

Compilation and Agreed Upon Procedures

Background

Section 290 provides independence requirements for assurance engagements. The IAASB establishes standards for assurance engagements (which include audit and review engagements) and related services engagements. Related services engagements comprise engagements to perform agreed-upon procedures regarding financial information (ISRS 4400) and engagement to compile financial information (ISRS 4410).

Discussion

ISRS 4400 establishes standards and provides guidance for the professional accountant when performing an engagement to perform agreed-upon procedures (which is not, under the ISA framework, an assurance engagement). The standard states that independence is not a requirement for agreed-upon procedures engagements, however the terms of the engagement or national standards may require the professional accountant to comply with the independence requirements of the *Code of Ethics for Professional Accountants*. When the practitioner is not independent a statement to that effect is made in the report of factual findings (ISRS 4410¶8).

ISRS 4410 establishes standards and provides guidance for the professional accountant when performing an engagement to compile financial information (which is not an assurance engagement under the ISA framework). The standard states that independence is not required for compilation engagement. However, when the professional accountant is not independent a statement to that effect is made in the accountant's report.

Therefore, while neither standard requires the professional accountant to be independent, ISRS 4410 in all cases, and ISRS 4400 in some cases, requires the professional accountant to assess their independence by reference to the Code and if the accountant is not independent include a statement to that effect in the report. This raises the question of against which standard does the professional accountant measure their independence or lack thereof? Section 290 provides only independence requirements for assurance engagements.

The Task Force recognizes this is an issue it has not, however, started to debate possible solutions to the issue because it is mindful the IESBA might feel this is outside of the remit of the Task Force.

Action requested

Members are asked to consider the issue and determine whether they are of the view that the independence Task Force should develop a proposed solution or whether they wish a separate Task Force to address the matter.