



International Federation of Accountants

545 Fifth Avenue, 14th Floor, New York, NY 10017 USA
Tel +1 (212) 286-9344 Fax +1 (212) 286-9570 www.ifac.org

Agenda Item

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Committee: IAASB
Meeting Location: Lisbon
Meeting Date: June 15-18, 2009

Assurance Reports on Controls at a Service Organization

Objective of Agenda Item

1. To review a revised draft of ISAE 3402¹ reflecting the comments received on exposure.

Task Force Composition

2. The Task Force comprises:
 - Denise Esdon, Chair²
 - Romek Lubaczewski, PwC, Poland
 - Calum Thomson, Deloitte, UK
 - Karsten tom Dieck, KPMG, Germany
 - Rick Wood, Grant Thornton, Canada

Background

3. The exposure draft of proposed ISAE 3402 was issued in December 2007, with a response date of May 31, 2008. Forty-seven responses were received. A list of all respondents is included in the Appendix. Respondents' letters are available at <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0099>.
4. Significant issues were included in an Issues Paper that was discussed at the December 2008 IAASB meeting. Agenda Item 2-A summarizes the disposition of the significant issues included in the December 2008 Issues Paper.

SAS 70 Developments

5. Over the past few decades, in the absence of an IAASB pronouncement, SAS 70,³ developed by the American Institute of Certified Public Accountants' Auditing Standards

¹ International Standard on Assurance Engagements (ISAE) 3402, "Assurance Reports on Controls at a Service Organization."

² George Tucker, Ernst & Young (retired), USA, and former IAASB Technical Advisor, was chair of the Task Force until exposure draft stage.

³ Statement of Auditing Standards 70, "Reports on the Processing of Transactions by Service Organizations."

Board (ASB), has been accepted in many jurisdictions as the de facto international standard for assurance reports on controls at a third party service organization.

6. In November 2008, the ASB approved a proposed statement on standards for attestation engagements (SSAE), *Reporting on Controls at a Service Organization*, with a February 2009 comment deadline (ED-SSAE).
7. The Explanatory Memorandum to ED-SSAE included the following text under the heading “Convergence:”

Consistent with the ASB’s strategy to converge its standards with those of the International Auditing and Assurance Standards Board (IAASB), the proposed SSAE has been drafted using the December 2007 exposure draft of International Standard on Assurance Engagements (ISAE) 3402, *Assurance Reports on Controls at a Third Party Service Organization*, as a base. Differences between the proposed SSAE and the ISAE 3402 exposure draft, for which the ASB believes there is no compelling reason, have been eliminated.

8. As reported at the December 2008 IAASB meeting, the revision of SAS 70 provided the IAASB with an opportunity to ensure the final versions of ISAE 3402 and SAS 70 are aligned to the maximum extent possible. The Task Force held a joint meeting with the US ED SSAE task force in March 2009. That meeting provided both task forces with the opportunity to discuss the significant comments received on their respective exposure drafts and to further explore areas where differences between the two standards could be eliminated.

Material Presented

- Agenda Item 2-A Assurance Reports on Controls at a Service Organization—IAASB Task Force Recommendations dated June 2009 in Response to IAASB’s Consideration of Significant Comments on Exposure
- Agenda Item 2-B Assurance Reports on Controls at a Service Organization—Draft ISAE 3402 Showing Changes from Exposure Draft dated December 2007
- Agenda Item 2-C Assurance Reports on Controls at a Service Organization—Draft ISAE 3402 dated June 2009

Action Requested

10. The IAASB is asked to review and provide comments on the revised draft ISAE 3402. For that purpose, the **Draft ISAE 3402 Showing Changes from Exposure Draft** version (**Agenda Item 2-B**) will be discussed along with the **IAASB Task Force Recommendations dated June 2009 in Response to IAASB’s Consideration of Significant Comments on Exposure** (**Agenda Item 2-A**).

List of Respondents

Professional Accounting Bodies

AICPA	American Institute of Certified Public Accountants
ACCA	Association of Chartered Certified Accountants
AIA	The Association of International Accountants
CSCPA	California Society of Certified Public Accountants
CICA	The Canadian Institute of Chartered Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
CNCC- CSOEC	Compagnie Nationale des Commissaires aux Comptes & Conseil Supérieur de l'Ordre des Experts-Comptables
DnR	Den norske Revisorforening
FEE	Federation des Experts Comptables Europeens
FICPA	Florida Institute of Certified Public Accountants
FSR	Foreningen af Statsautoriserede Revisorer (Denmark)
HKICPA	Hong Kong Institute of Certified Public Accountants
IdW	Institut der Wirtschaftsprufer
ICPAS	Institute of Certified Public Accountants of Singapore
ICAEW	The Institute of Chartered Accountants in England and Wales
ICAIre	The Institute of Chartered Accountants in Ireland
ICAP	Institute of Chartered Accountants of Pakistan
JICPA	The Japanese Institute of Certified Public Accountants
NIVRA	Koninklijk Nederlands Instituut van Registeraccountants
KICPA	Korean Institute of Certified Public Accountants
NZICA	New Zealand Institute of Chartered Accountants
SAICA	The South African Institute of Chartered Accountants

Independent National Auditing Standard Setters

AUASB	Auditing and Assurance Standards Board (Australia)
APB	Auditing Practices Board (UK)
IRBA	Independent Regulatory Board for Auditors (South Africa)

Service Organizations

Atos	Atos Origin
IBM	IBM Global Services
HP	Hewlett-Packard
Mn Serv	Mn Services
Robeco	Robeco

Public Sector Organizations

AGA	Association of Government Accountants
ACAG	Australasian Council of Auditors-General
OAGC	Office of the Auditor General of Canada
GAO	General Accounting Office (USA)
NAO	National Audit Office (UK)
PA Sask	Provincial Auditor Saskatchewan

Regulators and Oversight Authorities

Basel	Basel Committee on Banking Supervision
IOSCO	International Organization of Securities Commissions

Audit Firms

BDO	BDO Global Coordination B.V.
DTT	Deloitte Touche Tohmatsu
EYG	Ernst & Young Global
GTI	Grant Thornton International
KPMG	KPMG
PwC	PricewaterhouseCoopers

Individuals and Others

ISACA	Information Security and Control Association
Maresca	Joseph Maresca
VanRanst	Al Van Ranst