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Dear Keith

### **Consultation on proposal to adopt (in the UK) (ISAE) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information**

Chartered Accountants Ireland is generally supportive of the proposed adoption of ISAE 3000 by the FRC for appropriate reporting assignments. We have however, set out in this covering letter some matters that in our opinion may require further consideration by the FRC as part of the adoption process of this Standard for use in the UK. We have also included responses to the questions raised in the consultation paper.

#### **Scope of the proposed standard**

It is not clear from the consultation paper the types of engagement that the standard will apply to. The consultation notes that “these will ordinarily be particular engagements for which there is a requirement in law or regulation for an assurance report to be provided by an auditor or other assurance practitioner or where a clear need has been identified to serve the public interest”.

We note the consultation paper states that “currently there are no such assurance engagements required by law or regulation but it is anticipated that this may change in the foreseeable future in light of recent reviews and recommendations for the scope of auditors' responsibilities and other developments”.

We were unclear from reading the consultation paper if it is the FRC’s intention to only apply this Standard to new engagements that will be required to be performed by an auditor arising from the current review of audit in the UK or whether it will be applied to existing reports required by law or regulation that are deemed to be in the public interest. Currently there are a number of reports required by law or regulation where an assurance opinion is not required that are more like expert opinions than assurance engagements in nature.

We therefore consider that further information on the engagements that the FRC envisage would be in the scope of the standard is required to fully consider the implications of the adoption of the proposed UK standard. It is not clear in the consultation paper if the FRC plan to consult in the future on the reports that will be in the scope of ISAE (UK) 3000. We are concerned that if the scope of the UK standard is set as all engagements where no specific standard has been issued by the FRC this may include engagements which do not meet the pre-conditions for acceptance. Our concerns here in particular relate to the availability of suitable criteria as required by ISAE 3000 for all such engagements.

**Independence requirements**

We note that the proposed independence standards that will apply when performing an engagement under the ISAE (UK) 3000 standard is the independence requirements of the FRC Ethical Standard. Currently engagements performed under ISAE 3000 apply the independence requirements of the IESBA code.

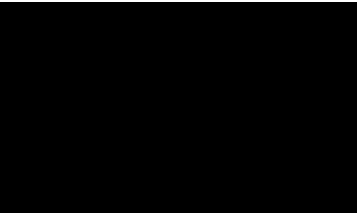
A consequence of this, there may be a bias towards these engagements being performed by the statutory auditor of the entity as they will already be applying the requirements of the FRC ethical standard.

The impact of this change will be very significant if ISAE (UK) 3000 is mandated for all engagements where the FRC has not already issued specific performance standards.

We hope that these comments, and those set out in the attachment, will be of assistance to the FRC.

We would be pleased to assist you further, in particular in relation to issues that arise for Irish auditors with UK based clients and of course for our members in Northern Ireland. Please do not hesitate to contact me at [anne.sykes@charteredaccountants.ie](mailto:anne.sykes@charteredaccountants.ie) or on + 353 1 6377313 to discuss any of the issues raised in our response.

Yours sincerely



Secretary  
Audit and Assurance Committee  
Chartered Accountants Ireland

## **Responses to questions**

### **Question 1**

**Do you agree with the proposed adoption of ISAE 3000?**

**If not, please explain why**

Chartered Accountants Ireland is generally supportive of the proposed adoption of ISAE 3000 subject to the matters noted below.

The use of ISAE 3000 for these engagements will help to ensure consistency in how such engagements are conducted and improve transparency of the nature of the engagements performed.

### **Question 2**

**Do you agree that ISAE (UK) 3000 should be mandated only for certain specific types of assurance engagement as described above, with voluntary application permitted for other assurance engagements; or should it be mandated for all assurance engagements for which the FRC has not issued specific performance standards?**

**If the latter, please explain why.**

The consultation paper is unclear as to what types of engagements are envisaged would be subject to the UK standard and notes that “these will ordinarily be particular engagements for which there is a requirement in law or regulation for an assurance report to be provided by an auditor or other assurance practitioner or where a clear need has been identified to serve the public interest”. At present, there are a number of reports required to be provided by an auditor where the nature of the report is not defined. A number of these reports are more like expert opinions than assurance reports. Many of these engagements do not satisfy the pre-conditions for an assurance engagement as set out in ISAE 3000. For this reason, we envisage that there will be practical difficulties in performing engagements if the use of the standard is mandated for all engagements for which the FRC has not issued specific performance standards.

As regards the mandating of the standard for only certain specific types of assurance engagement, we are unclear what the process for this will be. Does the FRC intend to consult on the list of engagements that the standard will apply to? We are of the opinion that this will be very important to ensure that the pre-conditions for an assurance engagement is present for each engagement that will fall in the scope of the standard.

### **Question 3**

**Do you agree with the proposed adaptations to the text highlighted in the exposure draft?**

**If not, please explain why and describe the changes you would wish to see.**

The main change made by the proposed adaptations of the text highlighted in the exposure draft is the requirement to apply the FRC Ethical Standard for independence rather than the IESBA code.

A consequence of this may be a bias towards these engagements being performed by the statutory auditor of the entity as they will already be applying the requirements of the FRC ethical standard.

The impact of this change will be very significant if ISAE (UK) 3000 is mandated for all engagements where the FRC has not already issued specific performance standards.

### **Question 4**

**Do you believe any further adaptations should be made?**

**If yes, please explain them**

No – we do not consider that further adaptations should be made.

### **Question 5**

**Do you agree with the proposed effective date for assurance reports dated on or after 15 September 2020?**

**If not, please explain what date would be appropriate.**

We do not think that the proposed effective date is appropriate.

In the absence of having a list of engagements as to which the standard will apply, it is difficult to make an assessment however, we do consider that applying ISAE 3000 to engagements where it has not been used up to now will present significant difficulties for practitioners in developing and implementing methodologies and guidance for use on such engagements within the proposed timeframe. The independence matter discussed in response to question 3 may also make the timeframe proposed exceptionally challenging for practitioners that are not also the statutory auditor of the entity to comply with the requirements of the FRC Ethical Standard.