis for any conclusions which management or the intended users wish to draw on the subject matter;
 - (c) to provide the assurance practitioner with:
 - (i) access to all information of which management is aware that is necessary for the performance of the procedures agreed;
 - (ii) additional information that the auditor may request from management for the purpose of the engagement; and

⁷ See *Framework for Assurance Engagements*, paragraph 20.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

- (iii) unrestricted access to persons within the entity from whom the assurance practitioner requires co-operation in order to perform the procedures agreed.

Agreeing the Terms of the Agreed-Upon Procedures Engagement

- 23. The assurance practitioner shall agree the terms of the agreed-upon procedures engagement with the engaging party, and other specified parties who will receive copies of the report.⁸ If additional parties are intended users of the report of factual findings but are not signatories to the terms of the engagement, those parties shall be identified in the terms of the engagement and all other parties shall be excluded from using the report. (Ref: Para. A9-A10)
- 24. The agreed terms of the engagement shall be recorded in an engagement letter or other suitable form of written agreement and shall include: (Ref: Para. A11-A13)
 - (a) the objective and scope of the engagement;
 - (b) confirmation of the assurance practitioner's acceptance of the appointment;
 - (c) the nature of the engagement, including a statement that the procedures performed will not constitute a reasonable or limited assurance engagement and that accordingly no assurance will be provided;
 - (d) a statement that intended users are expected to conduct their own assessment of the findings, combined with other information available to them and, if necessary, perform further procedures in order to obtain sufficient appropriate evidence on which to base any conclusion on the subject matter;
 - (e) the assurance practitioner's responsibilities to the engaging party and other specified parties;
 - (f) confirmation that the assurance practitioner will apply ethical requirements equivalent to those applicable to Other Assurance Engagements or, if modified independence

⁸ See Appendix 3 of this standard for an example of an engagement letter for an agreed-upon procedures engagement.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

- requirements have been agreed, the level of independence agreed;
- (g) identification of the subject matter to which the procedures will be applied;
 - (h) the nature, timing and extent of the specific procedures to be performed;
 - (i) management's responsibilities;
 - (j) identification of the intended users of the report including those users who may not be party to the terms of the engagement, such as a class of user, regulator or bank;
 - (k) a statement that the distribution of the report of factual findings would be restricted to the engaging party, who has agreed to the procedures to be performed, and the intended users identified; and
 - (l) reference to the expected form of any reports to be issued by the assurance practitioner, which may be illustrated by attaching to the engagement letter a draft of the report of factual findings that will be issued, omitting the factual findings.
25. The nature, timing and extent of procedures shall be specified in the terms of the engagement in sufficient detail such that the assurance practitioner will not be required, during the course of the engagement, to exercise professional judgement in determining or modifying the procedures to be performed. (Ref: Para. A11)
26. When conducting an agreed-upon procedures engagement, if the assurance practitioner is unable to perform the exact nature, timing or extent of procedures agreed, but alternative procedures can be performed and the engaging party requires those procedures to be performed, then new terms of the engagement shall be agreed with the engaging party in writing.

Planning

27. The assurance practitioner shall plan the work so that the engagement will be performed in an effective manner, in accordance with the terms of the engagement and this standard.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

28. The engagement plan for an agreed-upon procedures engagement shall be restricted to the nature, timing and extent of procedures agreed in the terms of the engagement. The plan does not include alternative or further procedures unless agreed with the engaging party in amended terms of the engagement. (Ref: Para. A14)

Risk Assessment

29. The assurance practitioner does not perform a risk assessment for an agreed-upon procedures engagement, as the nature, timing and extent of procedures to be performed are agreed with the engaging party rather than determined by the assurance practitioner in response to assessed risks.

Materiality

30. The assurance practitioner does not apply materiality to designing the procedures to be performed nor to assessing the factual findings to determine whether the subject matter information is free from material misstatement or non-compliance, as this is the responsibility of the intended users.

Quality Control

31. The assurance practitioner shall take responsibility for the overall quality of the agreed-upon procedures engagement and shall apply the firm's quality control procedures equivalent to those applicable to Other Assurance Engagements.⁹
32. Throughout the engagement, the assurance practitioner shall remain alert, through observation and making enquiries as necessary, for evidence of non-compliance with relevant ethical requirements, including independence, by members of the engagement team. If matters come to the assurance practitioner's attention that indicate that members of the engagement team have not complied with relevant ethical requirements, the assurance practitioner shall determine the appropriate action.
33. The assurance practitioner shall be satisfied that the engagement team,¹⁰ and any experts engaged who are not part of the engagement

⁹ See ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information and Other Assurance Engagements*.

¹⁰ Engagement team, as defined in ASQC 1, paragraph 12(f), means all partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes external experts engaged by the firm or a network firm.

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

team, collectively have the appropriate competence, capabilities and resources to perform the agreed-upon procedures in accordance with this standard.

Using the Work of Others

34. The assurance practitioner shall take responsibility for the direction, supervision and performance of the engagement and the accurate reporting of factual findings.
35. When the assurance practitioner uses the work of another assurance practitioner, internal auditor or an expert, the assurance practitioner shall evaluate the adequacy of their work, including their objectivity and technical competence in conducting the procedures, whether the nature, timing and extent of procedures conducted agrees with procedures in the terms of the engagement and whether the factual findings communicated detail adequately the result of the procedures conducted.

Documentation

36. The assurance practitioner shall document:
- (a) issues identified with respect to compliance with relevant ethical requirements and how they were resolved;
 - (b) conclusions on compliance with independence requirements equivalent to 'Other Assurance Engagements' or modified independence agreed;
 - (c) conclusions reached regarding the acceptance and continuance of client relationships and acceptance of the agreed-upon procedures engagement;
 - (d) the nature, timing and extent of procedures performed and the factual findings obtained, as identified in the agreed-upon procedures report; and
 - (e) evidence that the engagement was carried out in accordance with this standard and the terms of the engagement.

Performing the engagement

37. As no assurance is to be provided, the assurance practitioner shall carry out only the procedures agreed in the terms of the engagement

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

and use the results of the procedures to provide a report of factual findings. (Ref: Para. A15-16)

38. If the engaging party's requirements alter during the course of the engagement which require the assurance practitioner to draw conclusions from the findings, the terms of the agreed-upon procedures engagement cannot be extended to the provision of assurance. However, a new engagement may be agreed for the provision of assurance, if appropriate, to be conducted in accordance with applicable AUASB standards.

Reporting

39. The assurance practitioner shall provide a report of factual findings for the agreed-upon procedures engagement. In contrast to an assurance report, a report of factual findings does not include an evaluation of those findings in order to draw a conclusion or form an opinion. (Ref: Para. A17).
40. The assurance practitioner shall not express a conclusion or opinion in an agreed-upon procedures engagement as the assurance practitioner has not performed a risk assessment, responded to assessed risks by determining the procedures to be performed or assessed whether sufficient appropriate evidence has been obtained as a reasonable basis for expressing a conclusion.
41. If the assurance practitioner is undertaking an agreed-upon procedures engagement in parallel with an assurance engagement, the factual findings from the agreed-upon procedures engagement shall be presented separately from the report on the assurance engagement.
42. Use of the report shall be restricted to those parties that have either agreed to the procedures to be performed or have been specifically included as intended users in the engagement letter since others, unaware of the reasons for the procedures, may misinterpret the results.
43. The report of factual findings for an agreed-upon procedures engagement shall contain: (Ref: Para. A18-A19)
- (a) a title;
 - (b) an addressee (ordinarily the engaging party);

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

- (c) identification of the specific information to which the procedures have been applied;
- (d) a statement that the procedures performed were those agreed with the engaging party;
- (e) a statement that the engagement was performed in accordance with ASRS 4400;
- (f) a statement that either ethical requirements equivalent to those applicable to Other Assurance Engagements have been complied with, including independence, or, if modified independence requirements have been agreed in the terms of the engagement, a description of the level of independence applied;
- (g) identification of the purpose for which the agreed-upon procedures engagement was performed;
- (h) a statement that the responsibility for determining the adequacy or otherwise of the procedures agreed to be performed by the assurance practitioner is that of the engaging party;
- (i) a listing of the specific procedures performed, detailing the nature, timing and extent of each procedure;
- (j) a description of the assurance practitioner's factual findings in relation to each procedure performed, including sufficient details of errors and exceptions found;
- (k) identification of any of the procedures agreed in the terms of the engagement which could not be performed and why that has arisen;
- (l) a statement that the procedures performed do not constitute either a reasonable or limited assurance engagement and, as such, no assurance is provided;
- (m) a statement that had the assurance practitioner performed additional procedures, a reasonable assurance engagement or a limited assurance engagement, other matters might have come to the assurance practitioner's attention which would have been reported;

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

- (n) a statement that use and distribution of the report is restricted to those parties identified in the report, who have agreed to the procedures to be performed or were identified in the terms of the engagement;
 - (o) a statement (when applicable) that the report relates only to the elements, accounts, items or financial and non-financial information specified and that it does not extend to the entity's financial report, or other specified report, taken as a whole;
 - (p) the date of the report;
 - (q) the assurance practitioner's address; and
 - (r) the assurance practitioner's signature.
44. If the assurance practitioner is required by law or regulation to use a specific layout or wording for the report of factual findings, the report of factual findings shall refer to ASRS 4400 only if the assurance practitioner's report includes, at a minimum, each of the elements in paragraph 43.
45. Law or regulation of the relevant jurisdiction may prescribe the layout or wording of the report of factual findings in a form or in terms which are significantly different from the requirements of this standard. In these circumstances, the assurance practitioner shall evaluate:
- (a) whether intended users might misunderstand the factual findings reported and the fact that no assurance is provided; and, if so;
 - (b) whether additional explanation in the report of factual findings can mitigate possible misunderstanding.
- If the assurance practitioner considers that additional explanation in the report of factual findings cannot mitigate possible misunderstanding, the auditor shall not accept the engagement unless required by law or regulation to do so. As an agreed-upon procedures engagement conducted in accordance with such law or regulation does not comply with this standard, the assurance practitioner shall not include any reference in the report of factual findings to the engagement having been conducted in accordance with ASRS 4400. (Ref: Para. A20)

Standard on Related Services ASRS 4400
Agreed-Upon Procedures Engagements to Report Factual Findings

46. The assurance practitioner shall not issue modifications or an emphasis of matter in a report of factual findings, as no conclusion or opinion is expressed. Nevertheless, the following matters, if applicable, are reported as part of the factual findings:
- (a) errors or exceptions identified as a result of the procedures performed, regardless of whether they were subsequently rectified by the entity; and (Ref: Para. A21)
 - (b) the inability of the assurance practitioner to perform any of the agreed-upon procedures. (Ref: Para. A22)
47. The report of factual findings for an agreed-upon procedures engagement shall be clearly distinguished from an assurance report in that it shall not contain:
- (a) a statement of compliance with AUASB standards, except for reference to ASRS 4400;
 - (b) inappropriate use of the terms “assurance”, “audit”, “review”, “opinion” or “conclusion”; or
 - (c) any statement that could reasonably be mistaken for a conclusion designed to enhance the degree of confidence of intended users about the outcome of the evaluation or measurement of a subject matter against criteria.¹¹

¹¹ See *Framework for Assurance Engagements*, paragraph 16.

Application and Other Explanatory Material

Ethical Requirements Relating to an Agreed-Upon Procedures Engagement (Ref: Para. 17)

- A1. Ethical requirements, applicable to Other Assurance Engagements, permit the independence requirements to be modified, if the intended users of the assurance practitioner's report are knowledgeable as to the purpose, subject matter information and limitations of the report and explicitly agree to the application of the modified independence requirements. In these circumstances, the report is to include a restriction on use and distribution to the intended users only, which is already included in the report of factual findings. If modified independence requirements are adopted in the terms of the engagement, but the intended users include a class of users who are not party to the terms of the engagement, they are required to be made aware of the modified independence requirements, such as by reference to them in the report of factual findings. In any case, the independence of the assurance practitioner and the engagement team will need to be assessed.

Acceptance of an Agreed-Upon Procedures Engagement (Ref: Para. 18-22)

- A2. The assurance practitioner needs to understand the engaging party's objectives in engaging the assurance practitioner to ensure that an engagement is agreed which is appropriate to those objectives and to avoid any misunderstandings with respect to the scope of the engagement.
- A3. In determining whether a report of factual findings is likely to meet the needs of intended users, or class of intended users, of the report, the assurance practitioner considers the purpose for which users intend to use the report. In doing so, the assurance practitioner, does not take responsibility for the sufficiency of the agreed-upon procedures to be performed to meet the needs of intended users. If intended users are likely to be able to interpret the factual findings resulting from procedures performed, whether alone or in combination with other available evidence, to reach appropriate conclusions, then an engagement to report factual findings may be acceptable. If intended users are unlikely to be able to interpret the factual findings to reach appropriate conclusions, then the assurance practitioner does not accept an agreed-upon procedures engagement, but may accept an assurance engagement if appropriate.
- A4. An agreed-upon procedures engagement may be accepted if it satisfies some but not all of the elements of an assurance

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

engagement,¹² with the exception of a written assurance report, as that requires the provision of assurance.

- A5. If all of the elements of an assurance engagement are met,¹³ the assurance practitioner declines an agreed-upon procedures engagement, however an assurance engagement may be accepted if appropriate and applicable AUASB standards are applied. Appendix 1 provides a table of *Differentiating Factors between Agreed-Upon Procedures Engagements and Assurance Engagements* to assist the assurance practitioner in determining whether the engagement is an agreed-upon procedures engagement or an assurance engagement.
- A6. The extent of the subject matter does not affect whether an engagement is an assurance engagement or not. Even if the subject matter of an engagement is very specific, when the engagement contains the elements of an assurance engagement, the assurance practitioner complies with the requirements of either:
- (a) ASA 805 *Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement* when providing reasonable assurance on historical financial information other than a financial report;
 - (b) ASA 2405 *Review of Historical Financial Information Other than a Financial Report* when providing limited assurance on historical financial information other than a financial report; or
 - (c) ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* when providing reasonable or limited assurance on matters other than historical financial information.¹⁴

Example engagements are described in Appendix 2 illustrating how an engagement could be scoped as an agreed-upon procedures engagement or an assurance engagement for the same subject matter.

¹² See *Framework for Assurance Engagements*, paragraph 20 for the elements of an assurance engagement.

¹³ See *Framework for Assurance Engagements*, paragraph 20 for the elements of an assurance engagement.

¹⁴ See ASAE 3100 *Compliance Engagements* and ASAE 3500 *Performance Engagements*, as appropriate.

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

- A7. The assurance practitioner may assist the engaging party and intended users in determining the procedures to be performed to ensure that the procedures are able to be performed and are likely to meet the needs of the intended users. Nevertheless, the assurance practitioner is not responsible for the adequacy of the agreed-upon procedures nor for assessing whether the findings will be sufficient either alone or in combination with other evidence to support any conclusions which the users intend to draw. The assurance practitioner's role in an agreed-upon procedures engagement is to use their professional competence and capabilities in the performance of the agreed-upon procedures and to report the findings accurately.
- A8. If it is necessary for the assurance practitioner to perform a risk assessment, respond to assessed risks or evaluate the evidence gathered, then this indicates that the assurance practitioner is using their professional judgement to gather sufficient appropriate evidence to support a conclusion. In these circumstances, the engagement may be an assurance engagement and, if so, the relevant requirements in the AUASB standards need to be applied.

Agreeing the Terms of the Agreed-Upon Procedures Engagement

(Ref: Para. 23-26)

- A9. The agreed terms would ordinarily be recorded in an engagement letter or other suitable form of written agreement. It is in the interests of both the engaging party and the assurance practitioner that the assurance practitioner sends an engagement letter, preferably before the commencement of the engagement, to help in avoiding misunderstandings with respect to the engagement.
- A10. In certain circumstances, for example when the procedures have been agreed to between the regulator, industry representatives and representatives of the accounting profession, the assurance practitioner may not be able to discuss the procedures with all the parties who will receive the report of factual findings. In such cases, the assurance practitioner may consider, for example, discussing the procedures to be applied with appropriate representatives of the parties involved, reviewing relevant correspondence from such parties or sending them a draft of the report of factual findings that will be issued.
- A11. In an agreed-upon procedures engagement, as the assurance practitioner does not express a conclusion, it is the engaging party's responsibility to determine the procedures which will provide sufficient appropriate evidence to support their own or intended

**Standard on Related Services ASRS 4400 Agreed-Upon Procedures
Engagements to Report Factual Findings**

users' conclusions. It is only appropriate for the assurance practitioner to select the procedures if they will be assessing the evidence to support a conclusion provided in an assurance engagement.

- A12. Not all intended users may be available to agree to the terms of the engagement or the agreed-upon procedures to be performed. These intended users may still be specified in the letter of engagement where the assurance practitioner is satisfied that those users will understand the purpose for which the report of factual findings is intended to be used. These intended users may include:
- (a) regulators or industry bodies which issue requirements for procedures to be performed and factual findings to be reported; and
 - (b) an identifiable class of users which are intended to receive the report of factual findings for a specified purpose.
- A13. An example of an engagement letter for an agreed-upon procedures engagement is set out in Appendix 3.

Planning (Ref: Para. 27-28)

- A14. Planning in an agreed-upon procedures engagement is restricted by the nature, timing and extent of procedures as agreed in the terms of the engagement. Therefore, the assurance practitioner does not have the discretion to perform alternative or additional procedures without obtaining the engaging party's agreement. Nevertheless, the assurance practitioner will still need to plan the nature, timing and extent of the resources necessary to perform the engagement.

Performing the Engagement (Ref: Para. 37-38)

- A15. The procedures applied in an engagement to perform agreed-upon procedures may include:
- (a) inspection;
 - (b) observation;
 - (c) external confirmation;
 - (d) re-calculation;
 - (e) re-performance;

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

- (f) analytical review procedures, where those procedures are based solely on comparison against expectations defined in the terms of the engagement; and
 - (g) enquiry.
- A16. Analytical procedures are not performed in an agreed-upon procedures engagement unless the engaging party provides an expectation of recorded amounts or ratios on which the assurance practitioner may base the analytical procedures. The engaging party's expectations are defined in the procedures described in the terms of the engagement. It is necessary for the engaging party to provide the expectations as a basis for the analytical procedures so that the assurance practitioner does not use their professional judgement to develop expectations, which is only appropriate when conducting an assurance engagement. The assurance practitioner does not interpret the findings from the analytical procedures but simply presents the findings against the expectations provided by the engaging party.

Reporting (Ref: Para. 39-47)

- A17. Even though assurance is not provided by the assurance practitioner, the intended users are entitled to rely on the accuracy of the reported findings by virtue of the assurance practitioner's capabilities and competence in conducting the agreed-upon procedures.
- A18. The report of factual findings needs to describe the procedures performed and findings in sufficient detail to enable the intended users to understand the nature, timing and extent of the work performed as well as the nature of the errors and exceptions identified in order to assess the findings reported and draw their own conclusions on the subject matter. In order to draw conclusions, intended users may need to assess the factual findings along with information from other sources. Intended users will need to satisfy themselves that the evidence, which the report of factual findings and other sources provide, is sufficient and appropriate to provide a basis for any conclusion which they may reach.
- A19. An illustrative report of factual findings, incorporating the elements set forth in paragraph 43, is set out in Appendix 4.
- A20. If the law or regulation prescribes the layout or wording of the assurance practitioner's report in a form or in terms that are significantly different from the requirements of this standard and an additional explanation cannot mitigate possible misunderstanding, in

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

addition to excluding any reference to this standard in the report, the assurance practitioner may consider including a statement that the agreed-upon procedures engagement is not conducted in accordance with this standard.

- A21. If the assurance practitioner is aware that an error or exception identified has been substantially rectified, the fact that it has been rectified may be included in the report.
- A22. The assurance practitioner's inability to perform the agreed-upon procedures may arise from:
- (a) circumstances beyond the control of the engaging party;
 - (b) circumstances relating to the nature or timing of the assurance practitioner's work; or
 - (c) limitations imposed by management of the engaging party.

Conformity with International Standards on Related Services

Except as noted below, this Standard on Related Services conforms with International Standard on Related Services ISRS 4400, issued by the International Auditing and Assurance Standards Board, an independent standard-setting board of the International Federation of Accountants (IFAC). The main differences between ASRS 4400 and ISRS 4400 are:

- ASRS 4400 is not limited to procedures regarding "financial information", whereas ISRS 4400 is limited to financial information. (Ref: Para. 4)
- ASRS 4400 applies to "procedures of an assurance nature" whereas ISRS 4400 applies to "procedures of an audit nature". Whilst the terms differ, they can be taken to have the same meaning as indicated by the procedures listed in ISRS 4400, paragraph 16, which are equivalent to those listed in ASRS 4400, paragraph A15. (Ref: Para. 4 & 11)
- ASRS 4400 applies to the "assurance practitioner", whereas ISRS 4400 applies to the "auditor". Whilst the terms differ, they can be taken to have the same meaning. (Ref: Para. 1)
- The AUASB is of the view that the assurance practitioner, when carrying out procedures of an assurance nature and reporting factual

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

findings, needs to either be independent or to have agreed modified independence requirements with the engaging party and agreed or disclosed those modified independence with intended users. Therefore, ASRS 4400 requires the assurance practitioner to maintain independence equivalent to the independence requirements applicable to Other Assurance Engagements and to disclose in their report if modified independence requirements are agreed. ISRS 4400 does not require the auditor to be independent, but requires the auditor to state in the report of factual findings if they are not independent. (Ref: Para. 17)

- ASRS 4400 includes requirements, which are additional to those contained in ISRS 4400, for the assurance practitioner to:
 - understand the needs and objectives of the intended users; (Ref: Para. 18)
 - satisfy themselves that a regulator or representative of a class of users, industry or the accounting profession does represent the class of users for whom the engagement is intended; (Ref: Para. 19)
 - only accept the engagement if those persons who are to perform the engagement collectively have the capabilities and competence to perform the procedures; (Ref: Para. 20)
 - not accept an agreed-upon procedures engagement if: (Ref: Para. 21)
 - it is unlikely to meet the needs of intended users;
 - users are likely to construe the outcome as providing assurance;
 - all of the elements of an assurance engagement are met;
 - the engagement has no rational purpose; or
 - the assurance practitioner needs to determine the sufficiency of procedures to be performed, perform a risk assessment, evaluate the sufficiency and appropriateness of the evidence or reach a conclusion;

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

- state in the terms of the engagement that intended users are responsible for reaching any conclusions on the subject matter; (Ref: Para. 22)
- not exercise professional judgement to determine or modify the procedures to be performed during the course of the engagement; (Ref: Para. 25)
- request amended terms of the engagement if alternative or further procedures are to be performed; (Ref: Para. 26)
- limit planning to the procedures agreed in the terms of the engagement; (Ref: Para. 28)
- not perform a risk assessment; (Ref: Para. 29)
- not apply materiality to design procedures nor to assess factual findings; (Ref: Para. 30)
- establish and maintain a system of quality control within the firm, although this requirement is imposed indirectly on engagements under ISRS 4400 by virtue of ISQC1¹⁵ which, unlike ASQC 1, applies to related services engagements; (Ref: Para. 31)
- take responsibility for overall quality control and apply quality control procedures on the engagement, including the engagement team's compliance with ethical requirements; (Ref: Para. 31-32)
- satisfy themselves that the engagement team and any experts collectively have competence, capabilities and resources to perform the agreed-upon procedures; (Ref: Para. 33)
- take responsibility for the direction, supervision and performance of the engagement and the accurate reporting of factual findings and, when using the work of others, evaluate the adequacy of their work and the findings communicated; (Ref: Para. 34-35)
- document matters with respect to compliance with ethical requirements, including independence, acceptance and

¹⁵ See ISQC1 *Quality Control for Firms the Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*.

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

- continuance of client relationships and acceptance of the engagement; (Ref: Para. 36)
- not extend the terms of engagement to the provision of assurance; (Ref: Para. 38)
- not evaluate the findings or provide a conclusion or opinion; (Ref: Para. 39)
- state in the report of factual findings that the responsibility for determining the adequacy of the agreed-upon procedures is that of the engaging party; (Ref: Para. 43(h))
- not issue a modified report or emphasis of matter, but instead report all errors or exceptions in the factual findings, even if they are subsequently rectified, or the inability to perform any of the agreed-upon procedures; and (Ref: Para. 46)
- exclude wording from the report of factual findings which may indicate that assurance is being provided. (Ref: Para. 47)

Compliance with this standard enables compliance with ISRS 4400.

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

Appendix 1

(Ref: Para. A5)

Differentiating Factors between Agreed-Upon Procedures Engagements and Assurance Engagements

Differentiating Factor	Agreed-Upon Procedures Engagement	Assurance Engagement
Nature, timing and extent of procedures responsibility of:	Engaging party	Assurance practitioner
Nature, timing and extent of procedures determined in:	Terms of the engagement	Engagement plan
Changes to the nature, timing and extent of procedures are documented in:	Terms of the engagement	Engagement plan
Extent of assurance practitioner's professional judgement exercised in selecting procedures:	Professional judgement may be exercised in assisting the engaging party to identify procedures when agreeing the terms of the engagement, but only professional competence is exercised when conducting the agreed-upon procedures.	Professional judgement exercised in selecting procedures
Sufficiency and appropriateness of evidence assessed by:	Intended user	Assurance practitioner
Form and content of report:	Factual findings, no conclusion or assurance provided	Conclusion providing assurance

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

Differentiating Factor	Agreed-Upon Procedures Engagement	Assurance Engagement
Reporting of procedures performed:	Detail of the exact nature, timing and extent of all procedures performed are reported	Summary of work performed
Reporting of findings:	Detail of exact findings resulting from each procedure performed, including errors and exceptions identified, even if rectified.	No detail of findings, unless a modified report is to be issued when the basis for modification is provided or if a management letter is provided in addition to the assurance report.

Appendix 2

(Ref: Para. A6)

Examples of Differences in Scope between an Agreed-Upon Procedures Engagement and an Assurance Engagement

The following brief descriptions of engagements are intended to illustrate that engagements relating to the same subject matter may be scoped in the terms of the engagement as an agreed-upon procedures engagement providing no assurance or an assurance engagement depending on the needs of the engaging party and intended users. The scope provided in each of the following examples, which would be reflected in the terms of the engagement, is to be used as a guide only and will need to be adapted to the individual engagement requirements and circumstances.

Nature of Engagement	Purpose of Engagement	Scope of an Agreed-Upon Procedures Engagement	Scope of an Assurance Engagement
1. Turnover lease agreement	To assist parties to a lease agreement based on turnover in assessing compliance with the agreement.	<ul style="list-style-type: none">• Agree gross turnover to underlying data;• Recalculate adjusted turnover based on agreed formula; and• Recalculate the turnover rent	<ul style="list-style-type: none">• Audit/review compliance with the turnover lease agreement to provide a reasonable/limited assurance conclusion as to whether the entity has

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

Nature of Engagement	Purpose of Engagement	Scope of an Agreed-Upon Procedures Engagement	Scope of an Assurance Engagement
		payable under the lease agreement.	complied, in all material respects, with the lease agreement over the period.
2. Management agreement	To assist the directors of each entity to fulfil their reporting requirements under management agreements with the managing entity.	<ul style="list-style-type: none"> • Agree specified data from entities' income statements to the entities' trial balances, parent entity consolidation schedule and audited consolidated financial report. 	<ul style="list-style-type: none"> • Audit/review compliance with the reporting requirements of the management agreement to provide a reasonable/limited assurance conclusion as to whether each entity has complied, in all material respects, with the management agreement over the period.
3. Leave provisions	To assist management assessment of whether leave provisions were calculated in	<ul style="list-style-type: none"> • Agree start date and employment terms for a random sample of X staff to 	<ul style="list-style-type: none"> • Audit/review employee leave provisions to provide a

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

Nature of Engagement	Purpose of Engagement	Scope of an Agreed-Upon Procedures Engagement	Scope of an Assurance Engagement
	accordance with corporate policy as a basis for negotiating the consideration for transferring staff.	employment contracts. • Agree leave taken to employee records. • Recalculate long service leave and annual leave provisions for X staff to be transferred as part of a novation agreement.	reasonable/limited assurance conclusion as to whether leave balances are calculated, in all material respects, in accordance with corporate policy.
4. Loan securitisation	To assist the engaging party and potential investors in determining the data on which to base the securitisation of a pool of loans.	• Select X loans based on criteria provided by the engaging party. • Agree specified loan data to supporting documentation and check loan data against given criteria. • Recalculate total loan pool data.	• Audit/review the loan pool to provide a reasonable/limited assurance conclusion as to whether the loan pool is reported, in all material respects, in accordance with the agreed basis.
5. Stocktake procedures	To assist management in determining the value of	• Attend X sites randomly selected, test count X	• Audit/review stock at period end to provide a

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

Nature of Engagement	Purpose of Engagement	Scope of an Agreed-Upon Procedures Engagement	Scope of an Assurance Engagement
	stock on hand.	randomly selected stock items to stock count sheets. <ul style="list-style-type: none"> • Trace those stock count sheets to summary stock data. • Agree X randomly selected stock items to inventory account and agree cost to supplier invoices. 	reasonable/limited assurance conclusion as to whether stock is valued fairly, in all material respects, in accordance with corporate policy.
6. Debtors' balances	To assist management in identifying issues in debtors' collection.	<ul style="list-style-type: none"> • Agree aged debtors to the trial balance at period end. • Agree the largest (at period end) X debtors to sales invoices. • Trace X randomly selected debtor balances to subsequent receipts. • Itemise bad debt written off for the period with explanations provided by 	<ul style="list-style-type: none"> • Audit/review debtors and provision for doubtful debts to provide a reasonable/limited assurance conclusion as to whether debtors and provision for doubtful debts are presented fairly, in all material respects, in accordance with the agreed basis of

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

Nature of Engagement	Purpose of Engagement	Scope of an Agreed-Upon Procedures Engagement	Scope of an Assurance Engagement
		management. • Itemise customers on stop supply or COD. • Determine value and number of credit notes for the period. • Calculate debtors ageing percentages at period end.	accounting.
7. Controls to meet contractual obligations	To assist client in completing their certificate of compliance with respect to confidentiality and privacy agreements, in circumstances where data supplied by providers under confidentiality and privacy agreements requiring controls to protect data.	• Agree list of users with access to restricted data for any part of the reporting period to signed confidentiality statements. • Agree individual confidentiality statements to confidentiality agreement. • Identify confidentiality training held over reporting period, percentage of users attended and average hours	• Audit/review controls in place to comply with confidentiality and privacy agreements in order to provide a reasonable/limited assurance conclusion as to whether the description fairly presents the controls, the controls are suitably designed and operating effectively

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

Nature of Engagement	Purpose of Engagement	Scope of an Agreed-Upon Procedures Engagement	Scope of an Assurance Engagement
		training attended per user. <ul style="list-style-type: none">• Trace data access log for X days, spread throughout the period, to list of approved users.	throughout the reporting period.

Appendix 3

(Ref: Para. A13)

Example of an Engagement Letter for an Agreed-Upon Procedures Engagement

The following is an example of an engagement letter for an agreed-upon procedures engagement prepared in accordance with ASRS 4400. This letter is not authoritative but is intended only to be a guide that may be used in conjunction with the considerations outlined in this standard. It will need to be varied according to individual requirements and circumstances of each engagement. It may be appropriate to seek legal advice that any proposed letter is suitable.

To the appropriate representative of management or those charged with governance¹⁶ of name of Entity [and name of other intended users or class of users as appropriate]:

[The objective and scope of the engagement]

You have requested that we perform the agreed-upon procedures specified below [as required by [name of representative of class of intended users or regulator] to meet the needs of [class of intended users]]. We are pleased to confirm our acceptance and understanding of this agreed-upon procedures engagement and the nature and limitations of the procedures we will conduct. Our engagement will be conducted with the objective of reporting factual findings resulting from each procedure for the purpose of [specify purpose]. The procedures performed will not constitute a reasonable or limited assurance engagement, accordingly, no assurance will be provided.

[The responsibilities of the assurance practitioner]

We will conduct our engagement in accordance with Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*. That standard requires that we comply with

¹⁶ *Those charged with governance* means the person(s) or organisation(s) (for example a corporate trustee) with responsibility for overseeing the strategic direction of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

ethical requirements equivalent to Other Assurance Engagements,¹⁷ [including independence/ except with respect to independence for which modified independence requirements will be applied], and plan and perform the agreed procedures to obtain factual findings. [If applicable:¹⁸ We will apply modified independence requirements agreed with you, which will consist of (describe level of independence to be applied).] The procedures which we will perform will be restricted to those procedures agreed with you [which include procedures required by [name of representative of class of intended users or regulator]] and listed below. Information acquired by us in the course of our engagement is subject to strict confidentiality requirements and will not be disclosed by us to other parties except as required or allowed for by law or professional standards, or with your express consent.

We have agreed to perform the following procedures and report to you the factual findings resulting from our work:

[describe the nature, timing and extent of each procedure to be performed, including specific reference, where applicable, to the identity of documents and records to be read, individuals to be contacted and parties from whom confirmations will be obtained.]

If we are unable to perform the exact nature, timing or extent of procedures agreed above but alternative procedures are available, we will only perform these alternative procedures if modified terms of the engagement are agreed with [name of entity and other intended users].

[The responsibilities of management or those charged with governance and intended users (if appropriate)]

Our agreed-upon procedures will be performed on the basis that [management and, where appropriate, those charged with governance and intended users] acknowledge and understand that:

- (a) they have responsibility for determining the adequacy or otherwise of the procedures agreed to be performed by us;

¹⁷ See APES 110 *Code of Ethics for Professional Accountants*, (Dec 2010), Section 291 *Independence - Other Assurance Engagements*.

¹⁸ See APES 110, Section 291. Modified independence requirements are only permitted under the ethical requirements applicable to Other Assurance Engagements if the intended users of the report (a) are knowledgeable as to the purpose, subject matter information and limitations of the report and (b) explicitly agree to the application of the modified independence requirements.

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

- (b) they have responsibility for determining whether the factual findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which you or the intended users wish to draw on the subject matter;
- (c) they have responsibility to provide us with:
 - (i) access to all information of which management is aware that is necessary for the performance of the procedures agreed;
 - (ii) additional information that we may request from you for the purpose of the engagement; and
 - (iii) unrestricted access to persons within the entity from whom we require co-operation in order to perform the procedures agreed.
- (d) the procedures we will perform are solely to assist you [and name of intended users] in [state purpose]. Our report of factual findings is not to be used for any other purpose and is solely for your [and name of intended users'] information.
- (e) the procedures that we will perform will not constitute a reasonable or limited assurance engagement in accordance with AUASB standards and, consequently, no assurance will be provided.

We look forward to full co-operation with your staff during our engagement.

[Other relevant information]

[Insert other information, such as fee arrangements, billings and other specific terms as appropriate]

[Reporting]

Our report of factual findings will consist of a detailed listing of the procedures performed and our findings in relation to each procedure, including any errors or exceptions identified regardless of whether those errors or exceptions have since been rectified. Use of our report will be restricted to you [and [name of other intended users or class of users]] and all other parties will be excluded from using the report.

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our agreed-upon procedures engagement including the specific procedures which we have agreed will be performed and our respective responsibilities.

Yours faithfully,

.....

Partner

XYZ & Co

Acknowledged on behalf of [name of Entity] by

(signed)

.....

Name and Title

Date

[Acknowledged on behalf of [name of Intended User] by

(signed)

.....

Name and Title

Date

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

Appendix 4

(Ref: Para. A19)

Example of a Report of Factual Findings in Connection with Accounts Payable

REPORT OF FACTUAL FINDINGS

To [appropriate addressee]

Report of Factual Findings

We have performed the procedures agreed with you and [name of any intended users party to the terms of the engagement] to report factual findings for the purpose of assisting you [and [name of other intended users or class of intended users]] in assessing, in combination with other information obtained by you, the accuracy of accounts payable as at [date]. The procedures performed are detailed in the terms of the engagement of [date] and described below [(or if appropriate) set forth in the attached schedules]¹⁹ with respect to the accounts payable of [entity] as of [date].

[Management / Those Charged with Governance]’s Responsibility for the Procedures Agreed

[Management / Those Charged with Governance and any intended users party to the terms of the engagement] are responsible for the adequacy or otherwise of the procedures agreed to be performed by us. You and [name of other intended users or class of intended users] are responsible for determining whether the factual findings provided by us, in combination with any other information obtained, provide a reasonable basis for any conclusions which you or other intended users wish to draw on the subject matter.

Assurance Practitioner’s Responsibility

Our responsibility is to report factual findings obtained from conducting the procedures agreed. We conducted the engagement in accordance with Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*. We have complied with ethical requirements equivalent to those applicable to Other Assurance Engagements,²⁰ [including independence/ except that we applied modified

¹⁹ If schedules are attached, describe and reference the schedules (not shown in this example).

²⁰ See APES 110 (Dec 2010), Section 291.

Standard on Related Services ASRS 4400 Agreed-Upon Procedures Engagements to Report Factual Findings

independence requirements as agreed with you in the terms of the engagement consisting of (describe level of independence applied)].

Because the agreed-upon procedures do not constitute either a reasonable or limited assurance engagement in accordance with AUASB standards, we do not express any conclusion and provide no assurance on the accounts payable of [entity] as of [date]. Had we performed additional procedures or had we performed an audit or a review of the accounts payable in accordance with AUASB standards, other matters might have come to our attention that would have been reported to you.

*Factual Findings*²¹

The procedures were performed solely to assist you in evaluating the accuracy of the accounts payable. The procedures performed and the factual findings obtained are as follows:

Procedures Performed	Factual Findings	Errors or Exceptions Identified
1. We obtained and checked the addition of the trial balance of accounts payable as at [date] prepared by [entity], and we compared the total to the balance in the related general ledger account.	We found the addition to be correct and the total amount to be in agreement.	None
2. We compared the attached schedule (not shown in this example) provided by [entity] of major suppliers and the amounts owing at [date] to each of the related names and amounts in the trial balance.	We found the amounts compared to be in agreement, except for the exceptions noted.	<i>[Detail the exceptions]</i>
3. For X suppliers randomly selected from the attached schedule we obtained suppliers' statements or requested suppliers to	We found there were suppliers' statements for all such suppliers.	None

²¹ The assurance practitioner may choose instead to present the table of factual findings as an attachment to the report, particularly if it is lengthy.

Standard on Related Services ASRS 4400 Agreed-Upon Procedures Engagements to Report Factual Findings

Procedures Performed	Factual Findings	Errors or Exceptions Identified
confirm balances owing at [date].		
4. We compared such statements or confirmations to the amounts referred to in 2. For amounts which did not agree, we obtained reconciliations from [entity]. For reconciliations obtained, we identified and listed outstanding invoices, credit notes and payments, each of which was greater than \$XXX. We agreed outstanding invoices over \$XXX for suppliers selected to accounts payable for the subsequent period, invoices subsequently received and either credit notes or payment made.	We found the amounts agreed, or with respect to amounts which did not agree, we found [entity] had prepared reconciliations and that the credit notes, invoices and payments over \$XXX as agreed to reconciling items unless exceptions noted.	<i>[Detail exceptions]</i>

[The following procedures included in the terms of the engagement could not be performed for the reasons set out below:]²²

[Procedure Unable to be Performed]	[Reasons Procedure was Unable to be Performed]
<i>[Detail procedure in terms of the engagement]</i>	<i>[Detail reasons]</i>

Restriction on Distribution and Use of Report

This report is intended solely for the use of [entity] and [intended users identified in the terms of the engagement] for the purpose set out above. As the intended user of our report, it is for you and other intended users to assess both the procedures and our factual findings to determine whether they

²² Insert this table where there has been a limitation of scope such that certain procedures could not be performed.

Standard on Related Services ASRS 4400 *Agreed-Upon Procedures Engagements to Report Factual Findings*

provide, in combination with any other information you have obtained, a reasonable basis for any conclusions which you wish to draw on the subject matter. As required by ASRS 4400, distribution of this report is restricted to those parties that have agreed the procedures to be performed with us and other intended users identified in the terms of the engagement (since others, unaware of the reasons for the procedures, may misinterpret the results). Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than [company full name, name of intended users and name of class of users] for any consequences of reliance on this report for any purpose.

[Assurance practitioner's signature]

[Date of the report of factual findings]

[Assurance practitioner's address]