

To: Warren Allen

From: Karen VAN PEURSEM

Re: IAASB Discussion Paper – Agreed-upon procedures – Stakeholder input

Date: 26 January 2017

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Greetings Warren

I thought I might put my input into you – given your close involvement – on this standard if I may. Do with it what you will, I just think it is important to give some thought to the issue.

Two primary issues are of concern to me, the first covered in Questions 1 and 2 – the role of professional judgement (judgment). It seems to me that the very act of selecting – or declining – an engagement, the negotiation process by which the ‘scope’ of the engagement is defined, and issues around reporting, what staff to use and so on requires ‘audit judgement’. Otherwise, why have a professional perform it all.

Furthermore, acknowledging the role of ‘judgement’ as well as ‘competence and due care’ and ‘ethics’, answers a number of the other concerns about how to define a particular engagement or as to its application to non-financial information (Q5-6). The risk of not doing so is that the standard could be too narrowly defined and therefore not apply to a number of other types of engagements.

The second issue is primarily addressing questions around the users (Q7, Q9, Q10) and those stakeholders who can – or cannot – receive the report. Whatever the decision, for reasons apparent below I would advise against ‘b’. Unlike matters above, I think a policy should probably be consistently applied as otherwise the committee is creating an unnecessary uncertainty by leaving it up to the courts to define. Another approach would to ensure it’s clarified in the report. Nonetheless, history shows that the courts will make their own decision, so some caution on this one.

I’m generally however in favour of allowing the principles (ie ‘competence/due care’, ‘judgement’, evidence etc) apply so as to capture a wider range of engagements and to recognise the professional nature of audit practice.

Kind regards,

Karen VAN PEURSEM, Professorial Fellow, PhD CA, CPA (US, ret).