



12 April 2017.

The Chairman

International Auditing and Assurance Standards Board (IAASB)

New York

Via uploading on www.ifac.org

Dear Board Members:

Re: Comments on the Discussion Paper “Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB’s International Standards”.

We wish to place on record our appreciation for taking up the captioned topic for inviting comments¹; and for the IAASB Agreed-upon Procedures Working Group for developing the material for seeking comments.

The objective of the IAASB is to strengthen “public confidence in the global auditing and assurance profession”. The fact that the discussion paper (dp) is not an authoritative pronouncement of the IAASB² would not make it any less worthy of our comments.

We are encouraged that the AUP Working Group is open to the views of commentators on any matter that they have not yet considered in relation to the use of AUP and multi-scope engagements.

We avail this opportunity to reflect our experience faithfully as a practitioner in applying the ISRS 4400³ and others.

A summary of our comments is as follows-

1. Restrict the use of term ‘auditor’ in ISRS 4400 for assurance assignments only. The AUP is a non-assurance engagement⁴. The practitioner responsible for the execution of non-assurance assignments is not an ‘auditor’. The term ‘auditor’ is generally taken to mean a legally appointed independent auditor only. The use of term auditor

¹ We understand that the “AUP engagements are frequently used by regulators, funding bodies, creditors and other users. Not-for-profit organizations such as charitable organizations and other entities often engage Small and Medium Practices (SMP) to perform AUP engagements”. P.4 However, most of these are ‘hybrid’ in nature.

² See page 2, first two paras.

³ International Standard on Related Services (ISRS) 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. ISRS 4400 was developed over 20 years ago (para 4).

⁴ The table on page 5 of the dp mentions features of audit, review, compilation and AUP engagements. Under the ‘Engagement Type’, the first row must broadly classify an engagement type as either ‘assurance’ or ‘non-assurance’. Under the assurance, say audit and review (and a new column for assurance engagements other than audit or reviews ISAE3000); and under the non-assurance - compilation engagements and AUP. Restating the table will be self-speaking why there is ‘none’ assurance for the non-assurance engagements.



is inappropriate. It aggravates the confusion that prevails widely in the stakeholders of AUP⁵. [Q13](#)

2. Restrict the practitioner from giving any assurance in non-assurance engagements but allow conveying one's conclusion to the user. A fundamental cause of confusion in ISRS 4400 is that in a non-assurance assignment the practitioner is called upon to carry out procedures of an audit nature and to report on the factual findings; and shifting the burden of drawing conclusions to the user. We recommend that this should not be the case. We agree that an audit-like opinion is not appropriate for the AUP reports. However, leaving aside the wordings akin to an audit opinion, the practitioner should be free to submit a conclusion supported by evidence and a professional judgement. [Q4](#)
3. Direct the stakeholder/practitioner in the revised ISRS 4400 to refer to the ISAE 3000 for an engagement, calling upon for an assurance by its terms of engagements. There's room under the said ISAE for flexible engagements other than an audit or review which are ordinarily known or understood by the general users as 'limited and/or special and/or mini-audit' of an element(s) or component of the financial statements. [Q13](#)
4. The dp rightly reflects that certain engagements (*in our opinion, most engagements*) are a mixture of assurance and non-assurance components, calling them 'hybrid' (or multi-scope) engagements⁶. The hybrid engagements use a combination of procedures derived from review, compilation and AUP engagements. A majority of engagements we came across in our practice belong to this category. We agree that multi-scope engagements call for a wider consideration and separate guidance. [Q14](#)
5. Cover the guidance gap in the IAASB pronouncements by non-authoritative guidance to respond to the needs of the stakeholders and users; as you know that 'in many cases, the procedures relate to whether a funding recipient has used the funds solely for the designated purposes'⁷. Similarly, a practitioner may also be called upon to certify (and reproduce) information or an extract contained in the general purpose

⁵ See para 50: 'They (*the stakeholders*) request practitioners to 'certify' or 'verify' ...and specify the procedures to be performed in support of the certification or verification'.

⁶ Para 6 rightly points out this phenomenon. We find assurance assignments to be straight-forward than these hybrid assignments. The only inaccuracy in para 6 is that it states that hybrid engagements are found in some jurisdictions without any statistics; whereas we believe that the hybrid engagements exist in most jurisdictions.

⁷ See para 50



- financial statements of a client. Specific guidance is also required for such situation as a non-assurance engagement⁸. [Q13](#)
6. Independence of the practitioner for non-assurance engagement is not an issue; it is, for assurance engagements. The practitioner should be independent for multi-scope engagements. [Q3](#)
 7. Confine ISRS 4400 to the AUP on financial information only; develop separate guidance for the non-financial AUPs. Designate areas common in the two spheres, such as use of expert as such. [Q5](#)
 8. Restrict the AUP reports to the pre-specified users only. This should be applicable for the multi-scope activities as well. [Q10](#)
 9. Consider renaming “International Standard on Related Services” as “International Standard on Non-assurance Services” and placing ISRS 4400 under it, for greater public understanding. [Q4](#)
 10. Conduct the Working Group outreach activities in South Asian Region (specially Pakistan)⁹. We are sure that our honourable Institute will welcome any such interaction. At the local level we wish some kind of research is conducted to assess the level of understanding of the practitioners of this subject¹⁰. [Q15](#)
 11. Use simple English for achieving greater level of readability and strengthen public confidence in your publications. Address stakeholders directly. Train your team members to use plain English¹¹. Many passages in the text may be expressed in much simpler words. [Q15](#)
 12. Define the terms used frequently such as ‘professional judgment’, ‘objectively verifiable factual finding’ etc. Make a Basis of Conclusion a part of the revised ISRS 4400. [Q15](#)

Our responses to the questionnaire is enclosed.

Thank you.

Sincerely yours,

Altat Noor Ali.

⁸ We have attached guidance issued by the Institute of Chartered Accountants of Pakistan in this respect as Enclosure to these comments.

⁹ The box under para 6 mentions that the Working Group conducted outreach with NSS in Africa, Asia, Europe and North America without any specific details of those involved.

¹⁰ The Institute of Chartered Accountants of Pakistan issued circular no. 3 in Jan 2016

¹¹ You may refer to www.plainenglish.co.uk and its crystal mark campaign for your publications.



The Role of Professional Judgment and Professional Skepticism in an AUP Engagement

Q1. Results from the Working Group's outreach indicate that many stakeholders are of the view that professional judgment has a role in an AUP engagement, particularly in the context of performing the AUP engagement with professional competence and due care. However, the procedures in an AUP engagement should result in objectively verifiable factual findings and not subjective opinions or conclusions. Is this consistent with your views on the role of professional judgment in an AUP engagement? If not, what are your views on the role of professional judgment in an AUP engagement?

Q2. Should revised ISRS 4400 include requirements relating to professional judgment? If yes, are there any unintended consequences of doing so?

A1. We fully support the view of the Working Group that professional judgment has a role in an AUP engagement, particularly in the context of performing the AUP engagement with professional competence and due care. Professional judgment permeates the work of a practitioner for any assurance, non-assurance or multi-scope engagement. We wish to express our discomfort with the concept that the AUP engagement should result in objectively verifiable factual findings and not subjective opinions or conclusions. The term "objectively verifiable factual findings" needs a definition. We see it as a relative term implying a spectrum (range) in which the objectively verifiable factual findings may fall. Every procedure or task performed by a practitioner may not be neatly labeled as "objectively verifiable" or "subjective". What is objective for one may not be so for the other in a given situation. We recognize the role of many inferences in AUP. We reject the notion of AUP report confined to the factual findings with no room for reasonable inferences.

A2. Yes. Require professional judgement for all engagements including the revised ISRS 4400. How the professional judgment is applied by a practitioner in a particular instance may be a challenging matter.



The Independence of the Professional Accountant

Q3. What are your views regarding practitioner independence for AUP engagements? Would your views change if the AUP report is restricted to specific users?

A3. Independence of the practitioner for non-assurance engagement is not an issue; it is for assurance engagements. The practitioner should be independent for multi-scope engagements.

The AUP report should mention the status of independence of the practitioner. Where the terms of engagements require one to be independent it should be so stated in the report. Where the practitioner is not independent, a statement to that effect would be made in the report of the engagement¹².

Presently, independence is not a requirement for AUP engagements¹³; also, the practitioners do not need to be independent when performing compilation engagement¹⁴.

We agree that requiring practitioners to be independent as a matter of course is unnecessarily restrictive where the AUP report is restricted and the disclosure is made in the report on the practitioner's independence.

¹² ISRS 4400, paragraph 7.

¹³ Para 18

¹⁴ Para 19



Terminology in Describing Procedures and Reporting Factual Findings in an AUP Report

Q4. What are your views regarding a prohibition on unclear or misleading terminology with related guidance about what unclear or misleading terminology mean (see A4.1)? Would your views change if the AUP report is restricted (see A4.2)?

The title “International Standard for Related Services” is misleading; rename it as “International Standard on Non-Assurance Service”. As a rule, firstly classify a service as either assurance and non-assurance.

A4.1 Restrict the practitioner from giving any assurance in non-assurance engagements but allow conveying one’s conclusion to the user. A fundamental cause of confusion in ISRS 4400 is that in a non-assurance assignment the practitioner is called upon to carry out procedures of an audit nature and to report on the factual findings; and shifting the burden of drawing conclusions to the user. We recommend that this should not be the case. We agree that an audit-like opinion is not appropriate for the AUP reports. However, leaving aside the wordings akin to an audit opinion, the practitioner should be free to submit a conclusion supported by evidence and a professional judgement.

In Pakistan, our Institute (the National Standard Setter) issued circular 3 for guidance to the practitioners.

The Working Group needs to acknowledge if it’s a guidance gap for the stakeholder and the practitioner on the specific subject matter mentioned in Enclosure 1.

A stakeholder may compel the practitioner to use certain words and phrases as a part of terms of engagement which may be assigned a different meaning. In such cases, the report should reproduce the terms of engagement as its integral part.

The specific terms in an audit opinion are meant for audit engagements only. However, these may be permitted for engagements under ISAS3000 for what is generally understood as audit may be special or a limited one.

A4.2 No. For strengthening public confidence, the rule for usage of terms should be the same.



AUP Engagements on Non-Financial Information

Q5. What are your views regarding clarifying that the scope of ISRS 4400 includes non-financial information, and developing pre-conditions relating to competence to undertake an AUP engagement on non-financial information?

Q6. Are there any other matters that should be considered if the scope is clarified to include non-financial information?

Using the Work of an Expert

Q7. Do you agree with the Working Group's views that ISRS 4400 should be enhanced, as explained above, for the use of experts in AUP engagements? Why or why not?

Format of the AUP Report

Q8. What are your views regarding the Working Group's suggestions for improvements to the illustrative AUP report? We would be particularly interested in receiving illustrative reports that you believe communicate factual findings well.

AUP Report Restrictions – To Whom the AUP Report Should be Restricted

Q9. Do you agree that the AUP report can be provided to a party that is not a signatory to the engagement letter as long as the party has a clear understanding of the AUP and the conditions of the engagement? If not, what are your views?

A5. Confine ISRS 4400 to the AUP on financial information only; develop separate guidance for the non-financial AUPs. Designate areas common in the two spheres, such as use of expert as such.

We do not support including non-financial information in the ISRS 4400; it is meant for financial information only.

A6. We are not in a position to offer a meaningful comment to this question. We broadly see a need for a non-assurance AUP standard on non-financial information.

A7. Yes. However, as mentioned earlier, we do not wish to dilute ISRS 4400. We support the guidance to be enhanced through a separate standard for the non-financial information AUPs including the use of experts in the AUP engagements.

A8. We agree that the illustrative report should be revised. The scope of the AUP should be disclosed in one place in the beginning and thereafter for each the specific findings may follow. We do not support the tabular format. The text to be placed may vary for each AUP.

A9. Yes.

Restrict the AUP reports to the pre-specified users only. This should be applicable for the multi-scope activities as well.



AUP Report Restrictions – Three Possible Approaches to Restricting the AUP Report

Q10. In your view, which of the three approaches described in paragraph 44 is the most appropriate (and which ones are not appropriate)? Please explain.

A10. Restrict the AUP reports to the pre-specified users only.

As the report is in response to the specific terms of engagement, we recommend that the terms of engagements by the stakeholders should be reproduced as an enclosure to the report.

The fundamental question is about the liability of the practitioner to the third party who relies upon the report.

It is not possible to track where the report is circulated.

The best safeguard for the practitioner is to address the report and make proper disclosures in it relating to the AUP in terms of independence, scope, findings, etc.

Q11. Are there any other approaches that the Working Group should consider?

A11. We are not in a position to offer a meaningful comment. *Separating non-financial information and addressing multi-scope would help a lot.*

Recommendations Made in Conjunction with AUP Engagements

Q12. Do you agree with the Working Group's view that recommendations should be clearly distinguished from the procedures and factual findings? Why or why not?

A12. Yes. Recommendations should be distinguished by a separate heading.

Many stakeholders find recommendations when integrated as a part of the AUP report to be distracting, specially when they are provided voluntarily and not as a part of the terms of engagement.

In any case, we prefer all recommendations to be produced serially in one place and referred to the relevant sections in the main report.



Other Issues relating to ISRS 4400

Q13. Are there any other areas in ISRS 4400 that need to be improved to clarify the value and limitations of an AUP engagement? If so, please specify the area(s) and your views as to how it can be improved.

A practitioner may also be called upon to certify (and reproduce) information or an extract contained in the general purpose financial statements of a client. Specific guidance is also required for such situation as a non-assurance engagement¹⁵.

A13. Purge the term 'auditor' from ISRS4400; identify AUP as a non-assurance engagement; provide alternative to the audit in the form of ISAE 3000; and create non-authoritative for facilitating stakeholders who wish to be assured about the utilization of funds.

Restrict the use of term 'auditor' in ISRS 4400 for assurance assignments only. The AUP is a non-assurance engagement¹⁶. The practitioner responsible for the execution of non-assurance assignments is not an 'auditor'. The term 'auditor' is generally taken to mean a legally appointed independent auditor only. The use of term auditor is inappropriate. It aggravates the confusion that prevails widely in the stakeholders of AUP¹⁷.

Direct the practitioner to refer to the ISAE 3000 for an engagement calling upon for a limited level of assurance as required by the terms of engagements. There's room under the said ISAE for flexible engagements other than an audit or review which are ordinarily known or understood by the general users as 'limited and/or special and/or mini-audit' of an element(s) or component of the financial statements.

Cover the guidance gap in the IAASB pronouncements by non-authoritative guidance to respond to the needs of the stakeholders and users; as you know that 'in many cases, the procedures relate to whether a funding recipient has used the funds solely for the designated purposes'¹⁸.

¹⁶ The table on page 5 of the dp mentions features of audit, review, compilation and AUP engagements. Under the 'Engagement Type', the first row must broadly classify an engagement type as either 'assurance' or 'non-assurance'. Under the assurance, say audit and review (and a new column for assurance engagements other than audit or reviews ISAE3000); and under the non-assurance - compilation engagements and AUP. Restating the table will be self-speaking why there is 'none' assurance for the non-assurance engagements.

¹⁷ See para 50: 'They (*the stakeholders*) request practitioners to 'certify' or 'verify'...and specify the procedures to be performed in support of the certification or verification'.

¹⁸ See para 50

¹⁵ Guidance issued by the Institute of Chartered Accountants of Pakistan is reproduced as Enclosure 1.



Multi-Scope Engagements

Q14. *What are your views as to whether the IAASB needs to address multi-scope engagements, and how should this be done? For example, would non-authoritative guidance be useful in light of the emerging use of these types of engagements?*

A14. The dp rightly reflects that certain engagements (in our opinion, most engagements) are a mixture of assurance and non-assurance components, calling them 'hybrid' (or multi-scope) engagements¹⁹. The hybrid engagements use a combination of procedures derived from review, compilation and AUP engagements. A majority of engagements we came across in our practice belong to this category. We agree that multi-scope engagements call for a wider consideration and separate guidance. This will be the case where a single collective opinion is required, independence of the practitioner calls for further consideration.

¹⁹ Para 6 rightly points out this phenomenon. We find assurance assignments to be straight-forward than these hybrid assignments. The only inaccuracy in para 6 is that it states that hybrid engagements are found in some jurisdictions without any statistics; whereas we believe that the hybrid engagements exist in most jurisdictions.



Q15. Do you agree with the Working Group's view that it should address issues within AUP engagements before it addresses multi-scope engagements?

A15. We agree with the sequence that the ISRS 4400 should be revised before taking up the multi-scope engagements.

Conduct the Working Group outreach activities in South Asian Region (specially Pakistan)²⁰. We are sure that our honourable Institute will welcome any such interaction. At the local level we wish some kind of research is conducted to assess the level of understanding of the practitioners of this subject²¹.

Use simple English for achieving greater level of readability and strengthen public confidence in your publications. Address stakeholders directly. Train your team members to use plain English²². Many passages in the text may be expressed in much simpler words.

Define the terms used frequently such as 'professional judgment', 'objectively verifiable factual finding' etc. Make a Basis of Conclusion a part of the revised ISRS 4400.

End of Questionnaire.

²⁰ The box under para 6 mentions that the Working Group conducted outreach with NSS in Africa, Asia, Europe and North America without any specific details of those involved.

²¹ The Institute of Chartered Accountants of Pakistan issued circular no. 3 in Jan 2016

²² You may refer to www.plainenglish.co.uk and its crystal mark campaign for your publications.



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

HEAD OFFICE

Circular No. 03/2016

Enclosure 1:
Guidance for Issue of
Certificates for
Special Purposes.

February 25, 2016

ALL PRACTICING MEMBERS OF THE INSTITUTE

Dear Member

**GUIDELINES FOR ISSUE OF CERTIFICATES FOR SPECIAL PURPOSES BY PRACTICING
CHARTERED ACCOUNTANT FIRMS**

The Council of the Institute in its 271st meeting held on January 9, 2016, has decided to issue the enclosed '*Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms*'.

Government and Regulatory authorities under various statutes, regulations or notifications, require certificates from auditors. In the absence of prescribed wording in the law or regulations there are diverse practices prevalent in issuing such certificates by practicing members. In a number of cases these are issued as assurance reports instead of certificates. The formats of these reports and the assurance standards under which these are issued are also not standardized.

Due to varied practices applicable, it has been felt that there is a need to provide guidance which will ensure that the requirements of law are complied with and that standard certificates are issued for consistency. Hence the '*Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms*' have been developed.

Members are advised to take guidance from the said Guidelines.

Yours truly

Saira Shamsie
Sr. Manager Technical Services

Encl.: As above

(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)

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GUIDELINES FOR ISSUE OF CERTIFICATES FOR SPECIAL PURPOSES BY PRACTICING CHARTERED ACCOUNTANT FIRMS





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8. Certificate formats
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1. Introduction

Government and Regulatory authorities under various statutes, regulations or notifications, require certificates from auditors/ reporting practicing members in support of statements or other information prepared by an entity's management. Certificates on specific matters may also be required from reporting practicing members / auditors by the entity, for its own special purposes. These certificates cater to specific requirements of the individual users unlike a 'general purpose report' e.g. an auditor's report on financial statements which is intended for general use. Certificate for special purpose is one to which the format of general purpose audit report is not applicable as they are not covered by the auditing framework. This is also supported by the requirements of section 2(2)(iii) of the Chartered Accountants Ordinance 1961 which says that chartered accountants in practice shall be deemed to be in practice if he:

2(2)(iii) renders professional services or assistance in or about matters of principle or detail relating to accounting procedure or the recording, presentation or certification of financial facts or data;

This Certificates Guidelines is intended to provide guidance to members who may be called upon to certify facts or data for special purposes (herein referred to as 'reporting practicing member').

Audit/Assurance Reports required on financial statements or financial forecasts do not fall within the scope of this guidance. For Audit/Assurance report respective International Auditing/Assurance Standards should be consulted.

2. Scope of Special Purpose Certificates

Certificates for special purposes may be issued where compliance with requirements of statute or regulation is required and:

- i. financial information is given in special purpose formats or schedules; or
- ii. a statement of fact is made; or
- iii. compilation of statistics or ascertainment of figures is performed.

A reporting practicing member should appreciate the difference between the terms 'certificate' and 'report'. A certificate is a written confirmation of accuracy of the facts stated therein and does not involve any estimate or opinion. A report, on the other hand, is a statement usually made after an enquiry, examination or reviews of specified matters under report and includes the reporting practicing member's 'opinion thereon. Thus, when a reporting auditor issues a certificate, he is responsible for the factual accuracy of what is stated therein. On the other hand, when a reporting



practicing member gives a report, he is responsible for ensuring to the extent possible that the report is based on factual data, his opinion is in accordance with reported facts, and that it is arrived at by the application of due care, judgment and skill.

3. Responsibility for Preparation of Special Purpose Statements

The primary responsibility for the contents, details and supports of a special purpose statement rests with the entity's management and this should be evidenced by a suitable declaration or authentication by the management on the face of the statement.

4. Scope of a Reporting Practicing Members' Function

A reporting practicing member should have a clear understanding of the scope and nature of the terms of his assignment. It is desirable for him to obtain the terms in writing to avoid any misunderstanding.

A reporting practicing member is not an expert on purely technical matters and as such, when he is required to certify such matters (e.g., composition or quality or condition of a product) which are of paramount importance and constitute the very basis of the figures contained in the statement, he should state his limitations clearly in the certificate.

Otherwise services of expert are to be hired and the reporting practicing member certificate should refer this fact in their Certificate and the extent to which he has relied upon the expert's judgement. At the same time he should indicate the extent to which he has been able to exercise his own professional skill and judgment with regard to the matter being certified upon. He shall, of course, satisfy himself about the technical qualifications of the expert, and subject the expert's certificate to a reasonable review.

5. Reporting Practicing Member's Responsibility

In respect of certification work, reporting practicing member responsibilities are:

(a) to review the information contained in the statement prepared by the management or the subject matter and to certify in accordance with the applicable law/regulation and following these guidelines.

(b) in carrying out his work, the reporting practicing member will obtain such evidence and explanations from the entity as the reporting practicing member considers necessary to form a conclusion. Where testing is required, the level of testing is a matter of professional judgement according to the particular circumstances of the entity and the reporting practicing member's assessment of risk. If a minimum sample size is specified in the terms of appointment, the reporting practicing member must use professional judgement to determine whether testing over and above that specified minimum is required in the particular circumstances;

(c) where testing is required, to direct work to those matters that, in the reporting practicing member's view, significantly affect the subject matter. In assessing the extent to which amounts included in a statement are in accordance with the conditions under which it is made, the reporting practicing member acts as a professional accountant and not a legal expert;

(d) not to disclose certificates and other information, in whole or in part, to third parties or person requiring it other than those with statutory rights of access to them.

(e) in respect of certificate to express a conclusion, on the basis of appropriate and sufficient evidence, that evidence being persuasive rather than conclusive as because of the inherent limitations involved in certification work, errors or irregularities including fraud may occur and not be detected.



6. Contents of Certificates for Special Purposes

In most cases, a reporting practicing member should choose the form and contents of his certificate. In other cases the form and contents of the certificate is specified by a statute or notification and should not be changed.

Where a reporting practicing member is free to draft his certificate, he should consider the following:

- The title of the certificate should clearly indicate its nature, similarly, the language should be unambiguous, i.e., it should clearly bring out whether the reporting practicing member is only confirming the accuracy of certain facts, figures and statements. For this, the choice of appropriate words and phrases is important
- The certificate should mention the time period or specific time for which the certificate is being given i.e. statement as on June 30, 20XX or for the period from July 01, 20XX to September 30, 20XX
- Certificate should be appropriately addressed to the appointing authority i.e. Directors, Company Secretary, Chief Financial Officer, Chief Executive etc., Certificate to client or to the public authority or person requiring it, as the case may be. The certificate should normally be issued to the client who would be responsible for forwarding the same to the concerned authority, where so required
- Specific elements, accounts or items covered by the certificate should be clearly identified and indicated
- Mentioning the responsibility of preparation of the statement of compliance required under law or statute
- The certificate should indicate the manner, in which the procedures which are required for carrying out certification have been carried out, e.g., by the application of specific procedure required by the regulation or agreed with the appointing authority or any other manner
- If the certificate is subject to any limitations in scope, such limitations should be clearly mentioned
- Assumptions on which the special purpose statement is based should be clearly indicated if they are fundamental to the appreciation of the statement
- Reference to the information and explanations obtained should be included in the certificate. In certain cases, apart from a general reference to information and explanations obtained, a reporting practicing member may also find it necessary to refer in his certificate factual information or explanations on which he has relied
- If the certificate is based on general purpose financial statements which have been audited, the certificate should contain a reference to such statements and audit if relevant in cases where reliance is placed on the audit report. However, the certificate should not contain a reference to any other statement unless the same is attached with the certificate. It should be clearly indicated whether or not the statutory audit of the general purpose financial statements has been completed and also, whether such audit has been conducted by the reporting practicing member or by another practicing member. In case the general purpose financial statements have been audited by another auditor, the reporting practicing member should specify the extent to which he has relied on them. He may communicate with the statutory auditor for securing his co-operation and in appropriate circumstances, discuss relevant matters with him, if possible
- If the report/ statement on which certificate is based contains a modified opinion, the reporting practicing member should specify the fact in the certificate



The certificate should contain a disclaimer statement to the fact that the certificate is only limited to the facts disclosed in the certificates and the attachments referred therein and is not a certificate of assurance

A certificate should ordinarily be a self-contained document. It should not confine itself to a mere reference to another report or certificate issued by the reporting practicing member but should include all relevant information contained in such report or certificate

The reporting practicing member should clearly indicate in his certificate, the extent of responsibility which he assumes. Where the statement on which he is required to give his certificate, includes some information which has not been audited, he should clearly indicate in his certificate the particulars of such information

The certificate should be appropriately dated and signed by the reporting practicing member, including mentioning the place where certificate has been issued

7. Extent of Reliance on General Purpose Audit Report

Where a special purpose certification engagement is undertaken after the statutory audit has been completed, a reporting practicing member should invariably review the statutory audit report to ascertain whether there are any matters which have a bearing on his certificate.

In cases, where a reporting practicing member is required to certify certain specific matters arising from the financial statements taken as a whole, he should not normally issue certificate until the statutory audit has been completed.

Where a certificate is required before the statutory audit is completed, a reporting practicing member should clearly state this in the certificate that the statutory audit of the financial statements has not been completed for the relevant period of time.

Where the reporting practicing member prepares his certificate on the basis of duly audited general purpose financial statements, he may take the following precautions:

State in his certificate that the figures from the audited general purpose financial statements have been used and relied upon.

Certificate should be supported by schedule/ note, showing the reconciliation between the figures in the general purpose financial statements and the figures annexed as statements to certificate and which is going to be certified.

Communicating with the auditor of general purpose financial statements, if different than the reporting practicing member, to carry out any discussions that may be considered necessary by the reporting practicing member.

8. Certificate formats

A sample certificate format is also attached for guidance and use of practicing members.

9. Disclaimer

The Guidelines is intended to provide guidance to practicing members who may be called upon to certify facts or data for special purposes. However, a reporting practicing member should utilize the Guidelines in light of his or her professional judgment and the facts and circumstances involved in each certification. The Institute disclaims any responsibility or liability that may occur, directly or indirectly, as a consequence of the use and application of the Guidelines.



SAMPLE FORMAT OF CERTIFICATE

Date

Company Secretary ABC Limited Address line City

Dear Sir

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PRACTICING MEMBERS' CERTIFICATE ON AS REQUIRED UNDERRULES/ REGULATION

We have been requested to provide you with a certificate on the annexed report/ statement of ABC Limited for the period ended June 30, 20XX as required under(mention Rules/ Regulation).

Scope of Certificate

(mention specific requirements of law/ regulation)

Management Responsibility

It is the management responsibility to provide the report/ statement forfor the period ended June 30, 20XX in compliance with the(mention Rules/ Regulation).

Practicing Member/ Auditor's Responsibility

Our responsibility is to certify the compliance of the requirement of(mention Rules/ Regulation) in accordance with the '*Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms*' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

xxxx b) xxxx

Certificate

Based on procedures mentioned above, we certify that

Restriction on use and distribution

This certificate is issued in relation to (mention Rules/ Regulation) and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the attachments.

Yours truly

XYZ Chartered Accountants City