International Federation of Accountants

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Agenda Item

5

Committee: IAASB

Meeting Location: Lisbon

Meeting Date: June 15-18, 2009

ISAE 3000

A.   Objective of Agenda Item

A1   To provide initial direction on the revision of ISAE 3000.[1]

B.   Task Force

B1.   The Task Force comprises:

- Prof. Bill Kinney, IAASB member (Chair)
- Wolfgang Böhm, IAASB technical advisor
- Diana Hillier, IAASB member
- Prof. Roger Simnett, former IAASB member
- Jianhua Tang, IAASB member

C.   Background

C1.   The project proposal to revise ISAE 3000 was approved at the March 2009 IAASB meeting. It was suggested at that time that a working draft of revised ISAE 3000 be created by the end of 2009, and amended progressively as other projects progress, in particular the projects dealing with the review engagement standard and emissions assurance. The IAASB asked the Task Force to initiate a discussion of how this might be achieved at the June 2009 meeting.

D.   Issues

D1.   To assist the Task Force in preparing the first version of a working draft of revised ISAE 3000, the Task Force would like to receive direction from the IAASB on the following two questions, which will have a significant effect on how that version is drafted.

- To what extent should the requirements in the clarified ISAs be brought into ISAE 3000 (or a separate series of topic-specific ISAEs)?

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[1]   ISAE 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information."

- For whom is ISAE 3000 being written, for example, whether the engagement partner must necessarily be a professional accountant and an assurance specialist?

D2. These questions are discussed in Sections A and B of Agenda Paper 5-A, respectively.

D3. The Task Force has been mindful of the decisions of the IAASB in March that the project should not reinvent the work that was done on underlying conceptual issues when developing the International Framework for Assurance Engagements and ISAE 3000; and that it should only consider clarifying, not revising from scratch, conceptual issues where a particular need to do so has been identified through experience with ISAE 3000.

D4. One area in which experience with ISAE 3000 has indicated a need for more clarity on a conceptual issue is the distinction between direct reporting engagements and assertion-based engagements. In particular, from the discussion at the December 2008 IAASB meeting in the context of emissions assurance, the issue was raised whether "an engagement in which the emitter prepares and takes responsibility for the emissions inventory, but does not include with that inventory an explicit assertion to the effect that it is fairly presented in accordance with the criteria, should be considered an assertion-based engagement or a direct reporting engagement."

D5. The Emissions Task Force, to whom this question was directed, has included a discussion of this matter in Section C of Agenda Paper 7-A, where it recommends the issue be addressed as part of the ISAE 3000 project.   The ISAE 3000 Task Force has included further discussion of the issue in Section C of its paper at Agenda Item 5-A. The aim of the discussion at this meeting will be to establish a common understanding of the distinction between direct reporting and assertion-based engagements as a basis for improving the clarity of drafting on this matter.

Material Presented

Agenda Item 5-A   ISAE 3000—Issues and IAASB Task Force Proposals dated June 2009

Agenda Item 5-B   ISAE 3000—Staff-Prepared Mapping of Extant ISAE 3000 to ISA Objectives

Agenda Item 5-C   ISAE 3000—Staff Adaptation of Requirements from ISAs 210, 300, 315 and 330

Action Requested

The IAASB is asked to discuss the issues identified in the Issues and Task Force Proposals paper (**Agenda Item 5-A**).