



February 9, 2017

International Auditing and Assurance Standards Board
Via web submission: www.ifac.org

Dear Sir/Madam:

Re: Discussion Paper: Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards

We support the proposed Standard as outlined in the discussion paper Exploring the Demand for Agreed-Upon Procedures Engagements and Other Services, and the Implications for the IAASB's International Standards. The attachment sets out our responses to the specific questions listed in the discussion paper.

Yours truly,

A handwritten signature in blue ink, appearing to read "J. Ferguson".

Judy Ferguson, FCPA, FCA
Provincial Auditor

BR/dd
Attachment

Cc: Mr. Eric Turner, CPA, CA, Director, Auditing and Assurance Standards Board

	Question	Response
The Role of Professional Judgment and Professional Skepticism in an Agreed-Upon Procedure (AUP) Engagement		
1	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?	Yes, professional judgment needs to be applied when performing the procedures in an AUP engagement with professional competence and due care.
2	Should revised ISRS 4400 include requirements relating to professional judgment? If yes, are there any unintended consequences of doing so?	Yes, a statement that the role of professional judgment is necessary in the engagement in context of professional competence and due care would clarify the actions of the practitioner. We are not aware of unintended consequences.
The Independence of the Professional Accountant		
3	What are your views regarding practitioner independence for AUP engagements? Would your views change if the AUP report is restricted to specific users?	Because an AUP engagement does not offer assurance, and is resulting in a “Report on factual findings”, the practitioner does not need to be independent, as long as they are objective. Additionally, there should be the requirement to state in the report of factual findings where the practitioner is not independent. There is no change of view when the report is restricted to specific users.
Terminology in Describing Procedures and Reporting Factual Findings in an AUP Report		
4	What are your views regarding a prohibition on unclear or misleading terminology with related guidance about what unclear or misleading terminology mean? Would your views change if the AUP report is restricted?	Unclear or misleading terminology should be prohibited by the new standard in order to ensure the report of factual findings remains accurate and clear, with the exception where unclear or misleading terminology is required by law or regulations. In the case where it is required by law or regulations, definition of these terms in the terms of reference of the report should be provided.

	Question	Response
		<p>Guidance on what constitutes unclear or misleading terminology, and terminology that is often used appropriately in practice should be included in the revised ISRS 4400.</p> <p>Our view does not change for a restricted AUP report, as the report needs to remain accurate and clear.</p>
AUP Engagements on Non-Financial Information		
5	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?	<p>ISRS 4400 should be clarified to include non-financial information. Additionally, in order to avoid the risk of practitioner may not have the competence to take on such engagements, the standard should require the practitioner to:</p> <ul style="list-style-type: none"> • Have sufficient competence in the subject matter area to accept responsibility for the engagement, and • Be satisfied that the engagement team collectively has appropriate competence to perform the engagement.
6	Are there any other matters that should be considered if the scope is clarified to include non-financial information?	None identified
Using the Work of an Expert		
7	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?	Yes, as the standard is updated to include non-financial information, the use of work of an expert will be required in some instances. Therefore, in order to ensure the involvement of an expert is consistent with exercising professional competence and due care, the standard should be enhanced to include using the work of an expert.
Format of the AUP Report		
8	<p>What are your views regarding the Working Group's suggestions for improvements to the illustrative AUP report?</p> <p>(Note: We would be particularly interested in receiving Illustrative reports that you believe communicate factual findings well.)</p>	An improved illustration of the report, presenting the procedures and corresponding findings (either tabular, or showing the procedures and findings together) would be facilitate better communication.

	Question	Response
AUP Report Restrictions – To Whom the AUP Report Should be Restricted		
9	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?	Yes, the AUP report can be provided to 3 rd parties, and the 3 rd party requires a clear understanding of the AUP and the conditions of the engagement.
AUP Report Restrictions – Three Possible Approaches to Restricting the AUP Report		
10	In your view, which of the three approaches described in paragraph 44 is the most appropriate (and which ones are not appropriate)? Please explain.	<p>Approach (c) appears to be the most appropriate, as it clearly states the purpose of the report, and protects the practitioner from undue harm due to misinterpretation.</p> <p>Approach (a) appears to be a cumbersome and time-consuming process that could result in delays to the process.</p> <p>Approach (b) is a viable option, however, approach (c) is a simple compromise to avoid deciding if a restriction is required or not.</p>
11	Are there any other approaches that the Working Group should consider?	None, approach (c) appears reasonable
Recommendations Made in Conjunction with AUP Engagements		
12	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?	<p>Yes, recommendations should be clearly distinguished from the procedures and factual findings, as earlier stated, the Report on Factual Findings excludes opinions or conclusions.</p> <p>It is suitable to include recommendations, if they are required or requested as part of reporting to the users of the report, but they should be separate from the procedures and findings.</p>
Other Issues relating to ISRS 4400		
13	Are there any other areas in ISRS 4400 that need to be improved to clarify the value and limitations of an AUP	None identified

	Question	Response
	engagement? If so, please specify the area(s) and your views as to how it can be improved.	
Multi-Scope Engagements		
14	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?	Because different aspects of a multi-scope engagement should already be conducted in compliance with their respective IAASB standard, non-authoritative guidance would be useful to communicate to practitioners the distinction between the different scopes of the engagement.
15	Do you agree with the Working Group's view that it should address issues within AUP engagements before it addresses multi-scope engagements?	Yes, as stated above, the different aspects of a multi-scope engagement should already be conducted in compliance with their respective IAASB standard. Therefore, focus should be to address the AUP engagement, and then assess if the Working Group needs to address multi-scope engagements.