



Republic of the Philippines
Professional Regulation Commission
Manila



PROFESSIONAL REGULATORY BOARD OF ACCOUNTANCY

Resolution No. 41

Series of 2020

PHILIPPINE STANDARD ON AUDITING

WHEREAS, the Auditing and Assurance Standards Council (AASC) has approved and submitted hereunder pronouncements to the Board for approval:

1. *International Standard on Related Services 4400 (Revised), Agreed-upon Procedures Engagements, which has been approved for adoption by the Auditing and Assurance Standards Council (AASC) as Philippine Standard on Related Services (PSRS) 4400 (Revised), Agreed-upon Procedures Engagements, PSRS 4400 (Revised) is effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after January 01, 2022*
2. *IASB's International Standards, Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code, which has been approved for adoption by the AASC as Philippine Standards, Conforming Amendments to Philippine Standards as a Result of the Revised Code of Ethics for Professional Accountants in the Philippines. Philippine Standards is effective on December 15, 2020.*

WHEREAS, after study and review of the provisions of the aboved-stated pronouncements as adopted by the AASC, the Board finds them to be well taken and instructive for compliance by practicing Certified Public Accountants;

WHEREFORE, the Board **RESOLVES** as it is hereby **RESOLVED**, to adopt the aboved-stated pronouncements as part of the Philippine Auditing Standards;

RESOLVED FURTHER, that this Resolution and the aboved-stated pronouncements shall take effect fifteen (15) days following its full and complete publication in the Official Gazette or in any newspaper of general circulation in the Philippines.

Done in the City of Manila, this 18th day of November, 2020.

NOE G. QUIÑANOLA

Chairman

THELMA S. CIUDADANO

Vice-Chairman

ARLYN S. VILLANUEVA

Member

GERVACIO I. PIATOR

Member

SAMUEL B. PADILLA

Member

GLORIA T. BAYSA

Member

VACANT

Member

ATTESTED:



ATTY. OMAIMAH E. GANDAMRA
OIC, PRB Secretariat Division

APPROVED:



TEOFILO S. PILANDO, JR.
Chairman



YOLANDA D. REYES
Commissioner



JOSE Y. CUETO, JR.
Commissioner

Note: Attachment maybe downloaded at www.prc.gov.ph under PRB of
Accountancy Resolution. <https://www.prc.gov.ph/accountancy>

DATE OF PUBLICATION IN THE
BUSINESS WORLD : Nov. 20, 2020
Date of Effectivity : Dec. 6, 2020



Auditing and Assurance Standards Council

Philippine Standards

***Conforming Amendments to Philippine Standards as
a Result of the Revised Code of Ethics for
Professional Accountants in the Philippines***

PHILIPPINE STANDARDS

CONFORMING AMENDMENTS TO PHILIPPINE STANDARDS AS A RESULT OF THE REVISED CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS IN THE PHILIPPINES

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**AASC PREFACE TO PHILIPPINE STANDARDS
CONFORMING AMENDMENTS TO PHILIPPINE STANDARDS AS A RESULT
OF THE REVISED CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS IN
THE PHILIPPINES**

1. The Auditing and Assurance Standards Council (AASC) has approved on May 18, 2020 the adoption of IAASB's International Standards, *Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code*, issued by the International Auditing and Assurance Standards Board (IAASB) in April 2020, as Philippine Standards, *Conforming Amendments to Philippine Standards as a Result of the Revised Code of Ethics for Professional Accountants in the Philippines*.
2. The Philippine Standards is effective on December 15, 2020.



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Final Pronouncement
April 2020

IAASB's International Standards

Conforming Amendments to the
IAASB International Standards as
a Result of the Revised IESBA
Code

IAASB

International Auditing
and Assurance
Standards Board

About the IAASB

This document was developed and approved by the International Auditing and Assurance Standards Board.

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

The IAASB develops auditing and assurance standards and guidance for use by all professional accountants under a shared standard-setting process involving the Public Interest Oversight Board, which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group, which provides public interest input into the development of the standards and guidance. The structures and processes that support the operations of the IAASB are facilitated by the International Federation of Accountants (IFAC).

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CONFORMING AMENDMENTS TO THE IAASB INTERNATIONAL STANDARDS AS A RESULT OF THE REVISED IESBA CODE¹

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
Glossary	<p><i>Independence</i>¹⁶—Comprises:</p> <p>(a) Independence of mind—the state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism.</p> <p>(b) Independence in appearance—the avoidance of facts and circumstances that are so significant a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude a firm's, or a member of the assurance team's, integrity, objectivity or professional skepticism had been compromised.</p> <p>16 As defined in the <i>IESBA Code of Ethics for Professional Accountants</i></p>	<p><i>Independence</i>¹⁶—Comprises:</p> <p>(a) Independence of mind—the state of mind that permits the <u>expression</u> provision of an opinion <u>conclusion</u> without being affected by influences that compromise professional judgment, <u>thereby</u> allowing an individual to act with integrity, and exercise objectivity and professional skepticism.</p> <p>(b) Independence in appearance—the avoidance of facts and circumstances that are so significant <u>that</u> a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would <u>be likely to reasonably conclude that</u> a firm's, or a member of the an audit or assurance team's member's, integrity, objectivity or professional skepticism had<u>s</u> been compromised.</p> <p>16 As defined in the <u>International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)</u></p>
Glossary (Refer also to standards that	<p>Professional accountant¹⁹—An individual who is a member of an IFAC member body.</p> <p>19 As defined in the <i>IESBA Code of Ethics for Professional Accountants</i></p>	<p>19 As defined in the <i>IESBA <u>Code</u> of Ethics for Professional Accountants</i></p>

¹ The comparison is based on the 2018 Handbooks published by IAASB and IESBA

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
contain this definition)		
Glossary (Refer also to standards that contain this definition)	<p>Professional accountant in public practice²⁰—A professional accountant, irrespective of functional classification (for example, audit, tax or consulting) in a firm that provides professional services. This term is also used to refer to a firm of professional accountants in public practice.</p> <p>20 As defined in the IESBA <i>Code of Ethics for Professional Accountants</i></p>	20 As defined in the IESBA <i>Code of Ethics for Professional Accountants</i>
Glossary (Refer also to standards that contain this definition)	<p><i>Relevant ethical requirements</i>—Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code) together with national requirements that are more restrictive. In the context of ISRE 2400 (Revised), relevant ethical requirements are defined as the ethical requirements the engagement team is subject to when undertaking review engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code), together with national requirements that are more restrictive. In the context of ISRS 4410 (Revised), relevant ethical requirements are defined as the ethical requirements the engagement team is subject to when undertaking compilation engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code) (excluding Section 290, <i>Independence—Audit and Review Engagements</i>, and Section 291, <i>Independence—Other Assurance</i></p>	<p><i>Relevant ethical requirements (in the context of ISQC 1)</i>—Ethical requirements to which the engagement team and engagement quality control reviewer are subject <u>when undertaking audits or reviews of financial statements, or other assurance or related services engagements</u>, which ordinarily comprise <u>the provisions of the Parts A and B of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code)</u>, together with national requirements that are more restrictive.</p> <p><i>Relevant ethical requirements (in the context of the ISAs)</i>—<u>Ethical requirements to which the engagement team and engagement quality control reviewer are subject when undertaking an audit engagement, which ordinarily comprise the provisions of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) related to an audit of financial statements, together with national requirements that are more restrictive.</u></p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
	Engagements in Part B), together with national requirements that are more restrictive.	<p><u>Relevant ethical requirements (in the context of ISRE 2400 (Revised))</u>, relevant ethical requirements are defined as the ethical requirements to which the engagement team is subject to when undertaking a review engagements, which These requirements ordinarily comprise the provisions of Parts A and B of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) related to a review of financial statements, together with national requirements that are more restrictive.</p> <p><u>Relevant ethical requirements (in the context of ISRS 4410 (Revised))</u>, relevant ethical requirements are defined as the ethical requirements to which the engagement team is subject to when undertaking a compilation engagements, which These requirements ordinarily comprise Parts A and B of the provisions of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) (excluding Section 290, <i>Independence—Audit and Review Engagements</i>, and Section 291, <i>Independence—Other Assurance Engagements in Part B</i>) related to compilation engagements, together with national requirements that are more restrictive.</p>
ISQC 1 Paragraph 12a	Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code) together with national requirements that are more restrictive.	Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject <u>when undertaking audits or reviews of financial statements, or other assurance or related services engagements</u> , which ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of</i>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
		<i>Ethics for Professional Accountants</i> (IESBA Code the provisions of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code), together with national requirements that are more restrictive.
ISQC 1 Paragraph 21	<p>The firm shall establish policies and procedures designed to provide it with reasonable assurance that the firm, its personnel and, where applicable, others subject to independence requirements (including network firm personnel) maintain independence where required by relevant ethical requirements. Such policies and procedures shall enable the firm to: (Ref: Para. A10)</p> <p>(a) Communicate its independence requirements to its personnel and, where applicable, others subject to them; and</p> <p>(b) Identify and evaluate circumstances and relationships that create threats to independence, and to take appropriate action to eliminate those threats or reduce them to an acceptable level by applying safeguards, or, if considered appropriate, to withdraw from the engagement, where withdrawal is possible under applicable law or regulation.</p>	<p>(b) Identify and evaluate circumstances and relationships that create threats to independence, <u>evaluate whether the identified threats are at an acceptable level, and if not address them by and to take appropriate action to eliminating the circumstances that create the threats, applying safeguards to reduce threats to an acceptable level, or withdrawing from the engagement, to eliminate those threats or reduce them to an acceptable level by applying safeguards, or, if considered appropriate, to withdraw from the engagement, where withdrawal is possible under applicable law or regulation.</u></p>
ISQC 1 Paragraph 22	<p>Such policies and procedures shall require: (Ref: Para. A10)</p> <p>(a) Engagement partners to provide the firm with relevant information about client engagements, including the scope of services, to enable the firm to evaluate the overall impact, if any, on independence requirements;</p>	<p>Such policies and procedures shall require: (Ref: Para. A10)</p> <p>(a) Engagement partners to provide the firm with relevant information about client engagements, including the scope of services, to enable the firm to evaluate the overall impact, if any, on independence requirements;</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
	<p>(b) Personnel to promptly notify the firm of circumstances and relationships that create a threat to independence so that appropriate action can be taken; and</p> <p>(c) The accumulation and communication of relevant information to appropriate personnel so that:</p> <p>(i) The firm and its personnel can readily determine whether they satisfy independence requirements;</p> <p>(ii) The firm can maintain and update its records relating to independence; and</p> <p>(iii) The firm can take appropriate action regarding identified threats to independence that are not at an acceptable level.</p>	<p>(b) Personnel to promptly notify the firm of circumstances and relationships that create a threat to independence so that appropriate action can be taken; and</p> <p>(c) The accumulation and communication of relevant information to appropriate personnel so that:</p> <p>(i) The firm and its personnel can readily determine whether they satisfy independence requirements;</p> <p>(ii) The firm can maintain and update its records relating to independence; and</p> <p>(iii) The firm can take appropriate action regarding identified threats to independence that are not at an acceptable level.</p>
ISQC 1 Paragraph 25	<p>The firm shall establish policies and procedures: (Ref: Para. A10)</p> <p>(a) Setting out criteria for determining the need for safeguards to reduce the familiarity threat to an acceptable level when using the same senior personnel on an assurance engagement over a long period of time; and</p> <p>(b) Requiring, for audits of financial statements of listed entities, the rotation of the engagement partner and the individuals responsible for engagement quality control review, and, where applicable, others subject to rotation requirements, after a specified period in compliance with relevant ethical requirements. (Ref: Para. A12–A17)</p>	<p>The firm shall establish policies and procedures: (Ref: Para. A10)</p> <p>(a) Setting out criteria for determining the need <u>to eliminate the circumstances that create a threat for safeguards to reduce of long association with an entity to an acceptable level</u>, the familiarity threat to an acceptable level when using the same senior personnel on an assurance engagement over a long period of time <u>or criteria for applying safeguards to reduce the threat</u>; and</p> <p>(b) Requiring, for audits of financial statements of listed entities, the rotation of the engagement partner and the individuals responsible for engagement quality control review, and, where applicable, others subject to rotation requirements, after a specified period in compliance with relevant ethical requirements. (Ref: Para. A12–A17)</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
ISQC 1 Paragraph A7	<p>The IESBA Code establishes the fundamental principles of professional ethics, which include:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. 	<p>The IESBA Code establishes the fundamental principles of professional-ethics, which <u>include</u>:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. <p><u>The fundamental principles of ethics establish the standard of behavior expected of a professional accountant.</u></p>
ISQC 1 Paragraph A8	<p>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. It provides examples of safeguards that may be appropriate to address threats to compliance with the fundamental principles and also provides examples of situations where safeguards are not available to address the threats.</p>	<p>Part B of is to be applied in specific situations. It provides examples of safeguards that may be appropriate to address threats to compliance with the fundamental principles and also provides examples of situations where safeguards are not available to address the threats.</p> <p><u>The IESBA Code provides a conceptual framework that establishes the approach which a professional accountant is required to apply when identifying, evaluating and addressing threats to compliance with the fundamental principles. In the case of audits, reviews and other assurance engagements, the IESBA Code sets out <i>International Independence Standards</i>, established by the application of the conceptual framework to threats to independence in relation to those engagements.</u></p>
ISQC 1 Paragraph A9	<p>The fundamental principles are reinforced in particular by:</p> <ul style="list-style-type: none"> • The leadership of the firm; • Education and training; 	<p>The fundamental principles are reinforced in particular by:</p> <ul style="list-style-type: none"> • The leadership of the firm; • Education and training;

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
	<ul style="list-style-type: none"> Monitoring; and A process for dealing with non-compliance. 	<ul style="list-style-type: none"> Monitoring; and A process for dealing with <u>breaches</u> non-compliance.
ISQC 1 Paragraph A11	Written confirmation may be in paper or electronic form. By obtaining confirmation and taking appropriate action on information indicating non-compliance, the firm demonstrates the importance that it attaches to independence and makes the issue current for, and visible to, its personnel.	Written confirmation may be in paper or electronic form. By obtaining confirmation and taking appropriate action on information indicating <u>a breach</u> non-compliance , the firm demonstrates the importance that it attaches to independence and makes the issue current for, and visible to, its personnel.
ISQC 1 Paragraph A12	<p>Familiarity Threat (Ref: Para. 25)</p> <p>The IESBA Code discusses the familiarity threat that may be created by using the same senior personnel on an assurance engagement over a long period of time and the safeguards that might be appropriate to address such threats.</p>	<p><u>Long Association with an Entity</u> Familiarity Threat (Ref: Para. 25)</p> <p>The IESBA Code discusses the familiarity threat that may be created <u>as a result of an individual's long association with:</u></p> <ul style="list-style-type: none"> <u>The entity and its operations;</u> <u>The entity's senior management; or</u> <u>The underlying subject matter and subject matter information of the assurance engagement.</u> <p>by using the same senior personnel on an assurance engagement over a long period of time and the safeguards that might be appropriate to address such threats.</p>
ISQC 1 Paragraph A13	<p>Determining appropriate criteria to address familiarity threat may include matters such as:</p> <ul style="list-style-type: none"> The nature of the engagement, including the extent to which it involves a matter of public interest; and The length of service of the senior personnel on the engagement. <p>Examples of safeguards include rotating the senior personnel or requiring an engagement quality control review.</p>	<p><u>The IESBA Code includes examples of factors that are relevant to evaluating the level of a threat that may arise when an individual is involved in an assurance engagement over a long period of time. The IESBA Code also provides examples of actions to address threats, including:</u></p> <ul style="list-style-type: none"> <u>Eliminating the threat, by rotating the individual off the engagement team; or</u>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
		<ul style="list-style-type: none"> Applying safeguards to reduce the threat to an acceptable level, for example by performing regular independent internal or external quality reviews of the engagement. <p>Determining appropriate criteria to address familiarity threat may include matters such as:</p> <ul style="list-style-type: none"> The nature of the engagement, including the extent to which it involves a matter of public interest; and The length of service of the senior personnel on the engagement. <p>Examples of safeguards include rotating the senior personnel or requiring an engagement quality control review.</p>
ISQC 1 Paragraph A14	<p>The IESBA Code recognizes that the familiarity threat is particularly relevant in the context of financial statement audits of listed entities. For these audits, the IESBA Code requires the rotation of the key audit partner⁴ after a pre-defined period, normally no more than seven years, and provides related standards and guidance. National requirements may establish shorter rotation periods.</p> <p>4 As defined in the IESBA Code</p>	<p><u>The IESBA Code requires the rotation of the engagement partner, the engagement quality control reviewer, and other key audit partners⁴ in respect of certain engagements. The IESBA Code recognizes that the familiarity threat is particularly relevant in the context of financial statement audits of listed entities. For these audits, the IESBA Code requires the rotation of the key audit partner⁴ after a pre-defined period, normally no more than seven years, and provides related standards and guidance. National requirements may establish shorter rotation periods.</u></p> <p>4 As defined in the IESBA Code</p>
ISQC 1 Paragraph A56	<p>Relevant ethical requirements establish an obligation for the firm's personnel to observe at all times the confidentiality of information contained in engagement documentation, unless specific client authority has been given to disclose information, or there are responsibilities under law, regulation or relevant ethical requirements to do so.⁵ Specific laws or regulations may</p>	<p>Relevant ethical requirements establish an obligation for the firm's personnel to observe at all times the confidentiality of information contained in engagement documentation, unless specific client authority has been given to disclose information, or there are responsibilities under law, regulation or relevant ethical requirements to do so.⁵ Specific laws or regulations may</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
	<p>impose additional obligations on the firm's personnel to maintain client confidentiality, particularly where data of a personal nature are concerned</p> <p>5 See, for example, Section 140.7 and Section 225.35 of the IESBA Code.</p>	<p>impose additional obligations on the firm's personnel to maintain client confidentiality, particularly where data of a personal nature are concerned.</p> <p>5 See, for example, <u>paragraphs R114.1, 114.1 A1 and R360.26</u> Section 140.7 and Section 225.35 of the IESBA Code.</p>
ISA 200 Paragraph A16	<p>The auditor is subject to relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements. Relevant ethical requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code) related to an audit of financial statements together with national requirements that are more restrictive.</p>	<p>The auditor is subject to relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements. Relevant ethical requirements ordinarily comprise <u>the provisions</u> Parts A and B of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants</i> <u>(including International Independence Standards)</u> (IESBA Code) related to an audit of financial statements, together with national requirements that are more restrictive.</p>
ISA 200 Paragraph A17	<p>Part A of the IESBA Code establishes the fundamental principles of professional ethics relevant to the auditor when conducting an audit of financial statements and provides a conceptual framework for applying those principles. The fundamental principles with which the auditor is required to comply by the IESBA Code are:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. 	<p>Part A of the IESBA Code establishes the fundamental principles of ethics, which are and provides a conceptual framework for applying those principles. The fundamental principles with which the auditor is required to comply by the IESBA Code are:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. <p>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. The fundamental</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
	Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations.	<p><u>principles of ethics establish the standard of behavior expected of a professional accountant.</u></p> <p><u>The IESBA Code provides a conceptual framework that establishes the approach which a professional accountant is required to apply when identifying, evaluating and addressing threats to compliance with the fundamental principles. In the case of audits, reviews and other assurance engagements, the IESBA Code sets out <i>International Independence Standards</i>, established by the application of the conceptual framework to threats to independence in relation to those engagements.</u></p>
ISA 200 Paragraph A19	International Standard on Quality Control (ISQC) 1, or national requirements that are at least as demanding, deal with the firm's responsibilities to establish and maintain its system of quality control for audit engagements. ISQC 1 sets out the responsibilities of the firm for establishing policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements, including those pertaining to independence. ISA 220 sets out the engagement partner's responsibilities with respect to relevant ethical requirements. These include remaining alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team, determining the appropriate action if matters come to the engagement partner's attention that indicate that members of the engagement team have not complied with relevant ethical requirements, and forming a conclusion on compliance with independence requirements that apply to the audit engagement. ISA 220 recognizes that the engagement team is entitled to rely on a firm's system of quality control in meeting	International Standard on Quality Control (ISQC) 1, or national requirements that are at least as demanding, deal with the firm's responsibilities to establish and maintain its system of quality control for audit engagements. ISQC 1 sets out the responsibilities of the firm for establishing policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements, including those pertaining to independence. ISA 220 sets out the engagement partner's responsibilities with respect to relevant ethical requirements. These include remaining alert, through observation and making inquiries as necessary, for evidence of non-compliance with <u>breaches of</u> relevant ethical requirements by members of the engagement team, determining the appropriate action if matters come to the engagement partner's attention that indicate that members of the engagement team have not complied with <u>breached</u> relevant ethical requirements, and forming a conclusion on compliance with independence requirements that apply to the audit engagement. ISA 220 recognizes that the engagement team is entitled to rely on a firm's system of quality control in meeting its

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
	its responsibilities with respect to quality control procedures applicable to the individual audit engagement, unless information provided by the firm or other parties suggests otherwise.	responsibilities with respect to quality control procedures applicable to the individual audit engagement, unless information provided by the firm or other parties suggests otherwise.
ISA 220 Paragraph 7(n)	<p>For purposes of the ISAs, the following terms have the meanings attributed below:</p> <p>...</p> <p>(n) Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code) related to an audit of financial statements together with national requirements that are more restrictive.</p> <p>...</p>	<p>For purposes of the ISAs, the following terms have the meanings attributed below:</p> <p>...</p> <p>(n) Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject <u>when undertaking an audit engagement</u>, which ordinarily comprise <u>the provisions of Parts A and B of the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i></u> (IESBA Code) related to an audit of financial statements, together with national requirements that are more restrictive.</p> <p>...</p>
ISA 220 Paragraph 9	Throughout the audit engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. (Ref: Para. A4–A5)	Throughout the audit engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of <u>breaches of non-compliance with</u> relevant ethical requirements by members of the engagement team. (Ref: Para. A4–A5)
ISA 220 Paragraph 10	If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in	If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have <u>not complied with breached</u> relevant ethical requirements, the engagement

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
	consultation with others in the firm, shall determine the appropriate action. (Ref: Para. A5)	partner, in consultation with others in the firm, shall determine the appropriate action. (Ref: Para. A5)
ISA 220 Paragraph 11	<p>The engagement partner shall form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the engagement partner shall: (Ref: Para. A5)</p> <p>(a) Obtain relevant information from the firm and, where applicable, network firms, to identify and evaluate circumstances and relationships that create threats to independence;</p> <p>(b) Evaluate information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for the audit engagement; and</p> <p>(c) Take appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards, or, if considered appropriate, to withdraw from the audit engagement, where withdrawal is possible under applicable law or regulation. The engagement partner shall promptly report to the firm any inability to resolve the matter for appropriate action. (Ref: Para. A6–A7)</p>	<p>The engagement partner shall form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the engagement partner shall: (Ref: Para. A5)</p> <p>(a) Obtain relevant information from the firm and, where applicable, network firms, to identify and evaluate circumstances and relationships that create threats to independence;</p> <p>(b) Evaluate information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for the audit engagement; and</p> <p>(c) <u>Evaluate whether the identified threats are at an acceptable level; and</u></p> <p>(d) <u>Take appropriate action to address the threats that are not at an acceptable level by eliminating the circumstances that create the threats, applying safeguards to reduce threats to an acceptable level, or withdrawing</u>eliminate such threats or reduce them to an acceptable level by applying safeguards, or, if considered appropriate, to withdraw from the engagement, where withdrawal is possible under applicable law or regulation. The engagement partner shall promptly report to the firm any inability to resolve the matter for appropriate action. (Ref: Para. A6–A7)</p>

IAASB Standards		Changes to the IAASB Standards
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ISA 220 Paragraph A4	<p>The IESBA Code establishes the fundamental principles of professional ethics, which include:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. 	<p>The IESBA Code establishes the fundamental principles of professional ethics which <u>include</u> <u>are</u>:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. <p><u>The fundamental principles of ethics establish the standard of behavior expected of a professional accountant.</u></p>
ISA 220 Paragraph A6	<p>The engagement partner may identify a threat to independence regarding the audit engagement that safeguards may not be able to eliminate or reduce to an acceptable level. In that case, as required by paragraph 11(c), the engagement partner reports to the relevant person(s) within the firm to determine appropriate action, which may include eliminating the activity or interest that creates the threat, or withdrawing from the audit engagement, where withdrawal is possible under applicable law or regulation.</p>	<p>The engagement partner may identify a threat to independence regarding the audit engagement that safeguards may not be able to eliminate or reduce to <u>at</u> an acceptable level. In that case, as required by paragraph 11(ed), the engagement partner reports to the relevant person(s) within the firm to determine <u>the</u> appropriate action, which may include eliminating the <u>circumstance that creates activity or interest that creates</u> the threat, <u>applying safeguards to reduce the threat to an acceptable level</u> or withdrawing from the audit engagement, where withdrawal is possible under applicable law or regulation.</p>
ISA 220 Paragraph A9	<p>Law, regulation, or relevant ethical requirements⁷ may require the auditor to request, prior to accepting the engagement, the predecessor auditor to provide known information regarding any facts or circumstances that, in the predecessor auditor's judgment, the auditor needs to be aware of before deciding whether to accept the engagement. In some circumstances, the predecessor auditor may be required, on request by the</p>	<p>7 See, for example, <u>paragraph R320.8</u> Sections 210.14 of the IESBA Code.</p> <p>8 See, for example, <u>paragraphs R360.22 and R360.23</u> Sections 225.34 of the IESBA Code.</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
	<p>proposed successor auditor, to provide information regarding identified or suspected non-compliance with laws and regulations to the proposed successor auditor. For example, where the predecessor auditor has withdrawn from the engagement as a result of identified or suspected non-compliance with laws and regulations, the IESBA Code requires that the predecessor auditor, on request by a proposed successor auditor, provides all such facts and other information concerning such non-compliance that, in the predecessor auditor's opinion, the proposed successor auditor needs to be aware of before deciding whether to accept the audit appointment.⁸</p> <p>⁷ See, for example, Sections 210.14 of the IESBA Code.</p> <p>⁸ See, for example, Sections 225.31 of the IESBA Code.</p>	
ISA 240 Paragraph A6	<p>Law, regulation or relevant ethical requirements may require the auditor to perform additional procedures and take further actions. For example, the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants (IESBA Code) requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations to other auditors within a group, including a group engagement partner, component auditors or other auditors performing work at components of a group for purposes other than the audit of the group financial statements.¹⁵</p> <p>¹⁵ See, for example, Sections 225.21–225.22 of the IESBA Code.</p>	<p>Law, regulation or relevant ethical requirements may require the auditor to perform additional procedures and take further actions. For example, the <u>International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)</u> (IESBA Code) requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations to other auditors within a group, including a group engagement partner, component auditors or other auditors performing work at components of a group for purposes other than the audit of the group financial statements.¹⁵</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
		15 See, for example, <u>paragraphs R360.16–360.18 A1</u> Sections 225.21–225.22 of the IESBA Code.
ISA 250 (Revised) Paragraph A8	<p>Law, regulation or relevant ethical requirements may require the auditor to perform additional procedures and take further actions. For example, the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations to other auditors within a group, including a group engagement partner, component auditors or other auditors performing work at components of a group for purposes other than the audit of the group financial statements.¹¹</p> <p>11 See, for example, Sections 225.21–225.22 of the IESBA Code.</p>	<p>Law, regulation or relevant ethical requirements may require the auditor to perform additional procedures and take further actions. For example, the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants', <u>International Code of Ethics for Professional Accountants (including International Independence Standards)</u> (IESBA Code) requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed. Such steps may include the communication of identified or suspected non-compliance with laws and regulations to other auditors within a group, including a group engagement partner, component auditors or other auditors performing work at components of a group for purposes other than the audit of the group financial statements.¹¹</p> <p>11 See, for example, <u>paragraphs R360.16–360.18 A1</u> Sections 225.21–225.22 of the IESBA Code.</p>
ISA 250 (Revised) Paragraph A30	<p>In other cases, the relevant ethical requirements may require the auditor to determine whether reporting identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity is an appropriate action in the circumstances. For example, the IESBA Code requires the auditor to take steps to respond to identified or suspected non-compliance with laws and regulations and determine whether further action is needed, which may include reporting to an appropriate authority outside the entity.¹⁷ The IESBA Code</p>	<p>17 See, for example, <u>paragraphs 360.21 A1 and 360.25 A1–R360.27</u> Section 225.29 and Sections 225.33–225.36 of the IESBA Code.</p> <p>18 See, for example, <u>paragraphs R114.1–114.1 A1 and R360.26</u> Section 140.7 and Section 225.35 of the IESBA Code.</p>

IAASB Standards		Changes to the IAASB Standards
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	<p>explains that such reporting would not be considered a breach of the duty of confidentiality under the IESBA Code.¹⁸</p> <p>17 See, for example, Section 225.29 and Sections 225.33–225.36 of the IESBA Code.</p> <p>18 See, for example, Section 140.7 and Section 225.35 of the IESBA Code.</p>	
ISA 250 (Revised) Paragraph A36	<p>Law, regulation or relevant ethical requirements may also set out additional documentation requirements regarding identified or suspected non-compliance with laws and regulations.¹⁹</p> <p>19 See, for example, Section 225.37 of the IESBA Code.</p>	<p>19 See, for example, Section 225.37 <u>paragraph R360.28</u> of the IESBA Code.</p>
ISA 260 (Revised) Paragraph 17	<p>In the case of listed entities, the auditor shall communicate with those charged with governance:</p> <p>(a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and</p> <p>(i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgment, may reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and</p>	<p>In the case of listed entities, the auditor shall communicate with those charged with governance:</p> <p>(a) A statement that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence; and</p> <p>(i) All relationships and other matters between the firm, network firms, and the entity that, in the auditor's professional judgment, reasonably be thought to bear on independence. This shall include total fees charged during the period covered by the financial statements for audit and non-audit services provided by the firm and network firms to the entity and components controlled by the entity. These fees shall be allocated to categories that are appropriate to assist those charged with governance in assessing the effect of services on the independence of the auditor; and</p>

IAASB Standards		Changes to the IAASB Standards
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	<p>(ii) The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level. (Ref: Para. A29–A32)</p>	<p>(ii) <u>In respect of threats to independence that are not at an acceptable level, the actions taken to address the threats, including actions that were taken to eliminate the circumstances that create the threats, or applying</u> The related safeguards that have been applied to eliminate identified threats to independence or reduce them the threats to an acceptable level. (Ref: Para. A29–A32)</p>
ISA 260 (Revised) Paragraph A30	<p>The relationships and other matters, and safeguards to be communicated, vary with the circumstances of the engagement, but generally address:</p> <p>(a) Threats to independence, which may be categorized as: self-interest threats, self-review threats, advocacy threats, familiarity threats, and intimidation threats; and</p> <p>(b) Safeguards created by the profession, legislation or regulation, safeguards within the entity, and safeguards within the firm's own systems and procedures</p>	<p>The <u>communication about</u> relationships and other matters, and <u>how threats to independence that are not at an acceptable level have been addressed</u> safeguards to be communicated; <u>varies</u> with the circumstances of the engagement <u>and generally addresses the threats to independence, safeguards to reduce the threats, and measures to eliminate circumstances that created threats,</u> but generally address:</p> <p>(a) Threats to independence, which may be categorized as: self-interest threats, self-review threats, advocacy threats, familiarity threats, and intimidation threats; and</p> <p>(b) Safeguards created by the profession, legislation or regulation, safeguards within the entity, and safeguards within the firm's own systems and procedures</p>
ISA 260 (Revised) Paragraph A31	<p>Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified. For example, the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) requires the auditor to communicate with those charged with governance in</p>	<p>Relevant ethical requirements or law or regulation may also specify particular communications to those charged with governance in circumstances where breaches of independence requirements have been identified. For example, the International Ethics Standards Board for Accountants' <u>International Code of Ethics for Professional Accountants (including International Independence Standards)</u> (IESBA Code)</p>

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	<p>writing about any breach and the action the firm has taken or proposes to take.²⁵</p> <p>25 See Section 290.39–49 of the IESBA Code, which addresses breaches of independence.</p>	<p>requires the auditor to communicate with those charged with governance in writing about any breach and the action the firm has taken or proposes to take.²⁵</p> <p>25 See, for example, paragraphs R400.80–R400.82 and R400.84 Section 290.39–49 of the IESBA Code, which addresses breaches of independence.</p>
<p>ISA 260 (Revised) Paragraph A49</p>	<p>Timely communication throughout the audit contributes to the achievement of robust two-way dialogue between those charged with governance and the auditor. However, the appropriate timing for communications will vary with the circumstances of the engagement. Relevant circumstances include the significance and nature of the matter, and the action expected to be taken by those charged with governance. For example:</p> <p>...</p> <ul style="list-style-type: none"> Communications regarding independence may be appropriate whenever significant judgments are made about threats to independence and related safeguards, for example, when accepting an engagement to provide non-audit services, and at a concluding discussion. <p>...</p>	<p>Timely communication throughout the audit contributes to the achievement of robust two-way dialogue between those charged with governance and the auditor. However, the appropriate timing for communications will vary with the circumstances of the engagement. Relevant circumstances include the significance and nature of the matter, and the action expected to be taken by those charged with governance. For example:</p> <p>...</p> <ul style="list-style-type: none"> Communications regarding independence may be appropriate whenever significant judgments are made about threats to independence and <u>how threats to independence that are not at an acceptable level will be addressed</u> related safeguards, for example, when accepting an engagement to provide non-audit services, and at a concluding discussion. <p>...</p>
<p>ISA 600 Appendix I</p>	<ul style="list-style-type: none"> The International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants comprises all of the relevant ethical requirements that apply to the audit. <p>We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those</p>	<p>For purposes of this illustrative auditor's report, the following circumstances are assumed:</p> <p>...</p> <ul style="list-style-type: none"> The International Ethics Standards Board for Accountants' <u>International Code of Ethics for Professional Accountants</u>

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	standards are further described in the <i>Auditor's Responsibilities for the Audit of the Consolidated Financial Statements</i> section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.	<p><u>(including International Independence Standards)</u> (IESBA Code) comprises all of the relevant ethical requirements that apply to the audit.</p> <p>...</p> <p>We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Consolidated Financial Statements</i> section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' <u>International Code of Ethics for Professional Accountants (including International Independence Standards)</u> (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.</p>
ISA 610 (Revised 2013) Paragraph A14	In addition, the IESBA Code ¹⁷ states that a self-review threat is created when the external auditor accepts an engagement to provide internal audit services to an audit client, and the results of those services will be used in conducting the audit. This is because of the possibility that the engagement team will use the results of the internal audit service without properly evaluating those results or without exercising the same level of professional skepticism as would be exercised when the internal audit work is performed by individuals who are not members of the firm. The IESBA Code ¹⁸ discusses the prohibitions that apply in certain circumstances and the safeguards that can be applied to reduce the threats to an acceptable level in other circumstances.	<p>17 The International Ethics Standards Board for Accountants' <u>International Code of Ethics for Professional Accountants (including International Independence Standards)</u> (IESBA Code), paragraphs 605.4 A2–605.4 A3 Section 290.194</p> <p>18 IESBA Code, <u>paragraphs 605.1–R605.5</u> Section 290.190–290.195</p>

IAASB Standards		Changes to the IAASB Standards
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	<p>17 The International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code), Section 290.194</p> <p>18 IESBA Code, Section 290.190–290.195</p>	
<p>ISA 620</p> <p>Paragraph A18</p>	<p>A broad range of circumstances may threaten objectivity, for example, self-interest threats, advocacy threats, familiarity threats, self-review threats, and intimidation threats. Safeguards may eliminate or reduce such threats, and may be created by external structures (for example, the auditor's expert's profession, legislation or regulation), or by the auditor's expert's work environment (for example, quality control policies and procedures). There may also be safeguards specific to the audit engagement.</p>	<p>A broad range of circumstances may threaten objectivity, for example, self-interest threats, advocacy threats, familiarity threats, self-review threats, and intimidation threats. Safeguards may eliminate or reduce such threats, and may be created by external structures (for example, the auditor's expert's profession, legislation or regulation), <u>Such threats may be addressed by eliminating the circumstances that create the threats, or applying safeguards to reduce threats to an acceptable level,</u> or by the auditor's expert's work environment (for example, quality control policies and procedures). There may also be safeguards specific to the audit engagement.</p>
<p>ISA 620</p> <p>Paragraph A19</p>	<p>The evaluation of the significance of threats to objectivity and of whether there is a need for safeguards may depend upon the role of the auditor's expert and the significance of the expert's work in the context of the audit. There may be some circumstances in which safeguards cannot reduce threats to an acceptable level, for example, if a proposed auditor's expert is an individual who has played a significant role in preparing the information that is being audited, that is, if the auditor's expert is a management's expert.</p>	<p>The evaluation of <u>whether the threats to objectivity are at an acceptable level</u> the significance of threats to objectivity and of whether there is a need for safeguards may depend upon the role of the auditor's expert and the significance of the expert's work in the context of the audit. <u>In some cases, it may not be possible to eliminate circumstances that create threats or apply safeguards to reduce threats to an acceptable level.</u> There may be some circumstances in which safeguards cannot reduce threats to an acceptable level, for example, if a proposed auditor's expert is an individual who has played a significant role in preparing the information that is being audited, that is, if the auditor's expert is a management's expert.</p>

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ISA 700 (Revised) Paragraph 28	<p>The auditor's report shall include a section, directly following the Opinion section, with the heading "Basis for Opinion", that: (Ref: Para. A32)</p> <p>...</p> <p>(c) Includes a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code); and (Ref: Para. A34–A39)</p> <p>...</p>	<p>The auditor's report shall include a section, directly following the Opinion section, with the heading "Basis for Opinion", that: (Ref: Para. A32)</p> <p>...</p> <p>(c) Includes a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor's other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code); and (Ref: Para. A34–A39)</p> <p>...</p>
ISA 700 (Revised) Paragraph 40	<p>The Auditor's Responsibilities for the Audit of the Financial Statements section of the auditor's report also shall: (Ref: Para. A50)</p> <p>...</p> <p>(b) For audits of financial statements of listed entities, state that the auditor provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards; and</p>	<p>The Auditor's Responsibilities for the Audit of the Financial Statements section of the auditor's report also shall: (Ref: Para. A50)</p> <p>...</p> <p>(b) For audits of financial statements of listed entities, state that the auditor provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, <u>related safeguards actions taken to eliminate threats or safeguards applied</u>; and</p>

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ISA 700 (Revised) Paragraph A34	The identification of the jurisdiction of origin of relevant ethical requirements increases transparency about those requirements relating to the particular audit engagement. ISA 200 explains that relevant ethical requirements ordinarily comprise Parts A and B of the IESBA Code related to an audit of financial statements together with national requirements that are more restrictive. When the relevant ethical requirements include those of the IESBA Code, the statement may also make reference to the IESBA Code. If the IESBA Code constitutes all of the ethical requirements relevant to the audit, the statement need not identify a jurisdiction of origin.	The identification of the jurisdiction of origin of relevant ethical requirements increases transparency about those requirements relating to the particular audit engagement. ISA 200 explains that relevant ethical requirements ordinarily comprise <u>the provisions of Parts A and B</u> of the IESBA Code related to an audit of financial statements, together with national requirements that are more restrictive. When the relevant ethical requirements include those of the IESBA Code, the statement may also make reference to the IESBA Code. If the IESBA Code constitutes all of the ethical requirements relevant to the audit, the statement need not identify a jurisdiction of origin.
ISA 700 (Revised) Appendix (various)	The relevant ethical requirements that apply to the audit comprise the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> together with the ethical requirements relating to the audit in the jurisdiction, and the auditor refers to both.	The relevant ethical requirements that apply to the audit comprise the International Ethics Standards Board for Accountants' <u>International Code of Ethics for Professional Accountants (including International Independence Standards)</u> (IESBA Code), together with the ethical requirements relating to the audit in the jurisdiction, and the auditor refers to both.
ISA 700 (Revised) Appendix (various) *** Various illustrative reports in the other standards require the same update	We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in <i>[jurisdiction]</i> , and we have fulfilled our other ethical responsibilities in accordance with these	We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' <u>International Code of Ethics for Professional Accountants (including International Independence Standards)</u> (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in <i>[jurisdiction]</i> , and we

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	requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.	have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
ISA 700 (Revised) Appendix (various) *** Various illustrative reports in the other standards require the same update	We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, <u>related safeguards actions taken to eliminate threats or safeguards applied.</u>
ISA 720 (Revised) Paragraph 4	<p>This ISA may also assist the auditor in complying with relevant ethical requirements² that require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information furnished recklessly, or omits or obscures information required to be included where such omission or obscurity would be misleading.</p> <p>² International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code), paragraph 110.2</p>	<p>This ISA may also assist the auditor in complying with relevant ethical requirements² that require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information <u>provided</u> furnished recklessly, or omits or obscures <u>required</u> information <u>required to be included</u> where such omission or obscurity would be misleading.</p> <p>² International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code), paragraph R111.2-140.2.</p>
ISA 720 (Revised) Paragraph A38	Remaining alert for other indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated assists the auditor in complying with relevant ethical requirements that require the auditor to avoid being knowingly	Remaining alert for other indications that the other information not related to the financial statements or the auditor's knowledge obtained in the audit appears to be materially misstated assists the auditor in complying with relevant ethical requirements that require the auditor to avoid being knowingly associated with

IAASB Standards		Changes to the IAASB Standards
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	<p>associated with other information that the auditor believes contains a materially false or misleading statement, a statement furnished recklessly, or omits or obscures necessary information such that the other information is misleading.¹²</p> <p>Remaining alert for other indications that the other information appears to be materially misstated could potentially result in the auditor identifying such matters as:</p> <ul style="list-style-type: none"> Differences between the other information and the general knowledge, apart from the knowledge obtained in the audit, of the engagement team member reading the other information that lead the auditor to believe that the other information appears to be materially misstated; or An internal inconsistency in the other information that leads the auditor to believe that the other information appears to be materially misstated. <p>¹² IESBA Code, paragraph 110.2</p>	<p>other information that the auditor believes contains a materially false or misleading statement, a statement <u>provided</u> furnished recklessly, or omits or obscures necessary information such that the other information is misleading.¹²</p> <p>Remaining alert for other indications that the other information appears to be materially misstated could potentially result in the auditor identifying such matters as:</p> <ul style="list-style-type: none"> Differences between the other information and the general knowledge, apart from the knowledge obtained in the audit, of the engagement team member reading the other information that lead the auditor to believe that the other information appears to be materially misstated; or An internal inconsistency in the other information that leads the auditor to believe that the other information appears to be materially misstated. <p>¹² IESBA Code, paragraph <u>R111.2</u>110.2</p>
ISA 800 Illustration 3	We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, <u>actions taken to eliminate threats or safeguards applied</u> , related safeguards.
ISA 805 Illustration 3	We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may	We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable,

IAASB Standards		Changes to the IAASB Standards
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	reasonably be thought to bear on our independence, and where applicable, related safeguards.	<u>actions taken to eliminate threats or safeguards applied, related safeguards.</u>
ISA 810 (Revised) Paragraph A13	<p>In reading the information included in a document containing the summary financial statements and the auditor's report thereon, the auditor may become aware that such information is misleading and may need to take appropriate action. Relevant ethical requirements¹⁴ require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information furnished recklessly, or omits or obscures information required to be included where such omission or obscurity would be misleading.</p> <p>14 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), paragraph 110.2</p>	<p>In reading the information included in a document containing the summary financial statements and the auditor's report thereon, the auditor may become aware that such information is misleading and may need to take appropriate action. Relevant ethical requirements¹⁴ require the auditor to avoid being knowingly associated with information that the auditor believes contains a materially false or misleading statement, statements or information <u>provided</u> furnished recklessly, or omits or obscures <u>required</u> information required to be included where such omission or obscurity would be misleading.</p> <p>14 International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code), paragraph R111.2-110.2.</p>
IAPN 1000 Paragraph 78	<p>A key consideration in audits involving financial instruments, particularly complex financial instruments, is the competence of the auditor. ISA 220¹⁵ requires the engagement partner to be satisfied that the engagement team, and any auditor's experts who are not part of the engagement team, collectively have the appropriate competence and capabilities to perform the audit engagement in accordance with professional standards and applicable legal and regulatory requirements and to enable an auditor's report that is appropriate in the circumstances to be issued. Further, relevant ethical requirements¹⁶ require the auditor to determine whether acceptance of the engagement would create any threats to compliance with the fundamental principles, including the professional competence and due care. Paragraph 79 below provides examples of the types of matters</p>	<p>15 ISA 220, paragraph 14</p> <p>16 <i>International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) paragraphs 320.1–320.10 A1.</p>

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	<p>that may be relevant to the auditor's considerations in the context of financial instruments.</p> <p>15 ISA 220, paragraph 14</p> <p>16 IESBA Code of Ethics for Professional Accountants paragraphs 210.1 and 210.6</p>	
ISRE 2400 (Revised) Paragraph 17(i)	<i>Relevant ethical requirements</i> —Ethical requirements the engagement team is subject to when undertaking review engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code), together with national requirements that are more restrictive.	Relevant ethical requirements – Ethical requirements <u>to which</u> the engagement team is subject to when undertaking review engagements. These requirements which ordinarily comprise <u>the provisions of Parts A and B of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)</u> (IESBA Code) <u>related to a review of financial statements</u> , together with national requirements that are more restrictive.
ISRE 2400 (Revised) Paragraph 27	Throughout the engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.	Throughout the engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with breaches of relevant ethical requirements by members of the engagement team. If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with breached relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.
ISRE 2400 (Revised) Paragraph A15	Part A of the IESBA Code establishes the fundamental principles of professional ethics practitioners must comply with,	Part A of t The IESBA Code establishes the fundamental principles of ethics, <u>which are</u> that practitioners must comply with, and provides a conceptual framework for applying those principles. The fundamental principles are:

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	<p>and provides a conceptual framework for applying those principles. The fundamental principles are:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. <p>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. In complying with the IESBA Code, threats to the practitioner's compliance with relevant ethical requirements are required to be identified and appropriately addressed.</p>	<ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. <p><u>The fundamental principles of ethics establish the standard of behavior expected of a professional accountant.</u></p> <p>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. In complying with the IESBA Code, threats to the practitioner's compliance with relevant ethical requirements are required to be identified and appropriately addressed.</p> <p><u>The IESBA Code provides a conceptual framework that establishes the approach which a professional accountants is required to apply when identifying, evaluating and addressing threats to compliance with the fundamental principles. In the case of audits, reviews and other assurance engagements, the IESBA Code sets out <i>International Independence Standards</i>, established by the application of the conceptual framework to threats to independence in relation to those engagements.</u></p>
ISRE 2400 (Revised) Paragraph A88	<p>The practitioner may have additional responsibilities under law, regulation or relevant ethical requirements regarding an entity's non-compliance with laws and regulations, including fraud, which may differ from or go beyond this ISRE, such as:</p> <ul style="list-style-type: none"> (a) Responding to identified or suspected non-compliance with laws and regulations, including requirements in 	<p>11 See, for example, Sections 225.44–225.48 paragraphs R360.31–360.35 A1 of the IESBA Code.</p>

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	<p>relation to specific communications with management and those charged with governance and considering whether further action is needed;</p> <p>(b) Communicating identified or suspected non-compliance with laws and regulations to an auditor, for example a group engagement partner;¹¹ and</p> <p>(c) Documentation requirements regarding identified or suspected non-compliance with laws and regulations.</p> <p>Complying with any additional responsibilities may provide further information that is relevant to the practitioner's work in accordance with this ISRE (e.g., regarding the integrity of management or, where appropriate, those charged with governance).</p> <p>¹¹ See, for example, Sections 225.44–225.48 of the IESBA Code.</p>	
ISRE 2400 (Revised) Paragraph A95	<p>In some cases, the relevant ethical requirements may require the practitioner to report or to consider whether reporting identified or suspected fraud or non-compliance with laws and regulations to an appropriate authority outside the entity is an appropriate action in the circumstances. For example, the IESBA Code requires the practitioner to take steps to respond to identified or suspected non-compliance with laws and regulations, and consider whether further action is needed, which may include reporting to an appropriate authority outside the entity.¹² The IESBA Code explains that such reporting would not be considered a breach of the duty of confidentiality under the IESBA Code.¹³</p> <p>¹² See, for example, Section 225.51 to 225.52 of the IESBA Code.</p> <p>¹³ See, for example, Section 140.7 and Section 225.53 of the IESBA Code.</p>	<p>¹² See, for example, <u>paragraphs R360.36–360.36 A3</u>Section 225.51 to 225.52 of the IESBA Code.</p> <p>¹³ See, for example, <u>Section 140.7 paragraphs R114.1, 114.1 A1 and R360.37</u>and Section 225.53 of the IESBA Code.</p>

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ISAE 3000 (Revised) Paragraph 3	<p>This ISAE is premised on the basis that:</p> <p>(a) The members of the engagement team and the engagement quality control reviewer (for those engagements where one has been appointed) are subject to Parts A and B of the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements in law or regulation, that are at least as demanding; and (Ref: Para. A30–A34)</p> <p>...</p>	<p>This ISAE is premised on the basis that:</p> <p>(a) The members of the engagement team and the engagement quality control reviewer (for those engagements where one has been appointed) are subject to <u>the provisions</u> Parts A and B of the <u>International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)</u> issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements in law or regulation, that are at least as demanding; and (Ref: Para. A30–A34)</p>
ISAE 3000 (Revised) Paragraph 20	The practitioner shall comply with Parts A and B of the IESBA Code related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A30–A34, A60)	The practitioner shall comply with <u>the provisions</u> Parts A and B of the IESBA Code related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A30–A34, A60)
ISAE 3000 (Revised) Paragraph 34	Throughout the engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.	Throughout the engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of <u>breaches of</u> non-compliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have <u>breached</u> not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.

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ISAE 3000 (Revised) Paragraph 69(j)	<p>The assurance report shall include, at a minimum, the following basic elements:</p> <p>...</p> <p>A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. (Ref: Para. A172)</p> <p>...</p>	<p>The assurance report shall include, at a minimum, the following basic elements:</p> <p>...</p> <p>A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as the <u>provisions Parts A and B</u> of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as <u>the provisions Parts A and B</u> of the IESBA Code related to assurance engagements. (Ref: Para. A172)</p> <p>...</p>
ISAE 3000 (Revised) Paragraph A30	<p>Part A of the IESBA Code establishes the following fundamental principles with which the practitioner is required to comply:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. 	<p>Part A of the IESBA Code establishes the fundamental principles <u>of ethics, which are with which the practitioner is required to comply:</u></p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. <p><u>The fundamental principles of ethics establish the standard of behavior expected of a professional accountant.</u></p>

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ISAE 3000 (Revised) Paragraph A31	<p>Part A of the IESBA Code also provides a conceptual framework for professional accountants to apply to:</p> <p>(a) Identify threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:</p> <ul style="list-style-type: none"> (i) Self-interest; (ii) Self-review; (iii) Advocacy; (iv) Familiarity; and (v) Intimidation; <p>(b) Evaluate the significance of the threats identified; and</p> <p>(c) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level. Safeguards are necessary when the professional accountant determines that the threats are not at a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the professional accountant at that time, that compliance with the fundamental principles is not compromised.</p>	<p><u>The IESBA Code provides a conceptual framework which a professional accountant is required to apply when addressing threats to compliance with the fundamental principles, including:</u></p> <p>Part A of the IESBA Code also provides a conceptual framework for professional accountants to apply to.</p> <p>(a) Identifying threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:</p> <ul style="list-style-type: none"> (i) Self-interest; (ii) Self-review; (iii) Advocacy; (iv) Familiarity; and (v) Intimidation; <p>(b) <u>Evaluating whether the significance of the threats identified are at an acceptable level;</u> and</p> <p>(c) <u>If the identified threats to compliance with the fundamental principles are not at an acceptable level, addressing them by eliminating the circumstances that create the threats, applying safeguards to reduce threats to an acceptable level, or withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.</u></p> <p>(c) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level. Safeguards are necessary when the professional accountant determines that the threats are not at a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the professional accountant</p>

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		at that time, that compliance with the fundamental principles is not compromised.
ISAE 3000 (Revised) Paragraph A32	<p>Part B of the IESBA Code describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including:</p> <ul style="list-style-type: none"> • Professional appointment; • Conflicts of interest; • Second opinions; • Fees and other types of remuneration; • Marketing professional services; • Gifts and hospitality; • Custody of client assets; • Objectivity; and • Independence. 	<p>Part B of The IESBA Code <u>sets out requirements and application material on various topics describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including:</u></p> <ul style="list-style-type: none"> • Professional appointment; • Conflicts of interest; • Professional appointments; • Second opinions; • Fees and other types of remuneration; • Marketing professional services; • <u>Inducements, including g</u>Gifts and hospitality; • Custody of client assets; and • <u>Responding to non-compliance with laws and regulations.</u> • Objectivity; and • Independence.
ISAE 3000 (Revised) Paragraph A33	<p>The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. Matters addressed in the IESBA Code with respect to independence include:</p>	<p><u>The IESBA Code also includes the <i>International Independence Standards</i>.</u> The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. Matters addressed in <u>the</u></p>

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	<ul style="list-style-type: none"> Financial interests; Loans and guarantees; Business relationships; Family and personal relationships; Employment with assurance clients; Recent service with an assurance client; Serving as a director or officer of an assurance client; Long association of senior personnel with assurance clients; Provision of non-assurance services to assurance clients; Fees (relative size, overdue, and contingent fees); Gifts and hospitality; and Actual or threatened litigation. 	<p><u>International Independence Standards</u> in the IESBA Code with respect to independence include, for example:</p> <ul style="list-style-type: none"> <u>Fees;</u> <u>Gifts and hospitality;</u> <u>Actual or threatened litigation;</u> Financial interests; Loans and guarantees; Business relationships; Family and personal relationships; Employment with assurance clients; Recent service with an assurance client; Serving as a director or officer of an assurance client; <u>Employment with an assurance client;</u> Long association of senior personnel with <u>an</u> assurance clients; Provision of non-assurance services to <u>an</u> assurance clients; <u>and</u> <u>Reports that include a restriction on use and distribution.</u> Fees (relative size, overdue, and contingent fees); Gifts and hospitality; and Actual or threatened litigation.

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ISAE 3000 (Revised) Paragraph A34	Professional requirements, or requirements imposed by law or regulation, are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements when they address all the matters referred to in paragraphs A30–A33 and impose obligations that achieve the aims of the requirements set out in Parts A and B of the IESBA Code related to assurance engagements.	Professional requirements, or requirements imposed by law or regulation, are at least as demanding as <u>the provisions of Parts A and B</u> of the IESBA Code related to assurance engagements when they address all the matters referred to in paragraphs A30–A33 and impose obligations that achieve the aims of the requirements set out in <u>Parts A and B</u> of the IESBA Code related to <u>such</u> engagements.
ISAE 3000 (Revised) Paragraph A68	<p>The IESBA Code requires the professional accountant in public practice to agree to provide only those services that the professional accountant in public practice is competent to perform.⁴ The practitioner has sole responsibility for the assurance conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's expert. Nonetheless, if the practitioner using the work of a practitioner's expert, having followed this ISAE, concludes that the work of that expert is adequate for the practitioner's purposes, the practitioner may accept that expert's findings or conclusions in the expert's field as appropriate evidence.</p> <p>4 IESBA Code, paragraph 210.6</p>	<p>The IESBA Code <u>provides requirements and guidance on the self-interest threat to compliance with the principle of professional competence and due care that is created if the engagement team does not possess, or cannot acquire, the competencies to perform the professional services</u> requires the professional accountant in public practice to agree to provide only those services that the professional accountant in public practice is competent to perform.⁴ The practitioner has sole responsibility for the assurance conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's expert. Nonetheless, if the practitioner using the work of a practitioner's expert, having followed this ISAE, concludes that the work of that expert is adequate for the practitioner's purposes, the practitioner may accept that expert's findings or conclusions in the expert's field as appropriate evidence.</p> <p>4 IESBA Code, paragraph 320.3 A3-210.6</p>
ISAE 3000 (Revised) Paragraph A102	The practitioner may have additional responsibilities under law, regulation or relevant ethical requirements regarding an entity's non-compliance with laws and regulations, which may differ from or go beyond the practitioner's responsibilities under this ISAE, such as:	7 See, for example, Sections 225.44–225.48 paragraphs R360.31–360.35 A1 of the IESBA Code.

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	<p>(a) Responding to identified or suspected non-compliance with laws and regulations, including requirements in relation to specific communications with management and those charged with governance and considering whether further action is needed;</p> <p>(b) Communicating identified or suspected non-compliance with laws and regulations to an auditor;⁷ and</p> <p>(c) Documentation requirements regarding identified or suspected non-compliance with laws and regulations.</p> <p>Complying with any additional responsibilities may provide further information that is relevant to the practitioner's work in accordance with this and any other ISAE (e.g., regarding the integrity of the responsible party or those charged with governance). Paragraphs A194–A198 further address the practitioner's responsibilities under law, regulation or relevant ethical requirements regarding communicating and reporting identified or suspected non-compliance with laws and regulations.</p> <p>⁷ See, for example, Sections 225.44–225.48 of the IESBA Code.</p>	

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ISAE 3000 (Revised) Paragraph A128	The evaluation of the significance of threats to objectivity and of whether there is a need for safeguards may depend upon the role of the practitioner's expert and the significance of the expert's work in the context of the engagement. There may be some circumstances in which safeguards cannot reduce threats to an acceptable level, for example, if a proposed practitioner's expert is an individual who has played a significant role in preparing the subject matter information.	The evaluation of <u>whether the threats to objectivity are at an acceptable level</u> the significance of threats to objectivity and of whether there is a need for safeguards may depend upon the role of the practitioner's expert and the significance of the expert's work in the context of the engagement. <u>In some cases, it may not be possible to eliminate circumstances that create threats or apply safeguards to reduce threats to an acceptable level</u> There may be some circumstances in which safeguards cannot reduce threats to an acceptable level , for example, if a proposed practitioner's expert is an individual who has played a significant role in preparing the subject matter information.
ISAE 3000 (Revised) Paragraph A173	The following is an illustration of a statement in the assurance report regarding compliance with ethical requirements: We have complied with the independence and other ethical requirements of the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.	The following is an illustration of a statement in the assurance report regarding compliance with ethical requirements: We have complied with the independence and other ethical requirements of the <u>International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)</u> issued by the International Ethics Standards Board for Accountants (IESBA Code) , which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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ISAE 3000 (Revised) Paragraph A195	<p>Law, regulation or relevant ethical requirements may:</p> <p>(a) Require the practitioner to report identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity.</p> <p>(b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.⁸</p> <p>⁸ See, for example, Section 225.51 to 225.52 of the IESBA Code.</p>	<p>⁸ See, for example, <u>paragraphs R360.36-R360.37</u> <u>Section 225.51 to 225.52</u> of the IESBA Code.</p>
ISAE 3000 (Revised) Paragraph A198	<p>In some circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner's duty of confidentiality under law, regulation, or relevant ethical requirements. In other cases, reporting identified or suspected non-compliance to an appropriate authority outside the entity would not be considered a breach of the duty of confidentiality under the relevant ethical requirements.⁹</p> <p>⁹ See, for example, Section 140.7 and Section 225.53 of the IESBA Code.</p>	<p>⁹ See, for example, <u>paragraphs R114.1, 114.1 A1 and R360.37</u> <u>Section 140.7 and Section 225.53</u> of the IESBA Code.</p>
ISAE 3000 (Revised) Paragraph A199	<p>The practitioner may consider consulting internally (e.g., within the firm or network firm), obtaining legal advice to understand the professional or legal implications of taking any particular course of action, or consulting on a confidential basis with a regulator or a professional body (unless doing so is prohibited by law or regulations or would breach the duty of confidentiality).¹⁰</p> <p>¹⁰ See, for example, Section 225.55 of the IESBA Code.</p>	<p>¹⁰ See, for example, <u>paragraph 360.39 A1</u> <u>Section 225.55</u> of the IESBA Code.</p>

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ISAE 3402 Paragraph 6	<p>Compliance with ISAE 3000 (Revised) requires, among other things, compliance with Parts A and B of the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law and regulation, that are at least as demanding.⁵ It also requires the engagement partner to be a member of a firm that applies ISQC 1,⁶ or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1.</p> <p>5 ISAE 3000 (Revised), paragraphs 3(a), 20 and 24</p> <p>6 ISAE 3000 (Revised), paragraphs 3(b) and 31 (a). International Standard of Quality Control (ISQC) 1, <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements</i>.</p>	<p>Compliance with ISAE 3000 (Revised) requires, among other things, compliance with <u>the provisions Parts A and B of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)</u> issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law and regulation, that are at least as demanding.⁵ It also requires the engagement partner to be a member of a firm that applies ISQC 1,⁶ or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1.</p> <p>5 ISAE 3000 (Revised), paragraphs 3(a), 20 and 24</p> <p>6 ISAE 3000 (Revised), paragraphs 3(b) and 31 (a). International Standard of Quality Control (ISQC) 1, <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements</i>.</p>
ISAE 3402 Paragraph 11	<p>The service auditor shall comply with Parts A and B of the IESBA Code relating to assurance engagements or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A5)</p>	<p>The service auditor shall comply with <u>the provisions Parts A and B of the IESBA Code</u> relating to assurance engagements or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A5)</p>
ISAE 3402 Paragraph 53(i)	<p>The service auditor's assurance report shall include, at a minimum, the following basic elements (Ref: Para. A47):</p> <p>A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as Parts A and B of the IESBA Code related to assurance</p>	<p>A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as <u>the provisions Parts A and B of the IESBA Code</u> related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as</p>

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	engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements.	demanding as <u>the provisions</u> Parts A and B of the IESBA Code related to assurance engagements.
ISAE 3402 Paragraph A5	The service auditor is subject to relevant independence requirements, which ordinarily comprise Parts A and B of the IESBA Code together with national requirements that are more restrictive. In performing an engagement in accordance with this ISAE, the IESBA Code does not require the service auditor to be independent from each user entity.	The service auditor is subject to relevant independence requirements, which ordinarily comprise <u>the International Independence Standards</u> Parts A and B of the IESBA Code together with national requirements that are more restrictive. In performing an engagement in accordance with this ISAE, the IESBA Code does not require the service auditor to be independent from each user entity.
ISAE 3402 Paragraph A44	<p>The IESBA Code requires that a service auditor not be associated with information where the service auditor believes that the information:</p> <ul style="list-style-type: none"> (a) Contains a materially false or misleading statement; (b) Contains statements or information furnished recklessly; or (c) Omits or obscures information required to be included where such omission or obscurity would be misleading.¹⁴ <p>If other information included in a document containing the service organization's description of its system and the service auditor's assurance report contains future-oriented information such as recovery or contingency plans, or plans for modifications to the system that will address deviations identified in the service auditor's assurance report, or claims of a promotional nature that cannot be reasonably substantiated,</p>	<p>The IESBA Code requires that a service auditor not be associated with information where the service auditor believes that the information:</p> <ul style="list-style-type: none"> (a) Contains a materially false or misleading statement; (b) Contains statements or information <u>provided</u> furnished recklessly; or (c) Omits or obscures <u>required</u> information required to be included where such omission or obscurity would be misleading.¹⁴ <p>If other information included in a document containing the service organization's description of its system and the service auditor's assurance report contains future-oriented information such as recovery or contingency plans, or plans for modifications to the system that will address deviations identified in the service auditor's assurance report, or claims of a promotional nature that</p>

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	<p>the service auditor may request that information be removed or restated.</p> <p>14 IESBA Code, paragraph 110.2</p>	<p>cannot be reasonably substantiated, the service auditor may request that information be removed or restated.</p> <p>14 IESBA Code paragraph, R111.2110.2</p>
<p>ISAE 3402</p> <p>Paragraph A53</p>	<p>Appropriate actions to respond to the circumstances identified in paragraph 56, unless prohibited by law or regulation, may include:</p> <ul style="list-style-type: none"> Obtaining legal advice about the consequences of different courses of action. Communicating with those charged with governance of the service organization. Determining whether to communicate with third parties (e.g., law, regulation or relevant ethical requirements may require the service auditor to report to an appropriate authority outside the entity or the external auditor of the service organization,³⁶ or establish responsibilities under which such reporting may be appropriate in the circumstances). Modifying the service auditor's opinion, or adding an Other Matter paragraph. Withdrawing from the engagement. <p>³⁶ See, for example, Section 225.44 to 225.48 of the IESBA Code.</p>	<p>³⁶ See, for example, paragraphs R360.31-R360.35 A1Section 225.44—to 225.48 of the IESBA Code.</p>
<p>ISAE 3402</p> <p>Appendix 2</p>	<p>We have complied with the independence and other ethical requirements of the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and</p>	<p>We have complied with the independence and other ethical requirements of the <u>International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants</u> issued by the International Ethics Standards Board for Accountants—(including International Independence Standards) (IESBA Code), which is founded on fundamental</p>

IAASB Standards		Changes to the IAASB Standards
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	due care, confidentiality and professional behavior.	principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.
ISAE 3410 Paragraph 10	Compliance with ISAE 3000 (Revised) requires, among other things, compliance with Parts A and B of the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. It also requires the engagement partner to be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1. (Ref: Para. A5–A6)	Compliance with ISAE 3000 (Revised) requires, among other things, compliance with <u>the provisions Parts A and B</u> of the International <u>Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i></u> issued by the International Ethics Standards Board for Accountants —(IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. It also requires the engagement partner to be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1. (Ref: Para. A5–A6)
ISAE 3410 Paragraph 76(j)	The assurance report shall include, at a minimum, the following basic elements: (Ref. Para. A134) ... A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements.	The assurance report shall include, at a minimum, the following basic elements: (Ref. Para. A134) ... A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as <u>the provisions Parts A and B</u> of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as <u>the provisions Parts A and B</u> of the IESBA Code related to assurance engagements.
ISAE 3410	The IESBA Code adopts a threats and safeguards approach to	The IESBA Code <u>sets out <i>International Independence</i></u>

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Paragraph A5	<p>independence. Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. Many threats fall into the following categories:</p> <ul style="list-style-type: none"> • Self-interest, for example, undue dependence on total fees from the entity. • Self-review, for example, performing another service for the entity that directly affects the GHG statement, such as involvement in the quantification of the entity's emissions. • Advocacy, for example, acting as an advocate on behalf of the entity with respect to the interpretation of the applicable criteria. • Familiarity, for example, a member of the engagement team having a long association, or close or immediate family relationship, with an employee of the entity who is in a position to exert direct and significant influence over the preparation of the GHG statement. • Intimidation, for example, being pressured to reduce inappropriately the extent of work performed in order to lower fees, or being threatened with withdrawal of the practitioner's registration by a registering authority that is associated with the entity's industry group. 	<p><u>Standards, established by the application of the conceptual framework to threats to independence in relation to these engagements adopts threats and and safeguards approach to independence.</u> Compliance with the fundamental principles may potentially be threatened by a broad range of circumstances. Many threats fall into the following categories:</p> <ul style="list-style-type: none"> • Self-interest, for example, undue dependence on total fees from the entity. • Self-review, for example, performing another service for the entity that directly affects the GHG statement, such as involvement in the quantification of the entity's emissions. • Advocacy, for example, acting as an advocate on behalf of the entity with respect to the interpretation of the applicable criteria. • Familiarity, for example, a member of the engagement team having a long association, or close or immediate family relationship, with an employee of the entity who is in a position to exert direct and significant influence over the preparation of the GHG statement. • Intimidation, for example, being pressured to reduce inappropriately the extent of work performed in order to lower fees, or being threatened with withdrawal of the practitioner's registration by a registering authority that is associated with the entity's industry group.
ISAE 3410 Paragraph A6	<p>Safeguards created by the profession, law or regulation, or safeguards in the work environment, may eliminate or reduce such threats to an acceptable level.</p>	<p><u>Safeguards created by the profession, law or regulation, or safeguards in the work environment, may eliminate or reduce such threats to an acceptable level. In cases when identified threats are not at an acceptable level, the IESBA Code requires</u></p>

IAASB Standards		Changes to the IAASB Standards
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		<u>that the threats be addressed by eliminating the circumstances that create the threats, applying safeguards to reduce threats to an acceptable level, or withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.</u>
ISAE 3410 Appendix 2	We have complied with the independence and other ethical requirements of the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.	We have complied with the independence and other ethical requirements of the <u>International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code)</u> issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.
ISAE 3420 Paragraph 8	<p>Compliance with ISAE 3000 (Revised) requires, among other things, compliance with Parts A and B of the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding.³ It also requires the engagement partner to be a member of a firm that applies ISQC 1,⁴ or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1.</p> <p>3 ISAE 3000 (Revised), paragraphs 3(a), 20 and 24</p> <p>4 ISAE 3000 (Revised), paragraphs 3(b) and 31 (a). International Standard of Quality Control (ISQC) 1, <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements</i>.</p>	<p>Compliance with ISAE 3000 (Revised) requires, among other things, compliance with <u>the provisions</u> Parts A and B of the <u>International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> issued by the International Ethics Standards Board for Accountants</u> (IESBA Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding.³ It also requires the engagement partner to be a member of a firm that applies ISQC 1,⁴ or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1.</p> <p>3 ISAE 3000 (Revised), paragraphs 3(a), 20 and 24</p> <p>4 ISAE 3000 (Revised), paragraphs 3(b) and 31 (a). International Standard of Quality Control (ISQC) 1, <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements</i>.</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
ISAE 3420 Paragraph 35(h)	<p>The practitioner's report shall include, at a minimum, the following basic elements: (Ref: Para. A51)</p> <p>...</p> <p>A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law and regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements.</p>	<p>The practitioner's report shall include, at a minimum, the following basic elements: (Ref: Para. A51)</p> <p>...</p> <p>A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law and regulation, applied that are at least as demanding as <u>the provisions Parts A and B</u> of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as <u>the provisions Parts A and B</u> of the IESBA Code related to assurance engagements.</p>
ISAE 3420 Paragraph A10	<p>The IESBA Code requires the practitioner to maintain appropriate professional knowledge and skill, including an awareness and understanding of relevant technical, professional and business developments, in order to provide competent professional service.⁷ In the context of this requirement of the IESBA Code, relevant capabilities and competence to perform the engagement also include matters such as the following:</p> <ul style="list-style-type: none"> • Knowledge and experience of the industry in which the entity operates; • An understanding of the relevant securities laws and regulations and related developments; • An understanding of the listing requirements of the relevant securities exchange and of capital market transactions such as mergers, acquisitions and securities 	<p>The IESBA Code requires the practitioner to <u>comply with the principle of professional competence and due care by attaining and maintaining appropriate</u> professional knowledge and skill, including an awareness and understanding of relevant technical, professional and business developments, in order to provide competent professional service, <u>based on current technical and professional standards and relevant legislation, and acting diligently and in accordance with such professional standards and legislation.</u>⁷ In the context of this requirement of the IESBA Code, relevant capabilities and <u>professional competence</u> to perform the engagement also may include matters such as the following:</p> <p>....</p> <p>7 IESBA Code, paragraphs <u>R113.1</u> 130.1–130.3</p>

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	<p>offerings;</p> <ul style="list-style-type: none"> • Familiarity with the process of preparing a prospectus and listing securities on the securities exchange; and • Knowledge of the financial reporting frameworks used in the preparation of the sources from which the unadjusted financial information and, if applicable, the acquiree's financial information have been extracted. <p>7 IESBA Code, paragraphs 130.1–130.3</p>	
ISAE 3420 Paragraph A41	<p>The IESBA Code requires that a practitioner not knowingly be associated with reports, returns, communications or other information that the practitioner believes:⁹</p> <ul style="list-style-type: none"> (a) Contain a materially false or misleading statement; (b) Contain statements or information furnished recklessly; or (c) Omit or obscure information required to be included where such omission or obscurity would be misleading. <p>9 IESBA Code, paragraph 110.2</p>	<p>The IESBA Code requires that a practitioner not knowingly be associated with reports, returns, communications or other information that the practitioner believes:⁹</p> <ul style="list-style-type: none"> (a) Contain a materially false or misleading statement; (b) Contain statements or information furnished <u>provided</u> recklessly; or (c) Omit or obscure <u>required</u> information required to be included where such omission or obscurity would be misleading. <p>9 IESBA Code, paragraph <u>R111.2</u>410.2</p>
ISAE 3420 Appendix	<p>We have complied with the independence and other ethical requirement of the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</p>	<p>We have complied with the independence and other ethical requirement of the <u>International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)</u> issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
ISRS 4400 Paragraph 7	<p>The auditor should comply with the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants (IESBA Code). Ethical principles governing the auditor's professional responsibilities for this type of engagement are:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; (e) Professional behavior; and (f) Technical standards. <p>Independence is not a requirement for agreed-upon procedures engagements; however, the terms or objectives of an engagement or national standards may require the auditor to comply with the independence requirements of the IESBA Code. Where the auditor is not independent, a statement to that effect would be made in the report of factual findings.</p>	<p>The auditor should comply with the <u>International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)</u> issued by the International Ethics Standards Board for Accountants (IESBA Code). Ethical principles governing the auditor's professional responsibilities for this type of engagement are:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; <u>and</u> (e) Professional behavior.; and (f) Technical standards. <p>Independence is not a requirement for agreed-upon procedures engagements; however, the terms or objectives of an engagement or national standards may require the auditor to comply with the <u>International Independence Standards in independence requirements</u> of the IESBA Code. Where the auditor is not independent, a statement to that effect would be made in the report of factual findings.</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
ISRS 4410 (Revised) Paragraph 17(g)	<i>Relevant ethical requirements</i> – Ethical requirements the engagement team is subject to when undertaking compilation engagements. These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code) (excluding Section 290, <i>Independence—Audit and Review Engagements</i> , and Section 291, <i>Independence—Other Assurance Engagements</i> in Part B), together with national requirements that are more restrictive. (Ref: Para. A21)	Relevant ethical requirements – Ethical requirements <u>to which</u> the engagement team is subject to —when undertaking <u>a</u> compilation engagements, which . These requirements ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) (excluding Section 290, Independence—Audit and Review Engagements, and Section 291, Independence—Other Assurance Engagements in Part B) , together with national requirements that are more restrictive. (Ref: Para. A21)
ISRS 4410 (Revised) Paragraph 23(b)	<p>The engagement partner shall take responsibility for:</p> <p>...</p> <p>(b) The engagement being performed in accordance with the firm's quality control policies and procedures, by: (Ref: Para. A25)</p> <p>(i) Following appropriate procedures regarding the acceptance and continuance of client relationships and engagements; (Ref: Para. A26)</p> <p>....</p> <p>(iii) Being alert for indications of non-compliance by members of the engagement team with relevant ethical requirements, and determining the appropriate action if matters come to the engagement partner's attention indicating that members of the engagement team have not</p>	<p>The engagement partner shall take responsibility for:</p> <p>...</p> <p>(b) The engagement being performed in accordance with the firm's quality control policies and procedures, by: (Ref: Para. A25)</p> <p>(i) Following appropriate procedures regarding the acceptance and continuance of client relationships and engagements; (Ref: Para. A26)</p> <p>....</p> <p>(iii) Being alert for indications of <u>breaches of relevant ethical requirements</u> non-compliance—by members of the engagement team with relevant ethical requirements, and determining the appropriate action if matters come to the engagement partner's attention indicating that members of the engagement team have not complied with <u>breached</u> relevant ethical requirements; (Ref: Para. A27)</p>

IAASB Standards		Changes to the IAASB Standards
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	<p>complied with relevant ethical requirements; (Ref: Para. A27)</p>	
<p>ISRS 4410 (Revised)</p> <p>Paragraph A19</p>	<p>Part A of the IESBA Code establishes the fundamental principles of professional ethics that practitioners must comply with, and provides a conceptual framework for applying those principles. The fundamental principles are:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. <p>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. In complying with the IESBA Code, threats to the practitioner's compliance with relevant ethical requirements are required to be identified and appropriately addressed.</p>	<p>Part A of the IESBA Code establishes the fundamental principles of professional ethics that practitioners must comply with, which are and provides a conceptual framework for applying those principles. The fundamental principles are:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behavior. <p><u>The fundamental principles of ethics establish the standard of behavior expected of a professional accountant.</u></p> <p>Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. In complying with the IESBA Code, threats to the practitioner's compliance with relevant ethical requirements are required to be identified and</p> <p><u>The IESBA Code provides a conceptual framework that establishes the approach which a professional accountant is required to apply when identifying, evaluating and addressing threats to compliance with the fundamental principles. In the case of audits, reviews and other assurance engagements, the IESBA Code sets out <i>International Independence Standards</i>, established by the application of the conceptual framework to threats to independence in relation to those engagements.</u></p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
ISRS 4410 (Revised) Paragraph A20	<p>Under the IESBA Code,⁵ in applying the principle of integrity, a professional accountant is required to not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information:</p> <ul style="list-style-type: none"> (a) Contains a materially false or misleading statement; (b) Contains statements or information furnished recklessly; or (c) Omits or obscures information required to be included where such omission or obscurity would be misleading. <p>When a professional accountant becomes aware that the accountant has been associated with such information, the accountant is required by the IESBA Code to take steps to be disassociated from that information.</p> <p>5 IESBA Code Part A, paragraph 110.2</p>	<p>Under the IESBA Code,⁵ in applying the principle of integrity, a professional accountant is required to not knowingly be associated with reports, returns, communications or other information where the professional accountant believes that the information:</p> <ul style="list-style-type: none"> (a) Contains a materially false or misleading statement; (b) Contain statements or information furnished <u>provided</u> recklessly; or (c) Omit or obscure <u>required</u> information required to be included where such omission or obscurity would be misleading. <p>When a professional accountant becomes aware that the accountant has been associated with such information, the accountant is required by the IESBA Code to take steps to be disassociated from that information.</p> <p>5 IESBA Code Part A, paragraph <u>R111.2</u>110.2</p>
ISRS 4410 (Revised) Paragraph A21	<p>Notwithstanding that Section 290, <i>Independence—Audit and Review Engagements</i> and Section 291, <i>Independence—Other Assurance Engagements</i> in Part B of the IESBA Code do not apply to compilation engagements, national ethical codes or laws or regulations may specify requirements or disclosure rules pertaining to independence.</p>	<p>Notwithstanding that the <i>International Independence Standards</i> Section 290, Independence—Audit and Review Engagements and Section 291, Independence—Other Assurance Engagements in Part B of the IESBA Code do not apply to compilation engagements, national ethical codes or laws or regulations may specify requirements or disclosure rules pertaining to independence.</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
ISRS 4410 (Revised) Paragraph A22	<p>Law, regulation or relevant ethical requirements may:</p> <p>(a) Require the practitioner to report identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity.</p> <p>(b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.³⁷</p> <p>³⁷ See, for example, Section 225.51 to 225.52 of the IESBA Code.</p>	<p>³⁷ See, for example, <u>paragraphs R360.36 and R360.37</u> Section 225.51 to 225.52 of the IESBA Code.</p>
ISRS 4410 (Revised) Paragraph A25	<p>In some circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner's duty of confidentiality under law, regulation or relevant ethical requirements. In other cases, reporting identified or suspected non-compliance to an appropriate authority outside the entity would not be considered a breach of the duty of confidentiality under the relevant ethical requirements.³⁸</p> <p>³⁸ See, for example, Section 140.7 and Section 225.53 of the IESBA Code.</p>	<p>³⁸ See, for example, <u>paragraphs R114.1, 114.1 A1 and R360.37</u> Section 140.7 and Section 225.53 of the IESBA Code.</p>
ISRS 4410 (Revised) Paragraph A21e	<p>The practitioner may consider consulting internally (e.g., within the firm or network firm), obtaining legal advice to understand the professional or legal implications of taking any particular course of action, or consulting on a confidential basis with a regulator or a professional body (unless doing so is prohibited by law or regulations or would breach the duty of confidentiality).³⁹</p> <p>³⁹ See, for example, Section 225.55 of the IESBA Code.</p>	<p>³⁹ See, for example, <u>paragraph 360.39 A1</u> Section 225.55 of the IESBA Code.</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
ISRS 4410 (Revised) Appendix 1	We will perform the compilation engagement in accordance with the International Standard on Related Services (ISRS) 4410 (Revised), <i>Compilation Engagements</i> . ISRS 4410 (Revised) requires that, in undertaking this engagement, we comply with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care. For that purpose, we are required to comply with the International Ethics Standards Board for Professional Accountants' <i>Code of Ethics for Professional Accountants</i> (IESBA Code).	We will perform the compilation engagement in accordance with the International Standard on Related Services (ISRS) 4410 (Revised), <i>Compilation Engagements</i> . ISRS 4410 (Revised) requires that, in undertaking this engagement, we comply with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care. For that purpose, we are required to comply with the International Ethics Standards Board for Professional Accountants' <u>International Code of Ethics for Professional Accountants (including International Independence Standards)</u> (IESBA Code).
International Framework for Assurance Engagements Paragraph 2	<p>This Framework is not a Standard and, accordingly, does not establish any requirements (or basic principles or essential procedures) for the performance of audits, reviews, or other assurance engagements.⁸ An assurance report cannot, therefore, claim that an engagement has been conducted in accordance with this Framework, but rather should refer to relevant Assurance Standards. Assurance Standards contain objectives, requirements, application and other explanatory material, introductory material and definitions that are consistent with this Framework, and are to be applied in audit, review, and other assurance engagements. Appendix 1 illustrates the ambit of pronouncements issued by the International Auditing and Assurance Standards Board (IAASB) and their relationship to each other and to the <i>Code of Ethics for Professional Accountants</i> issued by the International Ethics Standards Board for Accountants (IESBA Code).</p> <p>⁸ See the <i>Preface to the International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements</i>.</p>	<p>This Framework is not a Standard and, accordingly, does not establish any requirements (or basic principles or essential procedures) for the performance of audits, reviews, or other assurance engagements.⁸ An assurance report cannot, therefore, claim that an engagement has been conducted in accordance with this Framework, but rather should refer to relevant Assurance Standards. Assurance Standards contain objectives, requirements, application and other explanatory material, introductory material and definitions that are consistent with this Framework, and are to be applied in audit, review, and other assurance engagements. Appendix 1 illustrates the ambit of pronouncements issued by the International Auditing and Assurance Standards Board (IAASB) and their relationship to each other and to the <u>International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)</u> issued by the International Ethics Standards Board for Accountants (IESBA Code).</p>

IAASB Standards		Changes to the IAASB Standards
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		8 See the <i>Preface to the International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements</i> .
International Framework for Assurance Engagements Paragraph 5	<p>Ethical Principles and Quality Control Standards</p> <p>Quality control within firms that perform assurance engagements, and compliance with ethical principles, including independence requirements, are widely recognized as being in the public interest and an integral part of high-quality assurance engagements. Such engagements are performed in accordance with Assurance Standards, which are premised on the basis that:</p> <p>(a) The members of the engagement team and the engagement quality control reviewer (for those engagements where one has been appointed) are subject to Parts A and B of the IESBA Code related to assurance engagements, other professional requirements, or requirements in law or regulation, that are at least demanding; and</p> <p>(b) ...</p>	<p>Ethical Principles and Quality Control Standards</p> <p>Quality control within firms that perform assurance engagements, and compliance with ethical principles, including independence requirements, are widely recognized as being in the public interest and an integral part of high-quality assurance engagements. Such engagements are performed in accordance with Assurance Standards, which are premised on the basis that:</p> <p>a) The members of the engagement team and the engagement quality control reviewer (for those engagements where one has been appointed) are subject to <u>the provisions</u> Parts A and B of the IESBA Code related to assurance engagements, other professional requirements, or requirements in law or regulation, that are at least demanding; and</p> <p>b) ...</p>
International Framework for Assurance Engagements Paragraph 6	<p>The IESBA Code</p> <p>Part A of the IESBA Code establishes the following fundamental principles with which the practitioner is required to comply:</p> <p>(a) Integrity;</p> <p>(b) Objectivity;</p> <p>(c) Professional competence and due care;</p> <p>(d) Confidentiality; and</p>	<p>The IESBA Code</p> <p>Part A of the <u>The IESBA Code</u> establishes the fundamental principles <u>of ethics, which are</u> with which the practitioner is required to comply:</p> <p>(a) Integrity;</p> <p>(b) Objectivity;</p> <p>(c) Professional competence and due care;</p> <p>(d) Confidentiality; and</p>

IAASB Standards		Changes to the IAASB Standards
Standard	Extant Paragraphs	Final Paragraphs
	(e) Professional behavior.	(e) Professional behavior. <u>The fundamental principles of ethics establish the standard of behavior expected of a professional accountant.</u>
International Framework for Assurance Engagements Paragraph 7	Part A also provides a conceptual framework for professional accountants to apply to identify threats to compliance with the fundamental principles, evaluate the significance of the threats identified, and apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level.	<u>The IESBA Code provides a conceptual framework that professional accountants are to apply in order to identify, evaluate and address threats to compliance with the fundamental principles.</u> Part A also provides a conceptual framework for professional accountants to apply to identify threats to compliance with the fundamental principles, evaluate the significance of the threats identified, and apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level.
International Framework for Assurance Engagements Paragraph 8	Part B of the IESBA Code describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including independence. The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism.	Part B of the IESBA Code <u>sets out requirements and application material on various topics</u> describes how the conceptual framework in Part A applies in certain situations to professional accountants in public practice, including independence. The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism.

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Auditing and Assurance Standards Council

**Philippine Standard on Related Services 4400
(Revised)**

Agreed-upon Procedures Engagements

**PHILIPPINE STANDARD ON RELATED SERVICES 4400
(REVISED)**

AGREED-UPON PROCEDURES ENGAGEMENTS

Contents

- **AASC Preface to Philippine Standard on Related Services 4400 (Revised), *Agreed-upon Procedures Engagements***
- **IAASB International Standard on Related Services 4400 (Revised), *Agreed-upon Procedures Engagements***

**AASC PREFACE TO PHILIPPINE STANDARD ON RELATED SERVICES 4400
(REVISED)
AGREED-UPON PROCEDURES ENGAGEMENTS**

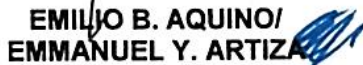
1. The Auditing and Assurance Standards Council (AASC) has approved on May 18, 2020 the adoption of International Standard on Related Services 4400 (Revised), *Agreed-upon Procedures Engagements*, issued by the International Auditing and Assurance Standards Board (IAASB) in April 2020, as Philippine Standard on Related Services (PSRS) 4400 (Revised), *Agreed-upon Procedures Engagements*.
2. This PSRS is effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after January 1, 2022.



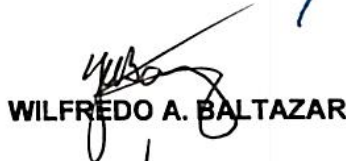
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Final Pronouncement
April 2020

International Standard on Related Services 4400
(Revised)

ISRS 4400 (Revised)

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The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

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INTERNATIONAL STANDARD ON RELATED SERVICES 4400 (REVISED) AGREED-UPON PROCEDURES ENGAGEMENTS

(Effective for agreed-upon procedures engagements
for which the terms of engagement are agreed on or after January 1, 2022)

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<p>International Standard on Related Services (ISRS) 4400 (Revised), <i>Agreed-Upon Procedures Engagements</i>, should be read in the context of the <i>Preface to the International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements</i>.</p>

Introduction

Scope of this ISRS

1. This International Standard on Related Services (ISRS) deals with:
 - (a) The practitioner's responsibilities when engaged to perform an agreed-upon procedures engagement; and
 - (b) The form and content of the agreed-upon procedures report.
2. This ISRS applies to the performance of agreed-upon procedures engagements on financial or non-financial subject matters. (Ref: Para. A1–A2)

Relationship with ISQC 1¹

3. Quality control systems, policies and procedures are the responsibility of the firm. ISQC 1 applies to firms of professional accountants in respect of a firm's agreed-upon procedures engagements. The provisions of this ISRS regarding quality control at the level of individual agreed-upon procedures engagements are premised on the basis that the firm is subject to ISQC 1 or requirements that are at least as demanding. (Ref: Para. A3–A8)

The Agreed-Upon Procedures Engagement

4. In an agreed-upon procedures engagement, the practitioner performs the procedures that have been agreed upon by the practitioner and the engaging party, where the engaging party has acknowledged that the procedures performed are appropriate for the purpose of the engagement. The practitioner communicates the agreed-upon procedures performed and the related findings in the agreed-upon procedures report. The engaging party and other intended users consider for themselves the agreed-upon procedures and findings reported by the practitioner and draw their own conclusions from the work performed by the practitioner.
5. The value of an agreed-upon procedures engagement performed in accordance with this ISRS results from:
 - (a) The practitioner's compliance with professional standards, including relevant ethical requirements; and
 - (b) Clear communication of the procedures performed and the related findings.
6. An agreed-upon procedures engagement is not an audit, review or other assurance engagement. An agreed-upon procedures engagement does not involve obtaining evidence for the purpose of the practitioner expressing an opinion or an assurance conclusion in any form.

Authority of this ISRS

7. This ISRS contains the objectives of the practitioner in following the ISRS, which provide the context in which the requirements of this ISRS are set. The objectives are intended to assist the practitioner in understanding what needs to be accomplished in an agreed-upon procedures engagement.

¹ International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

8. This ISRS contains requirements, expressed using "shall," that are designed to enable the practitioner to meet the stated objectives.
9. In addition, this ISRS contains introductory material, definitions, and application and other explanatory material, that provide context relevant to a proper understanding of this ISRS.
10. The application and other explanatory material provides further explanation of the requirements and guidance for carrying them out. While such guidance does not in itself impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also provide background information on matters addressed in this ISRS that assists in the application of the requirements.

Effective Date

11. This ISRS is effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after January 1, 2022. (Ref: Para. A9)

Objectives

12. The practitioner's objectives in an agreed-upon procedures engagement under this ISRS are to:
 - (a) Agree with the engaging party the procedures to be performed;
 - (b) Perform the agreed-upon procedures; and
 - (c) Communicate the procedures performed and the related findings in accordance with the requirements of this ISRS.

Definitions

13. For purposes of this ISRS, the following terms have the meanings attributed below:
 - (a) Agreed-upon procedures – Procedures that have been agreed to by the practitioner and the engaging party (and if relevant, other parties). (Ref: Para. A10)
 - (b) Agreed-upon procedures engagement – An engagement in which a practitioner is engaged to carry out procedures to which the practitioner and the engaging party (and if relevant, other parties) have agreed and to communicate the procedures performed and the related findings in an agreed-upon procedures report. (Ref: Para. A10)
 - (c) Engagement partner – The partner or other person in the firm who is responsible for the engagement and its performance, and for the agreed-upon procedures report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.
 - (d) Engaging party – The party(ies) that engage(s) the practitioner to perform the agreed-upon procedures engagement. (Ref: Para. A11)
 - (e) Engagement team – All partners and staff performing the agreed-upon procedures engagement, and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes a practitioner's external expert engaged by the firm or a network firm.
 - (f) Findings – Findings are the factual results of agreed-upon procedures performed. Findings are capable of being objectively verified. References to findings in this ISRS exclude opinions or

conclusions in any form as well as any recommendations that the practitioner may make. (Ref: Para. A12–A13)

- (g) **Intended users** – The individual(s) or organization(s), or group(s) that the practitioner expects will use the agreed-upon procedures report. In some cases, there may be intended users other than those to whom the agreed-upon procedures report is addressed. (Ref: Para. A10)
- (h) **Practitioner** – The individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as applicable, the firm). Where this ISRS expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than "practitioner" is used.
- (i) **Practitioner's expert** – An individual or organization possessing expertise in a field other than assurance and related services, whose work in that field is used to assist the practitioner in fulfilling the practitioner's responsibilities for the agreed-upon procedures engagement. A practitioner's expert may be either a practitioner's internal expert (who is a partner or staff, including temporary staff, of the practitioner's firm or a network firm) or a practitioner's external expert.
- (j) **Professional judgment** - The application of relevant training, knowledge and experience, within the context provided by this ISRS and relevant ethical requirements, in making informed decisions about the courses of action that are appropriate in the circumstances of the agreed-upon procedures engagement.
- (k) **Relevant ethical requirements** – Ethical requirements the engagement team is subject to when undertaking agreed-upon procedures engagements. These requirements ordinarily comprise the International Ethics Standards Board for Accountants' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards (IESBA Code))* together with national requirements that are more restrictive.
- (l) **Responsible party** - The party(ies) responsible for the subject matter on which the agreed-upon procedures are performed.

Requirements

Conduct of an Agreed-Upon Procedures Engagement in Accordance with this ISRS

- 14. The practitioner shall have an understanding of the entire text of this ISRS, including its application and other explanatory material, to understand its objectives and to apply its requirements properly.

Complying with Relevant Requirements

- 15. The practitioner shall comply with each requirement of this ISRS unless a particular requirement is not relevant to the agreed-upon procedures engagement, for example, if the circumstances addressed by the requirement do not exist in the engagement.
- 16. The practitioner shall not represent compliance with this ISRS unless the practitioner has complied with all requirements of this ISRS relevant to the agreed-upon procedures engagement.

Relevant Ethical Requirements

- 17. The practitioner shall comply with relevant ethical requirements. (Ref: Para. A14–A20)

Professional Judgment

18. The practitioner shall exercise professional judgment in accepting, conducting and reporting on an agreed-upon procedures engagement, taking into account the circumstances of the engagement. (Ref: Para. A21–A23)

Engagement Level Quality Control

19. The engagement partner shall take responsibility for:
- (a) The overall quality of the agreed-upon procedures engagement including, if applicable, work performed by a practitioner's expert; and (Ref: Para. A24)
 - (b) The engagement being performed in accordance with the firm's quality control policies and procedures by:
 - (i) Following appropriate procedures regarding the acceptance and continuance of client relationships and engagements; (Ref: Para. A25)
 - (ii) Being satisfied that the engagement team, and any practitioner's experts who are not part of the engagement team, collectively have the appropriate competence and capabilities to perform the agreed-upon procedures engagement;
 - (iii) Being alert for indications of non-compliance by members of the engagement team with relevant ethical requirements, and determining the appropriate actions if matters come to the engagement partner's attention indicating that members of the engagement team have not complied with relevant ethical requirements; (Ref: Para. A26)
 - (iv) Directing, supervising and performing the engagement in compliance with professional standards and applicable legal and regulatory requirements; and
 - (v) Taking responsibility for appropriate engagement documentation being maintained.
20. If the work of a practitioner's expert is to be used, the engagement partner shall be satisfied that the practitioner will be able to be involved in the work of a practitioner's expert to an extent that is sufficient to take responsibility for the findings included in the agreed-upon procedures report. (Ref: Para. A27)

Engagement Acceptance and Continuance

21. Before accepting or continuing an agreed-upon procedures engagement, the practitioner shall obtain an understanding of the purpose of the engagement. The practitioner shall not accept or continue the engagement if the practitioner is aware of any facts or circumstances indicating that the procedures the practitioner is being asked to perform are inappropriate for the purpose of the agreed-upon procedures engagement. (Ref: Para. A28–A31)
22. The practitioner shall accept or continue the agreed-upon procedures engagement only when: (Ref: Para. A28–A31)
- (a) The engaging party acknowledges that the expected procedures to be performed by the practitioner are appropriate for the purpose of the engagement;
 - (b) The practitioner expects to be able to obtain the information necessary to perform the agreed-upon procedures;
 - (c) The agreed-upon procedures and related findings can be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations; (Ref: Para. A32–A36)

- (d) The practitioner has no reason to believe that relevant ethical requirements will not be complied with; and
 - (e) If the practitioner is required to comply with independence requirements, the practitioner has no reason to believe that the independence requirements will not be complied with. (Ref: Para. A37–A38)
23. If the engagement partner obtains information that would have caused the firm to decline the engagement had that information been available earlier, the engagement partner shall communicate that information promptly to the firm, so that the firm and the engagement partner can take necessary action.

Agreeing the Terms of the Engagement

24. The practitioner shall agree the terms of the agreed-upon procedures engagement with the engaging party and record the agreed terms of engagement in an engagement letter or other suitable form of written agreement. These terms shall include the following: (Ref: Para. A39–A40)
- (a) Identification of the subject matter(s) on which the agreed-upon procedures will be performed;
 - (b) The purpose of the engagement and the intended users of the agreed-upon procedures report as identified by the engaging party;
 - (c) If applicable, the responsible party as identified by the engaging party, and a statement that the agreed-upon procedures engagement is performed on the basis that the responsible party is responsible for the subject matter on which the agreed-upon procedures are performed;
 - (d) Acknowledgement of the relevant ethical requirements with which the practitioner will comply in conducting the agreed-upon procedures engagement;
 - (e) A statement as to whether the practitioner is required to comply with independence requirements and, if so, the relevant independence requirements; (Ref: Para. A37–A38)
 - (f) The nature of the agreed-upon procedures engagement, including statements that:
 - (i) An agreed-upon procedures engagement involves the practitioner performing the procedures agreed with the engaging party (and if relevant, other parties), and reporting the findings; (Ref: Para. A10)
 - (ii) Findings are the factual results of the agreed-upon procedures performed; and
 - (iii) An agreed-upon procedures engagement is not an assurance engagement and accordingly, the practitioner does not express an opinion or an assurance conclusion;
 - (g) Acknowledgement by the engaging party (and if relevant, other parties) that the agreed-upon procedures are appropriate for the purpose of the engagement; (Ref: Para. A10)
 - (h) Identification of the addressee of the agreed-upon procedures report;
 - (i) The nature, timing and extent of the procedures to be performed, described in terms that are clear, not misleading and not subject to varying interpretations; and (Ref: Para. A41–A42)
 - (j) Reference to the expected form and content of the agreed-upon procedures report.
25. If the agreed-upon procedures are modified during the course of the engagement, the practitioner shall agree amended terms of engagement with the engaging party that reflect the modified procedures. (Ref: Para. A43)

Recurring Agreed-Upon Procedures Engagements

26. On recurring agreed-upon procedures engagements, the practitioner shall evaluate whether circumstances, including changes in the engagement acceptance considerations, require the terms of the engagement to be revised and whether there is a need to remind the engaging party of the existing terms of engagement. (Ref: Para. A44)

Performing the Agreed-Upon Procedures

27. The practitioner shall perform the procedures as agreed upon in the terms of the engagement.
28. The practitioner shall consider whether to request written representations. (Ref: Para. A45)

Using the Work of a Practitioner's Expert

29. If the practitioner uses the work of a practitioner's expert, the practitioner shall: (Ref: Para. A46–A47, A50)
- (a) Evaluate the competence, capabilities and objectivity of the practitioner's expert;
 - (b) Agree with the practitioner's expert on the nature, scope and objectives of that expert's work; (Ref: Para. A48–A49)
 - (c) Determine whether the nature, timing and extent of the work performed by the practitioner's expert is consistent with the work agreed with the expert; and
 - (d) Determine whether the findings adequately describe the results of the work performed, taking into account the work performed by the practitioner's expert.

The Agreed-Upon Procedures Report

30. The agreed-upon procedures report shall be in writing and shall include: (Ref: Para. A51)
- (a) A title that clearly indicates that the report is an agreed-upon procedures report;
 - (b) An addressee as set forth in the terms of the engagement;
 - (c) Identification of the subject matter on which the agreed-upon procedures are performed; (Ref: Para. A52)
 - (d) Identification of the purpose of the agreed-upon procedures report and a statement that the agreed-upon procedures report may not be suitable for another purpose; (Ref: Para. A53–A54)
 - (e) A description of an agreed-upon procedures engagement stating that:
 - (i) An agreed-upon procedures engagement involves the practitioner performing the procedures that have been agreed with the engaging party (and if relevant, other parties), and reporting the findings; (Ref: Para. A10)
 - (ii) Findings are the factual results of the agreed-upon procedures performed; and
 - (iii) The engaging party (and if relevant, other parties) has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement; (Ref: Para. A10)
 - (f) If applicable, the responsible party as identified by the engaging party, and a statement that the responsible party is responsible for the subject matter on which the agreed-upon procedures are performed;

- (g) A statement that the engagement was performed in accordance with ISRS 4400 (Revised);
 - (h) A statement that the practitioner makes no representation regarding the appropriateness of the agreed-upon procedures;
 - (i) A statement that the agreed-upon procedures engagement is not an assurance engagement and accordingly, the practitioner does not express an opinion or an assurance conclusion;
 - (j) A statement that, had the practitioner performed additional procedures, other matters might have come to the practitioner's attention that would have been reported;
 - (k) A statement that the practitioner complies with the ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding;
 - (l) With respect to independence:
 - (i) If the practitioner is not required to be independent and has not otherwise agreed in the terms of engagement to comply with independence requirements, a statement that, for the purpose of the engagement, there are no independence requirements with which the practitioner is required to comply; or
 - (ii) If the practitioner is required to be independent or has agreed in the terms of engagement to comply with independence requirements, a statement that the practitioner has complied with the relevant independence requirements. The statement shall identify the relevant independence requirements;
 - (m) A statement that the firm of which the practitioner is a member applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements in law or regulation, applied that are at least as demanding as ISQC 1;
 - (n) A description of the procedures performed detailing the nature and extent, and if applicable, the timing, of each procedure as agreed in the terms of the engagement; (Ref: Para. A55–A57)
 - (o) The findings from each procedure performed, including details on exceptions found; (Ref: Para. A55–A56)
 - (p) The practitioner's signature;
 - (q) The date of the agreed-upon procedures report; and
 - (r) The location in the jurisdiction where the practitioner practices.
31. If the practitioner refers to the work performed by a practitioner's expert in the agreed-upon procedures report, the wording of the report shall not imply that the practitioner's responsibility for performing the procedures and reporting the findings is reduced because of the involvement of an expert. (Ref: Para. A58)
32. If the practitioner provides a summary of findings in the agreed-upon procedures report in addition to the description of findings as required by paragraph 30(o):
- (a) The summary of findings shall be described in a manner that is objective, in terms that are clear, not misleading, and not subject to varying interpretations; and

- (b) The agreed-upon procedures report shall include a statement indicating that reading the summary is not a substitute for reading the complete report.
33. The practitioner shall date the agreed-upon procedures report no earlier than the date on which the practitioner completed the agreed-upon procedures and determined the findings in accordance with this ISRS.

Undertaking an Agreed-Upon Procedures Engagement Together with Another Engagement

34. The agreed-upon procedures report shall be clearly distinguished from reports on other engagements. (Ref: Para. A59)

Documentation

35. The practitioner shall include in the engagement documentation: (Ref: Para. A60)
- (a) The written terms of engagement and, if applicable, the agreement of the engaging party as to modifications to the procedures;
 - (b) The nature, timing and extent of the agreed-upon procedures performed; and
 - (c) The findings resulting from the agreed-upon procedures performed.

Application and Other Explanatory Material

Scope of this ISRS (Ref: Para. 2)

- A1. Reference to "subject matters" in this ISRS encompasses anything on which agreed-upon procedures are performed, including information, documents, measurements or compliance with laws and regulations, as relevant.
- A2. Examples of financial and non-financial subject matters on which an agreed-upon procedures engagement may be performed include:
- Financial subject matters relating to:
 - The entity's financial statements or specific classes of transactions, account balances or disclosures within the financial statements.
 - Eligibility of expenditures claimed from a funding program.
 - Revenues for determining royalties, rent or franchise fees based on a percentage of revenues.
 - Capital adequacy ratios for regulatory authorities.
 - Non-financial subject matters relating to:
 - Numbers of passengers reported to a civil aviation authority.
 - Observation of destruction of fake or defective goods reported to a regulatory authority.
 - Data generating processes for lottery draws reported to a regulatory authority.
 - Volume of greenhouse gas emissions reported to a regulatory authority.

The above list is not exhaustive. Additional types of subject matters may arise as external reporting demands evolve.

Relationship with ISQC 1 (Ref: Para. 3)

- A3. ISQC 1 deals with the firm's responsibilities to establish and maintain its system of quality control for related services engagements, including agreed-upon procedures engagements. Those responsibilities are directed at establishing:
- The firm's quality control system; and
 - The firm's related policies designed to achieve the objective of the quality control system and its procedures to implement and monitor compliance with those policies.
- A4. Under ISQC 1, the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that:
- (a) The firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and
 - (b) Reports issued by the firm or engagement partners are appropriate in the circumstances.²
- A5. A jurisdiction that has not adopted ISQC 1 in relation to agreed-upon procedures engagements may set out requirements for quality control in firms performing such engagements. The provisions of this ISRS regarding quality control at the engagement level are premised on the basis that quality control requirements adopted are at least as demanding as those of ISQC 1. This is achieved when those requirements impose obligations on the firm to achieve the aims of the requirements of ISQC 1, including an obligation to establish a system of quality control that includes policies and procedures that address each of the following elements:
- Leadership responsibilities for quality within the firm;
 - Relevant ethical requirements;
 - Acceptance and continuance of client relationships and specific engagements;
 - Human resources;
 - Engagement performance; and
 - Monitoring.
- A6. Within the context of the firm's system of quality control, engagement teams have a responsibility to implement quality control procedures applicable to the engagement.
- A7. Unless information provided by the firm or other parties suggests otherwise, the engagement team is entitled to rely on the firm's system of quality control. For example, the engagement team may rely on the firm's system of quality control in relation to:
- Competence of personnel through their recruitment and formal training.
 - Maintenance of client relationships through acceptance and continuance systems.
 - Adherence to legal and regulatory requirements through the monitoring process.

² ISQC 1, paragraph 11

In considering deficiencies identified in the firm's system of quality control that may affect the agreed-upon procedures engagement, the engagement partner may consider measures taken by the firm to rectify the situation that the engagement partner considers are sufficient in the context of that agreed-upon procedures engagement.

- A8. A deficiency in the firm's system of quality control does not necessarily indicate that an agreed-upon procedures engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the agreed-upon procedures report was not appropriate.

Effective Date (Ref: Para. 11)

- A9. For terms of engagement covering multiple years, practitioners may wish to update the terms of engagement so that the agreed-upon procedures engagements will be conducted in accordance with this ISRS on or after the effective date.

Definitions

Engaging Party and Other Intended Users (Ref: Para. 13(a), 13(b), 13(d), 13(g), 24(f)(i), 24(g), 30(e)(i), 30(e)(iii))

- A10. In some circumstances, the procedures may be agreed with intended users in addition to the engaging party. Intended users other than the engaging party may also acknowledge the appropriateness of the procedures.
- A11. The engaging party may be, under different circumstances, the responsible party, a regulator or other intended user. References to the engaging party in this ISRS include multiple engaging parties when relevant.

Findings (Ref: Para. 13(f))

- A12. Findings are capable of being objectively verified, which means that different practitioners performing the same procedures are expected to arrive at equivalent results. Findings exclude the expression of an opinion or a conclusion as well as any recommendations that the practitioner may make.
- A13. Practitioners may use the term "factual findings" in place of "findings", for example, in cases when the practitioner is concerned that the term "findings" may be misunderstood. This may be the case in jurisdictions or languages where the term "findings" may be understood as including results that are not factual.

Relevant Ethical Requirements (Ref: Para. 17)

Objectivity and Independence

- A14. A practitioner performing an agreed-upon procedures engagement is required to comply with relevant ethical requirements. Relevant ethical requirements ordinarily comprise the IESBA Code, together with national requirements that are more restrictive. The IESBA Code requires practitioners to comply with fundamental principles including objectivity, which requires practitioners not to compromise their professional or business judgment because of bias, conflict of interest or the undue influence of others. Accordingly, relevant ethical requirements to which the practitioner is subject would, at a minimum, require the practitioner to be objective when performing an agreed-upon procedures engagement.

- A15. The IESBA Code does not contain independence requirements for agreed-upon procedures engagements. However, national ethical codes, laws or regulations, other professional requirements, or conditions of a contract, program, or arrangement relating to the subject matter for the agreed-upon procedures engagement may specify requirements pertaining to independence.

*Non-Compliance with Laws and Regulations*³

- A16. Law, regulation or relevant ethical requirements may:

- (a) Require the practitioner to report identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity.
- (b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.⁴

- A17. Reporting identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be required or appropriate in the circumstances because:

- (a) Law, regulation or relevant ethical requirements require the practitioner to report;
- (b) The practitioner has determined reporting is an appropriate action to respond to identified or suspected non-compliance in accordance with relevant ethical requirements; or
- (c) Law, regulation or relevant ethical requirements provide the practitioner with the right to do so.

- A18. The practitioner is not expected to have a level of understanding of laws and regulations beyond that necessary to be able to perform the agreed-upon procedures engagement. However, law, regulation or relevant ethical requirements may expect the practitioner to apply knowledge, professional judgment and expertise in responding to identified or suspected non-compliance. Whether an act constitutes actual non-compliance is ultimately a matter to be determined by a court or other appropriate adjudicative body.

- A19. In some circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner's duty of confidentiality under law, regulation or relevant ethical requirements. In other cases, reporting identified or suspected non-compliance to an appropriate authority outside the entity would not be considered a breach of the duty of confidentiality under the relevant ethical requirements.⁵

- A20. The practitioner may consider consulting internally (e.g., within the firm or network firm), obtaining legal advice to understand the professional or legal implications of taking any particular course of action, or consulting on a confidential basis with a regulator or a professional body (unless doing so is prohibited by law or regulations or would breach the duty of confidentiality).⁶

³ Relevant ethical requirements may indicate that non-compliance with laws and regulations includes fraud. See, for example, 360.5 A2 of the IESBA Code.

⁴ See, for example, paragraphs R360.36 to 360.36A3 of the IESBA Code.

⁵ See, for example, paragraphs R114.1, 114.1 A1 and R360.37 of the IESBA Code.

⁶ See, for example, paragraph 360.39 A1 of the IESBA Code.

Professional Judgment (Ref: Para. 18)

A21. Professional judgment is exercised in applying the requirements of this ISRS and relevant ethical requirements, and in making informed decisions about courses of action throughout the agreed-upon procedures engagement, as appropriate.

A22. In accepting, conducting and reporting on an agreed-upon procedures engagement, professional judgment is exercised, for example, in:

Accepting the engagement

- Discussing and agreeing with the engaging party (and if relevant, other parties) the nature, timing and extent of the procedures to be performed (taking into account the purpose of the engagement).
- Determining whether engagement acceptance and continuance conditions have been met.
- Determining the resources necessary to carry out the procedures as agreed in the terms of the engagement, including the need to involve a practitioner's expert.
- Determining appropriate actions if the practitioner becomes aware of facts or circumstances suggesting that the procedures to which the practitioner is being asked to agree are inappropriate for the purpose of the agreed-upon procedures engagement.

Conducting the engagement

- Determining appropriate actions or responses if, when performing the agreed-upon procedures, the practitioner becomes aware of:
 - Matters that may indicate fraud or an instance of non-compliance or suspected non-compliance with laws or regulations.
 - Other matters that cast doubt on the integrity of the information relevant to the agreed-upon procedures engagement or that indicate that the information may be misleading.
 - Procedures that cannot be performed as agreed.

Reporting on the engagement

- Describing the findings in an objective manner and in sufficient detail, including when exceptions are found.

A23. In conducting the agreed-upon procedures engagement, the need for the practitioner to exercise professional judgment when performing the agreed-upon procedures is limited for reasons including:

- An agreed-upon procedures engagement involves the performance of procedures that have been agreed upon by the practitioner and the engaging party, where the engaging party has acknowledged that the procedures performed are appropriate for the purpose of the engagement.
- The agreed-upon procedures and the findings that result from performing those procedures are capable of being described objectively, in terms that are clear, not misleading, and not subject to varying interpretations.
- The findings are capable of being objectively verified, which means that different practitioners performing the same procedures are expected to arrive at equivalent results.

Engagement Level Quality Control (Ref: Para. 19–20)

- A24. The actions of the engagement partner and appropriate messages to the other members of the engagement team, in taking responsibility for the overall quality on each engagement, emphasize the importance to achieving the quality of the engagement of:
- (a) Performing work that complies with professional standards and regulatory and legal requirements;
 - (b) Complying with the firm's quality control policies and procedures as applicable; and
 - (c) Issuing the practitioner's report for the engagement in accordance with this ISRS.
- A25. ISQC 1 requires the firm to obtain such information as it considers necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client. Information that assists the engagement partner in determining whether acceptance or continuance of client relationships and agreed-upon procedures engagements is appropriate may include information concerning the integrity of the principal owners, key management and those charged with governance. If the engagement partner has cause to doubt management's integrity to a degree that is likely to affect proper performance of the engagement, it may not be appropriate to accept the engagement.
- A26. ISQC 1 sets out the responsibilities of the firm for establishing policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements. This ISRS sets out the engagement partner's responsibilities with respect to the engagement team's compliance with relevant ethical requirements.
- A27. If the practitioner is unable to meet the requirement in paragraph 20, it may be appropriate for the practitioner to agree with the engaging party to limit the scope of the agreed-upon procedures engagement to procedures for which the practitioner can appropriately take responsibility. The engaging party may separately engage an expert to perform the other procedures.

Engagement Acceptance and Continuance (Ref: Para. 21–23)

- A28. In obtaining an understanding of the purpose of the agreed-upon procedures engagement, the practitioner may become aware of indications that the procedures the practitioner is asked to perform are inappropriate for the purpose of the agreed-upon procedures engagement. For example, the practitioner may be aware of facts or circumstances that indicate:
- The procedures are selected in a manner intended to bias the intended users' decision-making.
 - The subject matter on which the agreed-upon procedures are performed is unreliable.
 - An assurance engagement or advisory service may better serve the needs of the engaging party or other intended users.
- A29. Other actions that may satisfy the practitioner that the conditions in paragraphs 21 and 22 are met include:
- Comparing the procedures to be performed with written requirements set out, for example, in law or regulation, or in a contractual agreement (sometimes referred to as the "Terms of Reference"), where appropriate.

- Requesting the engaging party to:
 - Distribute a copy of the anticipated procedures and the form and content of the agreed-upon procedures report as set out in the terms of engagement to the intended user(s).
 - Obtain acknowledgement from the intended user(s) of the procedures to be performed.
 - Discuss the procedures to be performed with appropriate representatives of the intended user(s).
- Reading correspondence between the engaging party and other intended user(s) if the engaging party is not the only intended user.

A30. If the conditions in paragraphs 21 and 22 are not met, it is unlikely that an agreed-upon procedures engagement is able to meet the needs of the engaging party or other intended users. In such circumstances, the practitioner may suggest other services, such as an assurance engagement, that may be more appropriate.

A31. All the conditions in paragraphs 21 and 22 also apply to procedures that have been added or modified during the course of the engagement.

Descriptions of Agreed-Up Procedures and Findings (Ref: Para. 22(c))

A32. The procedures to be performed during the agreed-upon procedures engagement may be prescribed by law or regulation. In some circumstances, law or regulation may also prescribe the way the procedures or findings are to be described in the agreed-upon procedures report. As set out in paragraph 22(c), a condition of accepting an agreed-upon procedures engagement is that the practitioner has determined that the agreed-upon procedures and findings can be described objectively, in terms that are clear, not misleading, and not subject to varying interpretations.

A33. Agreed-upon procedures are described objectively, in terms that are clear, not misleading, and not subject to varying interpretations. This means that they are described at a level of specificity sufficient for an intended user to understand the nature and extent and if applicable, the timing, of the procedures performed. It is important to recognize that any term could potentially be used in an unclear or misleading manner, depending on context or the absence thereof. Assuming that the terms are appropriate in the context in which they are used, examples of descriptions of actions that may be acceptable include:

- Confirm.
- Compare.
- Agree.
- Trace.
- Inspect.
- Inquire.
- Recalculate.
- Observe.

A34. Terms that may be unclear, misleading, or subject to varying interpretations depending on the context in which they are used, may include, for example:

- Terms that are associated with assurance under the IAASB's Standards such as "present fairly" or "true and fair," "audit," "review," "assurance," "opinion," or "conclusion."
- Terms that imply expression of an assurance opinion or conclusion such as "we certify," "we verify," "we have ascertained" or "we have ensured" with regard to the findings.
- Unclear or vague phrases such as "we obtained all the explanations and performed such procedures as we considered necessary."
- Terms that are subject to varying interpretations such as "material" or "significant."
- Imprecise descriptions of procedures such as "discuss," "evaluate," "test," "analyze" or "examine" without specifying the nature and extent, and if applicable, the timing, of the procedures to be performed. For example, using the word "discuss" may be imprecise without specifying with whom the discussion is held or the specific questions asked.
- Terms that suggest that the findings do not reflect factual results such as "in our view," "from our perspective" or "we take the position that."

A35. For example, a procedure such as "review cost allocations to determine if they are reasonable" is unlikely to meet the condition for terms to be clear, not misleading, or not subject to varying interpretations because:

- The term "review" may be misinterpreted by some users to mean that the cost allocation was the subject of a limited assurance engagement even though no such assurance is intended by the procedure.
- The term "reasonable" is subject to varying interpretations as to what constitutes "reasonable."

A36. In circumstances when law or regulation specifies a procedure or describes a procedure using terms that are unclear, misleading, or subject to varying interpretations, the practitioner may satisfy the condition in paragraph 22(c) by, for example, requesting the engaging party to:

- Modify the procedure or the description of the procedure so that it is no longer unclear, misleading, or subject to varying interpretations.
- If a term that is unclear, misleading or subject to varying interpretations cannot be amended, for example because of law or regulation, include a definition of the term in the agreed-upon procedures report.

Compliance with Independence Requirements (Ref: Para. 22(e), 24(e))

A37. Paragraph 22(e) applies when the practitioner is required to comply with independence requirements for reasons such as those set out in paragraph A15. Paragraph 22(e) also applies when the practitioner agrees with the engaging party, in the terms of engagement, to comply with independence requirements. For example, the practitioner may have initially determined that the practitioner is not required by relevant ethical requirements, law or regulation, or other reasons to comply with independence requirements. However, when considering engagement acceptance and continuance or agreeing the terms of engagement, the practitioner's knowledge of the following matters may indicate that a discussion with the engaging party as to whether compliance with certain

identified independence requirements is appropriate for the purpose of the agreed-upon procedures engagement:

- The purpose of the agreed-upon procedures engagement;
- The identity of the engaging party, other intended users and responsible party (if different from the engaging party);
- The nature, timing and extent of the procedures to be performed; or
- Other engagements that the practitioner is performing or has performed for the engaging party, other intended users or the responsible party (if different from the engaging party).

A38. The practitioner may be the auditor of the financial statements of the engaging party (or responsible party if different from the engaging party). In such a circumstance, if the practitioner is also engaged to conduct an agreed-upon procedures engagement, intended users of the agreed-upon procedures report may assume that the practitioner is independent for the purpose of the agreed-upon procedures engagement. Therefore, the practitioner may agree with the engaging party that the practitioner's compliance with the independence requirements applicable to audits of financial statements is appropriate for the purpose of the agreed-upon procedures engagement. In such a case, a statement that the practitioner is required to comply with such independence requirements is included in the terms of the engagement, in accordance with paragraph 24(e).

Agreeing the Terms of the Engagement (Ref: Para. 24–25)

A39. When relevant, additional matters may be included in the engagement letter, for example:

- Arrangements concerning the involvement of a practitioner's expert in some aspects of the agreed-upon procedures engagement.
- Any restrictions on the use or distribution of the agreed-upon procedures report.

A40. An illustrative engagement letter for an agreed-upon procedures engagement is set out in Appendix 1.

A41. The practitioner may agree with the engaging party that the procedures to be performed will include quantitative thresholds for determining exceptions. If so, these quantitative thresholds are included in the descriptions of the procedures in the terms of the engagement.

A42. In some circumstances, law or regulation may prescribe only the nature of the procedures to be performed. In such circumstances, in accordance with paragraph 24(i), the practitioner agrees the timing and extent of procedures to be performed with the engaging party so that the engaging party has a basis to acknowledge that the procedures to be performed are appropriate for the purpose of the engagement.

A43. In some circumstances, agreeing the terms of engagement and performing the agreed-upon procedures takes place in a linear and discrete manner. In other circumstances, agreeing the terms of engagement and performing the agreed-upon procedures is an iterative process, with changes to the agreed-upon procedures being agreed as the engagement progresses in response to new information coming to light. If procedures that have been previously agreed upon need to be modified, paragraph 25 requires the practitioner to agree the amended terms of engagement with the engaging party. The amended terms of engagement may, for example, take the form of an updated engagement letter, an addendum to an existing engagement letter, or other form of written acknowledgement.

Recurring Engagements (Ref: Para. 26)

A44. The practitioner may decide not to send a new engagement letter or other written agreement for a recurring engagement. However, the following factors may indicate that it is appropriate to revise the terms of the engagement, or to remind the engaging party of the existing terms of the engagement:

- Any indication that the engaging party misunderstands the purpose of the agreed-upon procedures engagement or the nature, timing or extent of the agreed-upon procedures.
- Any revised or special terms of the engagement, including any changes in the previously agreed-upon procedures.
- A change in legal, regulatory or contractual requirements affecting the engagement.
- A change in management or those charged with governance of the engaging party.

Performing the Agreed-Upon Procedures (Ref: Para. 28)

A45. The practitioner may decide to request written representations in some circumstances, for example:

- If the agreed-upon procedures involve inquiries, the practitioner may request written representations on the responses that have been provided verbally.
- If the engaging party is not the responsible party, the practitioner may agree with the engaging party to include, as an agreed-upon procedure, requests for written representations from the responsible party.

Using the Work of a Practitioner's Expert (Ref: Para. 29)

A46. Using the work of a practitioner's expert may involve the use of an expert to assist the practitioner in:

- Discussing with the engaging party the agreed-upon procedures to be performed. For example, a lawyer may provide suggestions to the practitioner on the design of a procedure to address legal aspects of a contract; or
- Performing one or more of the agreed-upon procedure(s). For example, a chemist may perform one of the agreed-upon procedures such as determining the toxin levels in a sample of grains.

A47. A practitioner's expert may be an external expert engaged by the practitioner or an internal expert who is part of the firm and therefore subject to the firm's system of quality control. The practitioner is entitled to rely on the firm's system of quality control, unless information provided by the firm or other parties suggests otherwise. The extent of that reliance will vary with the circumstances and may affect the nature, timing and extent of the practitioner's procedures with respect to matters such as:

- Competence and capabilities, through recruitment and training programs.
- The practitioner's evaluation of the objectivity of the practitioner's expert.
- Agreement with the practitioner's expert.

Such reliance does not reduce the practitioner's responsibility to meet the requirements of this ISRS.

A48. If the practitioner's expert is performing one or more of the agreed-upon procedure(s), the agreement of the nature, scope and objectives of that expert's work as required by paragraph 29(b) includes the nature, timing and extent of the procedure(s) to be performed by the practitioner's expert. In addition to the matters required by paragraph 29(b), it may be appropriate for the practitioner's agreement with the practitioner's expert to include matters such as the following:

- (a) The respective roles and responsibilities of the practitioner and that expert;
- (b) The nature, timing and extent of communication between the practitioner and that expert, including the form of any report to be provided by that expert; and
- (c) The need for the practitioner's expert to observe confidentiality requirements.

A49. The matters noted in paragraph A47 may affect the level of detail and formality of the agreement between the practitioner and the practitioner's expert, including whether it is appropriate that the agreement be in writing. The agreement between the practitioner and the practitioner's external expert is often in the form of an engagement letter.

A50. When the work of a practitioner's expert is to be used, it may be appropriate to perform some of the procedures required by paragraph 29 at the engagement acceptance or continuance stage.

The Agreed-Upon Procedures Report (Ref: Para. 30–33)

A51. Appendix 2 contains illustrations of agreed-upon procedures reports.

Subject Matter on which the Agreed-Upon Procedures Are Performed (Ref: Para. 30(c))

A52. If applicable, to avoid misunderstanding, the practitioner may wish to clarify that the agreed-upon procedures report does not extend to information beyond subject matters on which the agreed-upon procedures are performed. For example, if the practitioner was engaged to perform agreed-upon procedures on an entity's accounts receivable and inventory, the practitioner may wish to include a statement that the agreed-upon procedures report relates only to these accounts and does not extend to the entity's financial statements taken as a whole.

Purpose of the Agreed-Upon Procedures Report (Ref: Para. 30(d))

A53. In addition to the statement required by paragraph 30(d), the practitioner may consider it appropriate to indicate that the agreed-upon procedures report is intended solely for the engaging party and the intended users. Depending on the law or regulation of the particular jurisdiction, this may be achieved by restricting the distribution or use of the agreed-upon procedures report. In some jurisdictions, it may be possible to restrict the use of the agreed-upon procedures report but not its distribution. In other jurisdictions, it may be possible to restrict the distribution of the agreed-upon procedures report but not its use.

A54. Factors that the practitioner may consider in deciding whether to restrict the distribution or use of agreed-upon procedures report (if permitted to do so) include, for example whether:

- There is an elevated risk of users other than the intended users misunderstanding the purpose of the agreed-upon procedures engagement or misinterpreting the findings.
- The agreed-upon procedures are designed solely for the use of internal users such as management and those charged with governance of the engaging party.
- The agreed-upon procedures or findings involve confidential information.

Agreed-Upon Procedures and Findings (Ref: Para. 30(n)–30(o))

A55. If the practitioner is unable to describe the agreed-upon procedures or findings without including confidential or sensitive information, the practitioner may consider:

- Consulting internally (for example, within the firm or network firm);

- Consulting externally (for example, with the relevant professional body or another practitioner); or
- Obtaining legal advice,

to understand the professional or legal implications of taking any particular course of action.

A56. There may be circumstances when the fact that previously agreed-upon procedures have not been performed or have been modified is important to the intended users' consideration of the agreed-upon procedures and findings. For example, this may be the case when the procedures are set out in law or regulation. In such circumstances, the practitioner may identify, in the agreed-upon procedures report, the procedures agreed in the original terms of the engagement which could not be performed or were modified, and why that has arisen.

A57. The practitioner may refer to the date when the agreed-upon procedures were agreed in the terms of the engagement.

Reference to Practitioner's Expert (Ref: Para. 31)

A58. In some circumstances, law or regulation may require a reference, in the agreed-upon procedures report, to a practitioner's expert who performed any of the agreed-upon procedures. For example, such a reference may be required for the purposes of transparency in the public sector. The practitioner may also consider it appropriate in other circumstances, for example, when referring to the practitioner's expert when describing the agreed-upon procedures. Nonetheless, the practitioner has sole responsibility for the findings included in the agreed-upon procedures report, and that responsibility is not reduced by the use of the practitioner's expert. It is important therefore that if the agreed-upon procedures report refers to the practitioner's expert, the report does not imply that the practitioner's responsibility is reduced because of the reference to the practitioner's expert.

Undertaking an Agreed-Upon Procedures Engagement Together with Another Engagement (Ref: Para. 34)

A59. A practitioner may be requested to perform other engagements together with the agreed-upon procedures engagement, such as providing recommendations arising from the agreed-upon procedures engagement. Such requests may take the form of one request for the practitioner to perform agreed-upon procedures and make recommendations, and the terms of the various engagements may be set out in a single engagement letter. To avoid misunderstanding, paragraph 34 requires that the agreed-upon procedures report be clearly distinguished from the reports of other engagements. For example, the recommendations may be:

- Provided in a separate document from the agreed-upon procedures report; or
- Included in a document that contains both the agreed-upon procedures report and recommendations but the recommendations are clearly differentiated from the agreed-upon procedures report, for example, by including the agreed-upon procedures report and the recommendations in separate sections of the document.

Documentation (Ref: Para. 35)

A60. Documentation of the nature, timing and extent of the agreed-upon procedures performed may include a record of, for example:

- The identifying characteristics of the subject matter(s) on which the agreed-upon procedures are performed. Identifying characteristics will vary depending on the nature of the agreed-upon procedure and the subject matter(s) on which the agreed-upon procedure is performed. For example:
 - For a procedure on purchase orders, the practitioner may identify the documents selected by their dates and unique purchase order numbers.
 - For a procedure requiring selection of all items over a specific amount from a given population, the practitioner may record the scope of the procedure and identify the population (for example, all journal entries over a specified amount from the journal register for a specific period, all timesheets for hours recorded over a certain number for specified months or every tenth item on a specific list).
 - For a procedure requiring inquiries of specific personnel, the practitioner may record the dates of the inquiries, the names and job designations of the personnel and the specific inquiries made.
 - For an observation procedure, the practitioner may record the process or matter being observed, the relevant individuals, their respective responsibilities, and where and when the observation was carried out.
- Who performed the agreed-upon procedures and the date such procedures were performed.
- Who reviewed the agreed-upon procedures performed, and the date and extent of such review.

Appendix 1

(Ref: Para. A40)

Illustrative Engagement Letter for an Agreed-Upon Procedures Engagement

The following is an example of an engagement letter for an agreed-upon procedures engagement that illustrates the relevant requirements and guidance contained in this ISRS. This letter is not authoritative and is intended only to be a guide that may be used in conjunction with the considerations outlined in this ISRS. It will need to be adapted according to the requirements and circumstances of individual agreed-upon procedures engagements. It is drafted to refer to an agreed-upon procedures engagement for a single reporting period and would require adaptation if intended or expected to apply to a recurring engagement as described in this ISRS. It may be appropriate to seek legal advice that any proposed letter is suitable.

To [Engaging Party]

You have requested that we perform an agreed-upon procedures engagement on the procurement of [xyz] products. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services that we will provide. Our engagement will be conducted in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. In performing the agreed-upon procedures engagement, we will comply with [describe the relevant ethical requirements], which does not require us to be independent.

An agreed-upon procedures engagement performed under ISRS 4400 (Revised) involves our performing the procedures agreed with you, and communicating the findings in the agreed-upon procedures report. Findings are the factual results of the agreed-upon procedures performed. You [and if relevant, other parties] acknowledge that the procedures are appropriate for the purpose of the engagement. We make no representation regarding the appropriateness of the procedures. This agreed-upon procedures engagement will be conducted on the basis that [Responsible Party] is responsible for the subject matter on which the agreed-upon procedures are performed. Further, this agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

The procedures that we will perform are solely for the purpose of assisting you in determining whether your procurement of [xyz] products is compliant with your procurement policies.⁷ Accordingly, our report will be addressed to you and our report may not be suitable for another purpose.

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

- Obtain from management of [Responsible Party] a listing of all contracts signed between [January 1, 20X1] and [December 31, 20X1] for [xyz] products ("listing") and identify all contracts valued at over \$25,000.
- For each identified contract valued at over \$25,000 on the listing, compare the contract to the records of bidding and determine whether each contract was subject to bidding by at least 3 contractors from [Responsible Party]'s "Pre-qualified Contractors List."
- For each identified contract valued at over \$25,000 on the listing, compare the amount payable per the signed contract to the amount ultimately paid by [Responsible Party] to the contractor and determine whether the amount ultimately paid is the same as the agreed amount in the contract.

⁷ In this case, the engaging party is also the intended user.

The procedures are to be performed between [Date] and [Date].

Our Agreed-Upon Procedures Report

As part of our engagement, we will issue our report, which will describe the agreed-upon procedures and the findings of the procedures performed [insert appropriate reference to the expected form and content of the agreed-upon procedures report].

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our engagement, including the specific procedures which we have agreed will be performed and that they are appropriate for the purpose of the engagement.

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

[Firm's name]

Acknowledged and agreed on behalf of [Engaging party's name] by:

[Signature]

[Name and Title]

[Date]

Appendix 2

(Ref: Para. A51)

Illustrations of Agreed-Upon Procedures Reports**Illustration 1**

For purposes of this illustrative agreed-upon procedures report, the following circumstances are assumed:

- The engaging party is the addressee and the only intended user. The engaging party is not the responsible party. For example, the regulator is the engaging party and intended user, and the entity overseen by the regulator is the responsible party.
- No exceptions were found.
- The practitioner did not engage a practitioner's expert to perform any of the agreed-upon procedures.
- There is no restriction on the use or distribution of the report.
- There are no independence requirements with which the practitioner is required to comply.
- A quantitative threshold of \$100 for reporting exceptions in Procedure 3 has been agreed with the engaging party.

AGREED-UPON PROCEDURES REPORT ON PROCUREMENT OF [XYZ] PRODUCTS

To [Addressee]

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting [Engaging Party] in determining whether its procurement of [xyz] products is compliant with its procurement policies and may not be suitable for another purpose.

Responsibilities of the Engaging Party and the Responsible Party

[Engaging Party] has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

[Responsible Party], as identified by [Engaging Party], is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with [Engaging Party], and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in [describe the relevant ethical requirements]. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with [Engaging Party], on the procurement of [xyz] products.

	Procedures	Findings
1	Obtain from management of [Responsible Party] a listing of all contracts signed between [January 1, 20X1] and [December 31, 20X1] for [xyz] products ("listing") and identify all contracts valued at over \$25,000.	<p>We obtained from management a listing of all contracts for [xyz] products which were signed between [January 1, 20X1] and [December 31, 20X1].</p> <p>Of the 125 contracts on the listing, we identified 37 contracts valued at over \$25,000.</p>
2	For each identified contract valued at over \$25,000 on the listing, compare the contract to the records of bidding and determine whether the contract was subject to bidding by at least 3 contractors from [Responsible Party]'s "Pre-qualified Contractors List."	We inspected the records of bidding related to the 37 contracts valued at over \$25,000. We found that all of the 37 contracts were subject to bidding by at least 3 contractors from the [Responsible Party]'s "Pre-qualified Contractors List."
3	For each identified contract valued at over \$25,000 on the listing, compare the amount payable per the signed contract to the amount ultimately paid by [Responsible Party] to the contractor and determine whether the amount ultimately paid is within \$100 of the agreed amount in the contract.	<p>We obtained the signed contracts for the 37 contracts valued at over \$25,000 on the listing and compared the amounts payable in the contracts to the amounts ultimately paid by [Responsible Party] to the contractor.</p> <p>We found that the amounts ultimately paid were within \$100 of the agreed amounts in all of the 37 contracts with no exceptions noted.</p>

[Practitioner's signature]

[Date of practitioner's report]

[Practitioner's address]

Illustration 2

For purposes of this illustrative agreed-upon procedures report, the following circumstances are assumed:

- The engaging party is the responsible party. The intended user, who is different from the engaging party, is an addressee in addition to the engaging party. For example, the regulator is the intended user and the entity overseen by the regulator is the engaging party and responsible party.
- Exceptions were found.
- The practitioner engaged a practitioner's expert to perform an agreed-upon procedure and a reference to that expert is included in the agreed-upon procedures report.
- There is a restriction on the use and distribution of the report.
- The practitioner is the auditor of the financial statements of the engaging party (who is the responsible party). The practitioner has agreed with the engaging party that the practitioner's compliance with the independence requirements applicable to audits of financial statements is appropriate for the purpose of the agreed-upon procedures engagement. The practitioner has agreed to include, in the terms of engagement, compliance with the independence requirements applicable to audits of financial statements for the purpose of the agreed-upon procedures engagement.
- The practitioner included a reference to the date when the agreed-upon procedures were agreed in the terms of the engagement.

AGREED-UPON PROCEDURES REPORT ON PROCUREMENT OF [XYZ] PRODUCTS

To [Addressees]

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting [Intended User] in determining whether the [Engaging Party]'s procurement of [xyz] products is compliant with [Intended User]'s procurement policies and may not be suitable for another purpose. This report is intended solely for [Engaging Party] and [Intended Users], and should not be used by, or distributed to, any other parties.

Responsibilities of the Engaging Party

[Engaging Party] has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

[Engaging Party (also the Responsible Party)] is responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with

[Engaging Party], and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in [describe the relevant ethical requirements] and the independence requirements in accordance with [describe the relevant independence requirements].⁸

Our firm applies International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with [Engaging Party] in the terms of engagement dated [DATE], on the procurement of [xyz] products.

	Procedures	Findings
1	Obtain from management of [Engaging Party] a listing of all contracts signed between [January 1, 20X1] and [December 31, 20X1] for [xyz] products ("listing") and identify all contracts valued at over \$25,000.	<p>We obtained from management a listing of all contracts for [xyz] products which were signed between [January 1, 20X1] and [December 31, 20X1].</p> <p>Of the 125 contracts on the listing, we identified 37 contracts valued at over \$25,000.</p>

⁸ For example, if the IESBA Code is the relevant ethical requirements and Part 4A of the IESBA Code is the relevant independence requirements, this sentence may be worded along the following: "We have complied with the ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and the independence requirements in Part 4A of the IESBA Code."

	Procedures	Findings
2	For each identified contract valued at over \$25,000 on the listing, compare the contract to the records of bidding and determine whether the contract was subject to bidding by at least 3 contractors from [Engaging Party]'s "Pre-qualified Contractors List." For records of bidding that were submitted in [foreign language], translate the records of bidding with the assistance of a translator engaged by the practitioner before performing the comparison.	<p>We inspected the records of bidding related to the 37 contracts valued at over \$25,000. Of the records of bidding related to the 37 contracts, 5 were submitted in [foreign language]. We engaged a translator to assist us in the translation of these 5 records of bidding.</p> <p>We found that 36 of the 37 contracts were subject to bidding by at least 3 contractors from [Engaging Party]'s "Pre-qualified Contractors List."</p> <p>We found 1 contract valued at \$65,000 that was not subject to bidding. Management has represented to us that the reason that this contract was not subject to bidding was due to an emergency to meet a contractual deadline.</p> <p>The engagement of the translator to assist us in the translation of the records of bidding does not reduce our responsibility for performing the procedures and reporting the findings.</p>
3	For each identified contract valued at over \$25,000 on the listing, compare the amount payable per the signed contract to the amount ultimately paid by [Engaging Party] to the supplier and determine whether the amount ultimately paid is the same as the agreed amount in the contract.	<p>We obtained the signed contracts for the 37 contracts valued at over \$25,000 on the listing and compared the amounts payable in the contracts to the amounts ultimately paid by [Engaging Party] to the supplier.</p> <p>We found that the amounts payable in the signed contracts differed from the amounts ultimately paid by [Engaging Party] for 26 of the 37 contracts. In all these cases, management has represented to us that the difference in the amounts were to accommodate an increase of 1% in the sales tax rate of [jurisdiction] that became effective in September 20X1.</p>

[Practitioner's signature]

[Date of practitioner's report]

[Practitioner's address]

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