

**Comments to the Discussion Paper dated November 2016 on "Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards"**

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Q1./R1. The professional judgement in AUP engagements should be limited to professional competence and due care. The present situation is clear and comfortable, with an appropriate different set of standards responding to different needs. The AUP engagements should be designed to avoid indeed subjective opinions. No clear reason for change can be identified.

Q2./R2. Non, ISRS 4400 should not include any requirement related to professional judgement.

Q3./R3. As a consequence of the fact that professional judgement should be limited in AUP, the Practitioners' independence for AUP is of relevance in relation to the due care only. A revision of the concept of conflict of interests in performing an assurance engagement and an AUP engagement to the same entity should be envisaged, in order to replace an absolute prohibition with a reasoned educated decision, depending on the concrete terms of reference of the two assignments.

Q4./R4. A prohibition on unclear or misleading terminology appears too strict, even if comforted with a related guidance on those concepts. The standards should oblige the parties to identify in advance the unclear or misleading terminology, before signing the engagement, and complement it with a mutually binding guidance, or with the determination of a procedure to timely cope with those situations.

Indeed, the restriction of the report to specific users may help in enlarging the scope of the guidance, taking in due account potential needs of the stakeholder.

Q5./R5. The potential expansion of the scope of ISRS 4400 to non-financial information seems very interesting and may respond to specific needs of a stakeholder. In several areas, and more and more, the decision making process of a stakeholder may need to take into consideration financial as well as non-financial information. As a consequence, performing an AUP on non-financial information could in specific circumstances bridge the gap between a financial and a technical audit.

Q6./R6. Yes, professional competence should be defined more appropriately.

Q7./R7. The enhancement of ISRS 4400 for the use of experts in AUP is absolutely welcome, and is to be seen in the perspective of the reply to Q5.

A careful definition of the requirements concerning the professional competence become even more essential when determining the adequacy of the factual findings reported by the expert with the results of the procedures required.

Q8./R8. No opinion.

Q9./R9. Absolutely yes, agree.

Q10./R10. The third approach is indeed the preferred trade off between the different purposes and needs. In particular, it represents the more suitable approach from a pragmatic perspective, avoiding conflicts upfront.

Q11./R11. The third approach could be combined with the first one, in a way that mitigates the disadvantage of the first approach and limits both, the number of engagements not accepted, and the cases of conflicts of responsibilities.

Q12./R12. No, the Working Group's view is too restrictive. It is however acknowledged that a predetermined table of consequences, including recommendations to be provided by the practitioners on matters detected during the AUP engagement is essential to framework both the professional competence and due care of the practitioners, and the equality of treatment and coherence of control results for the stakeholders.

Q13./R13. No. It may be true that in some cases the nature of an AUP, and its difference compared to an assurance engagement may be not as clear to the stakeholders as expected. However, introducing a supplementary set of hybrid standard would be not beneficial to enhance that understanding.

Q14./R14. Multi-scope engagements should be considered with extreme prudence, and if not necessary, not introduced at all. If absolutely needed, non-authoritative guidance is not enough to avoid all the uncertainties inherent to this kind of new engagement.

Q15./R15. Absolutely yes. Before addressing multi-scope engagements, and only if strictly needed, issues within the AUP should first be clarified and addressed.