

STANDARD ON RELATED SERVICES

CA Aleem Lilani

17th October 2020

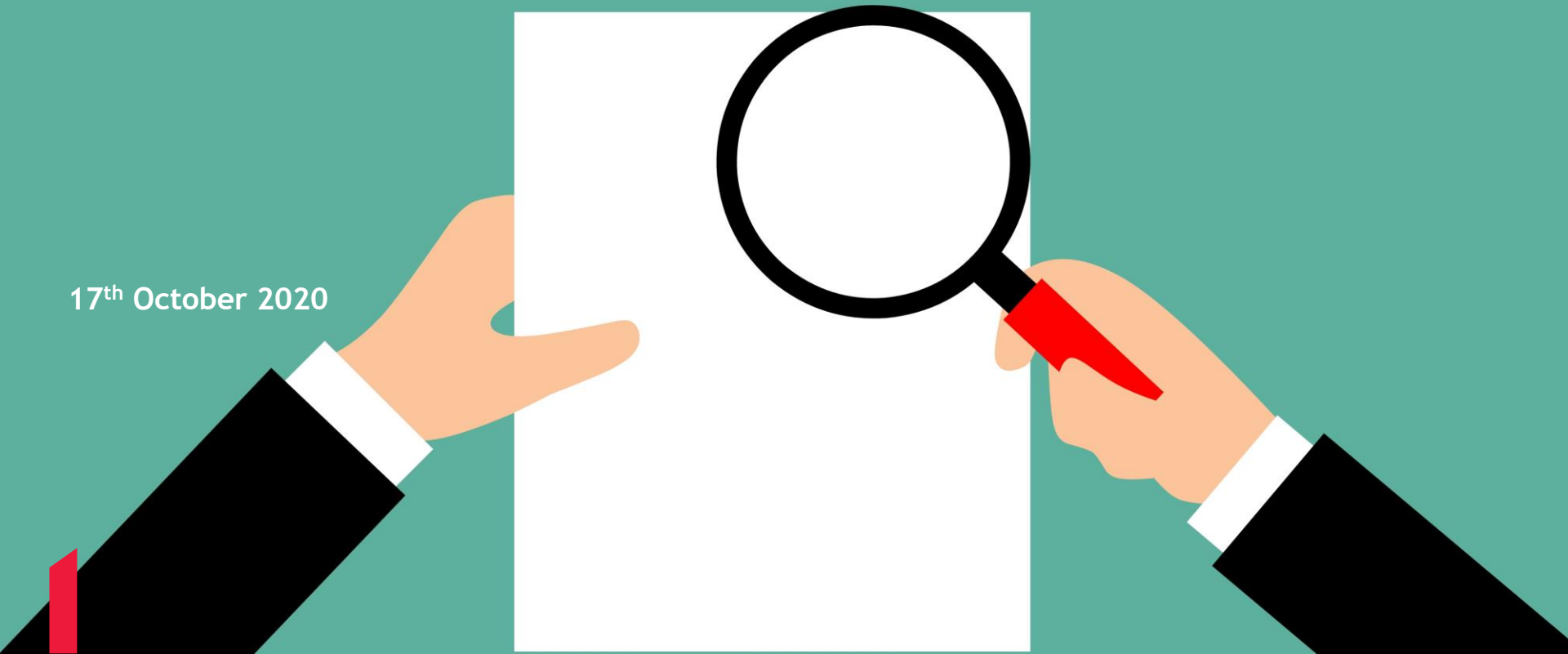




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**SRS 4400 ENGAGEMENT TO PERFORM AGREED
UPON PROCEDURES REGARDING FINANCIAL
INFORMATION**




SRS 4410(REVISED) COMPILATION ENGAGEMENT



SRS 4400 - ENGAGEMENT TO PERFORM AGREED UPON PROCEDURES REGARDING FINANCIAL INFORMATION

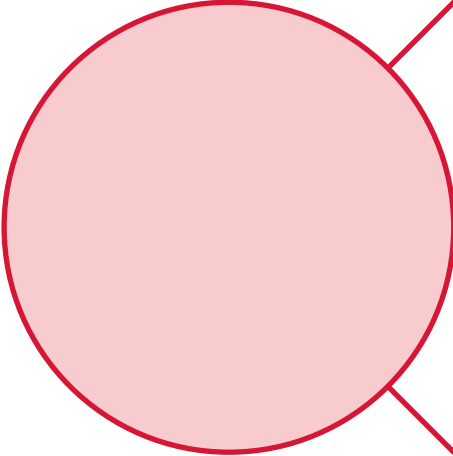


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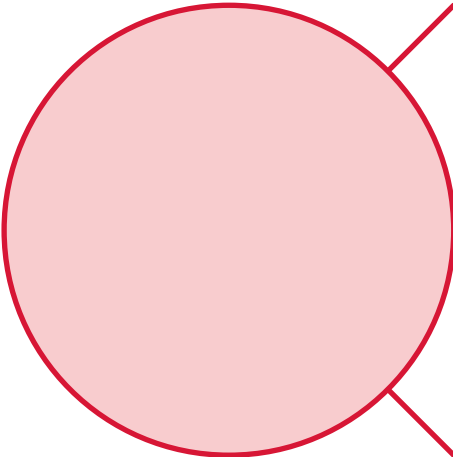


- Introduction & Objective of an Agreed Upon Procedures (AUP)
- General Principles of an AUP
- What is the terms of an Engagement?
- Planning & Documentation
- Procedures and Evidence
- Compatibility with the International Standard ISRS 4400
- Key elements of AUP

INTRODUCTION



The purpose of this Standard on Related Services (SRS) is to establish standards and provide guidance on the auditor's professional responsibilities when an engagement to perform agreed-upon procedures regarding financial information is undertaken and, on the form and content of the report that the auditor issues in connection with such an engagement.



This SRS is directed towards engagements regarding financial information. However, it may provide useful guidance for engagements to perform agreed-upon procedures regarding non-financial information; provided the auditor has adequate knowledge of the subject matter in question and reasonable criteria exist on which to base his findings

EXAMPLES

An engagement to perform agreed-upon procedures may require the auditor to perform certain procedures concerning individual items of financial data such as

accounts payable,

accounts receivable,

Purchases and sales from related parties

profits of a segment of an entity, or a financial statement, say, a balance sheet or even a complete set of financial statements etc.

OBJECTIVE OF AN AGREED-UPON PROCEDURES ENGAGEMENT (AUP)

An AUP engagement is for the auditor to carry out procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings.

As the auditor simply provides a report of the factual findings of AUP, no assurance is expressed by him in his report. Instead, users of the report assess for themselves the procedures and the findings reported by the auditor and draw their own conclusions from the work done by the auditor.

The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.

GENERAL PRINCIPLES OF AN AGREED-UPON PROCEDURES ENGAGEMENT

The auditor should comply with the Code of Ethics, issued by the Institute of Chartered Accountants of India.

Ethical principles governing the auditor's professional responsibilities for this type of engagement are:

Integrity;

Objectivity;

Professional competence and due care;

Confidentiality ;

Professional conduct; and

Technical standards

Independence is not a requirement for AUP engagement; however, the terms or objective of the engagement may require the auditor to comply with the independence requirements of the Code of Ethics issued by the ICAI. Where the auditor is not independent, a statement to that effect should be made in the report of factual findings

The auditor should conduct an AUP engagement in accordance with this SRS and the terms of the engagement.

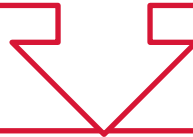
WHAT IS THE TERMS OF AN ENGAGEMENT?

Matters to be agreed include the following:

- Nature of the engagement including the fact that the procedures performed will not constitute an audit or a review and that accordingly no assurance will be expressed.
- Stated purpose for the engagement.
- Identification of the financial information to which the agreed-upon procedures will be applied.
- Nature, timing and extent of the specific procedures to be applied.
- Limitations on distribution of the report of factual findings. When such limitation would be in conflict with the legal requirements, if any, the auditor would not accept the engagement.

WHAT IS THE TERMS OF AN ENGAGEMENT?

In certain circumstances, when the procedures have been agreed to between the regulator, industry representatives and representatives of the accounting profession, the auditor may not be able to discuss the procedures with all the parties who will receive the report, then the auditor may consider, for example, discussing the procedures to be applied with appropriate representatives of the parties involved, reviewing relevant correspondence from such parties.



Engagement letter should be in the interests of both the client and the auditor and the auditor sends an engagement letter documenting the key terms of the appointment.



An engagement letter confirms the auditor's acceptance of the appointment and helps avoid misunderstanding.



Matters which creates misunderstanding are:

the objectives and scope of the engagement,

the extent of the auditor's responsibilities and

the form of reports to be issued.

PLANNING AND DOCUMENTATION

The auditor should plan the work so that an effective engagement will be performed.

The auditor should document matters which are important in providing evidence to support the report of factual findings, and evidence that the engagement was carried out in accordance with this SRS and the terms of the engagement

PROCEDURES AND EVIDENCE

The auditor should carry out the procedures agreed-upon and use the evidence obtained as the basis for the report of factual findings.



The procedures applied in an engagement to perform agreed-upon procedures may include:

1. Inquiry and analysis.
2. Recomputation, comparison and other clerical accuracy checks.
3. Observation.
4. Inspection.
5. Obtaining confirmations.

REPORTING

Title

Addressee (ordinarily, the appointing authority)

Identification of specific financial or non-financial information to which the agreed-upon procedures have been applied

A statement that the procedures performed were those agreed-upon with the recipient

A statement that the engagement was performed in accordance with the Standard on Related Services applicable to agreed-upon procedures engagements

REPORTING




Identification of the purpose for which the agreed-upon procedures were performed

A listing of the specific procedures performed

A description of the auditor's factual findings including sufficient details of errors and exceptions found

A statement that the procedures performed do not constitute either an audit or a review and, as such, no assurance is expressed

REPORTING



A statement that had the auditor performed additional procedures, an audit or a review, other matters might have come to light that would have been reported

A statement that the report is restricted to those parties that have agreed to the procedures to be performed

A statement (when applicable) that the report relates only to the elements, accounts, items or financial and non-financial information specified and that it does not extend to the entity's financial statements taken as a whole

Date of the report, Place of signature, Auditor's signature

Compatibility with the International Standard on Auditing (ISRS) 4400

The standards established in this Standard on Related Services are generally consistent in all material respects with those set out in the International Standard on Auditing (ISRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information”.

KEY ELEMENTS OF AUP

Engaged to issue report on factual findings based on specified procedures performed on specified subject matters.

This is also a complete standard on standalone basis (all relevant attributes of other auditing standards are covered in the auditing standard)

This SRS is a useful guidance for engagements to perform AUP regarding non-financial information as well.

It is neither an audit nor a review hence to be specifically mention in the report issued.

Restricted purpose and distribution.

Example - balance confirmation, profit of a segment, etc.

AUP v/s Certificate

AUP

- SRS 4400- Engagements to perform Agreed Upon Procedure regarding Financial Information
- Reporting on factual findings based upon procedures agreed with the engaging party
- No Assurance Expressed

CERTIFICATE

- Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)
- Issuing an opinion/ conclusion
- Assurance Expressed



SRS 4410 (REVISED) COMPILATION ENGAGEMENT

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○	The Compilation engagement
○	Engagement Level Quality Control
○	Engagement Acceptance and Continuance
○	Management's responsibilities
○	Compiling Financial Information
○	Documentation and Practitioner's Report

PURPOSE OF THE SRS 4410

SRS 4410 deals with the practitioner's responsibilities when engaged to assist management with the preparation and presentation of historical financial information without obtaining any assurance on that information, and to report on the engagement in accordance with this SRS.

It applies to compilation engagements for historical financial information.

This may be applied, adapted as necessary, to compilation engagements for financial information other than historical financial information, and to compilation engagements for non-financial information. E.g. Greenhouse gas statements, Sustainability Reporting, Environmental Reporting, CSR Reporting, Integrated Reporting, etc.

Hereinafter in this SRS, reference to "financial information" means "historical financial information."

PURPOSE & OBJECTIVE

When the practitioner is requested to assist management with the preparation and presentation of financial information, appropriate consideration may need to be given to whether the engagement should be undertaken in accordance with this SRS.

a) Applying financial reporting and accounting expertise in assisting the management in preparing and presenting financial information as per the relevant financial reporting framework depending upon the information provided by the management

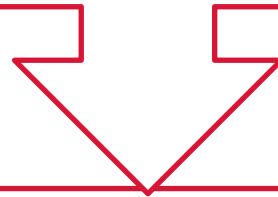
b) Reporting in line with the requirements of SRS 4410

RELATIONSHIP WITH SQC1 (QUALITY CONTROL FOR FIRMS THAT PERFORM AUDITS AND REVIEWS OF HISTORICAL FINANCIAL INFORMATION, AND OTHER ASSURANCE AND RELATED SERVICES ENGAGEMENTS)



MEANING OF COMPILATION ENGAGEMENT AND PRACTITIONER

An engagement in which a practitioner applies accounting and financial reporting expertise to assist management in the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by this SRS. Throughout this SRS, the words “compile”, “compiling” and “compiled” are used in this context.



A professional accountant in public practice who conducts the compilation engagement. The term includes the engagement partner or other members of the engagement team, or, as applicable, the firm.

THE COMPILATION ENGAGEMENT

Management might request the professional accountant who is in public practice for helping them with the preparation and presentation of their financial information.

The value of the compilation engagement executed as per SRS 4410 to users of such financial information results from

a) application of professional expertise of the practitioner in financial reporting and accounting and

b) adherence to professional standards, which includes applicable ethical requirements, and

c) clear communication of extent and nature of the involvement of the practitioner with such compiled financial information.

As the compilation engagement isn't an assurance engagement, the compilation engagement doesn't need a practitioner's verification for the completeness or accuracy of information provided by the entity's management for such compilation, or otherwise for gathering evidence to provide the audit opinion or the review conclusion on the preparation of financial information.

THE COMPILATION ENGAGEMENT Contd..

Financial information that is the subject of a compilation engagement may be required for various purposes including:

- To comply with mandatory periodic financial reporting requirements established in law or regulation, if any; or
- For purposes unrelated to mandatory financial reporting under relevant law or regulation, including for example:
 - For management or those charged with governance, prepared on a basis appropriate for their particular purposes (such as preparation of financial information for internal use).
 - For periodic financial reporting undertaken for external parties under a contract or other form of agreement (such as financial information provided to a funding body to support provision or continuation of a grant).
 - For transactional purposes, for example to support a transaction involving changes to the entity's ownership or financing structure (such as for a merger or acquisition).

Different financial reporting frameworks can be used to prepare and present financial information, ranging from a simple entity-specific basis of accounting to established financial reporting standards. The financial reporting framework adopted by management to prepare and present the financial information will depend on the nature of the entity and the intended use of the information.

REQUIREMENTS

Complying with Relevant Requirements

- A practitioner must adhere to every requirement of SRS 4410 unless a specific requirement isn't relevant to such compilation engagement, for instance in case the situations addressed by a requirement doesn't exist in such engagement.

Ethical Requirements

- A practitioner must adhere to all the relevant ethical requirements.

Professional Judgment

- A practitioner must ensure that he/she exercises professional judgment while conducting the compilation engagement.

ENGAGEMENT LEVEL QUALITY CONTROL

An engagement partner must take the responsibility for:

- Quality of every compilation engagement which is assigned to such partner; and
- The performance of the engagement as per the quality control procedures and policies of the entity, by:
 - Ensuring appropriate procedures have been followed with respect to acceptance and continuation of client engagements and relationships;
 - Making sure that the team engaged in the compilation work together has the required proficiency and competencies of performing such compilation engagement;
 - Having alertness for signs of non-compliance by the members of such engagement team with applicable ethical requirements, and considering the suitable action if the matters come to the attention of the engagement partner signifying that the members of such engagement team haven't adhered to the applicable ethical requirements;
 - Supervising, directing and executing such engagement while complying with the relevant professional standards and all the applicable regulatory and legal requirements; and
 - Taking the responsibility for documentation of all applicable engagement is maintained.

ENGAGEMENT ACCEPTANCE AND CONTINUANCE

Continuance of Client Relationships, Engagement Acceptance and Agreeing to the Terms of the Engagement

A practitioner shouldn't accept an engagement unless he/she has agreed and decided on all the terms of such engagement with the management, including:

The proposed use and circulation of such financial information, and limitations on its use or its circulation wherever applicable	Identification of relevant financial reporting framework	Overall scope and objective of such compilation engagement	The responsibilities of the practitioner, including the requirement to comply with relevant ethical requirements;	The management's responsibilities	The expected content and form of the report of the practitioner
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MANAGEMENT'S RESPONSIBILITIES

Overall financial information, and for preparation and presentation of financial statements, as per the financial reporting framework which is relevant in view of the proposed use of such financial information and its intended users

Scheme, implementation, and continuance of the internal control as management considers necessary for enabling the preparation of such financial statements which are free from any material misstatement, either due to error or fraud;

The completeness and accuracy of the documents, explanations, records and other such information provided by the management for such compilation engagement; and

The judgments required in preparation and presentation of such financial information, which includes the ones which a practitioner might offer assistance in course of such compilation engagement

RECURRING ENGAGEMENTS

With respect to recurring compilation engagements, a practitioner should assess and evaluate whether the conditions, which includes the changes in engagement acceptance considerations, necessitate the revision of the terms of engagement and whether there's a requirement for reminding the management of current terms of engagement.

COMPILING FINANCIAL INFORMATION (FI)

While compiling the financial information, a practitioner must seek the help of documents, explanations, records and such other information, which includes the important judgments, offered by the management.

A practitioner should also discuss with the management, or persons charged with the governance as suitable, such significant judgments, for which he/she has offered assistance while compiling such financial information.

Before concluding the compilation engagement, a practitioner should go through such compiled financial information based on his/her understanding of business and operations of the entity, and of relevant financial reporting framework.

In case, while performing the compilation engagement, a practitioner comes to know that the documents, records, explanations or such other information, which includes important judgments, provided by the management for such compilation engagement are inaccurate, incomplete or otherwise inadequate, the practitioner should bring the same to the management's attention and request for corrected or additional information.

COMPILING FINANCIAL INFORMATION (FI) Contd..

In case the practitioner is not able to finish the engagement due to management failure in providing documents, records, explanations or such other information, which includes important judgments, the practitioner should withdraw from such engagement and communicate the management and persons charged with the governance of the intentions and the reasons behind the same.

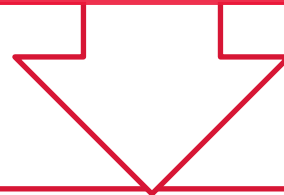


In case the practitioner comes to know in course of his/her engagement the following then the practitioner shall propose the appropriate amendments to management :

(a) The compiled FI does not adequately refer to or describe the applicable financial reporting framework;

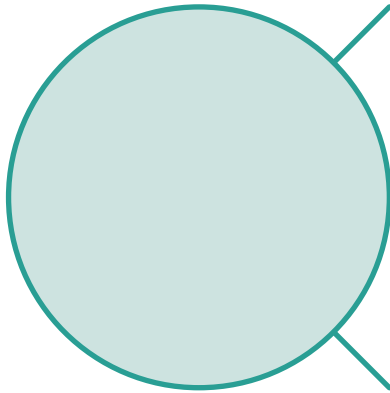
(b) Amendments to the compiled FI are required for the financial information not to be materially misstated; or

(c) The compiled FI is otherwise misleading,

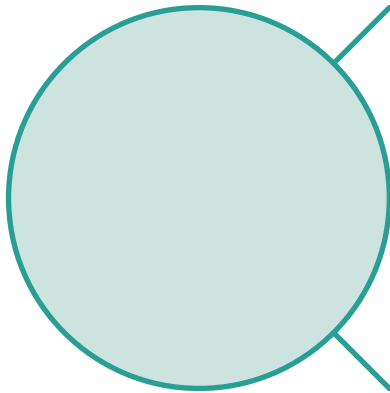


In case the management doesn't allow or decline the practitioner in carrying out the proposed amendments to such compiled financial information, he/she should withdraw from such engagement and communicate the management and persons charged with the governance of the intentions and the reasons behind the same.

COMPILING FINANCIAL INFORMATION (FI) Contd..



If withdrawal from the engagement is not possible, the practitioner shall determine the professional and legal responsibilities applicable in the circumstances.



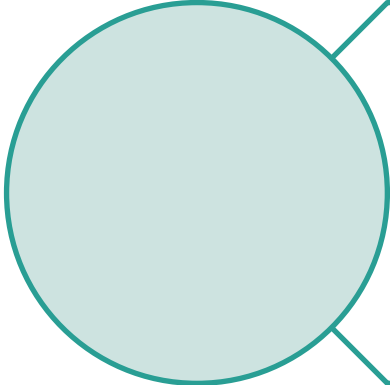
The practitioner shall obtain an acknowledgement from management or those charged with governance, as appropriate, that they have taken responsibility for the final version of the compiled financial information.

DOCUMENTATION

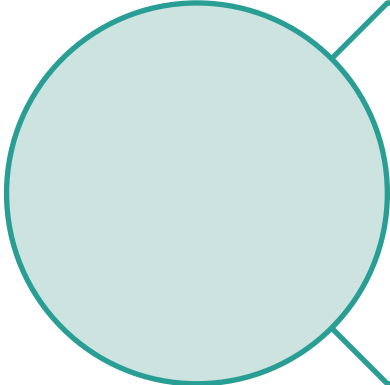
A practitioner should include in his/her engagement documentation:

- Important matters which have arisen in the course of the compilation engagement and how the practitioner addressed those matters
- A record showing how financial information so compiled reconciles with underlying documents, records, explanations and such other information, offered by the management
- A copy of the last version of the compiled financial information for which the management or persons charged with the governance, as apt, has agreed and acknowledged their responsibility, and report of the practitioner

WHETHER UDIN IS REQUIRED ON PROVISIONAL FINANCIAL STATEMENTS / COMPILATION OF INFORMATION



Standard on Related Services (SRS) 4410
“Compilation Engagements” deals with the concept.
Provisional Financial Statements / Compilation of
Information may be prepared as per this standard.



The member has to comply with SRS 4410 while
preparing Provisional Financial Statements /
Compilation of Information and has to obtain UDIN
for the same.



THE PRACTITIONER'S REPORT

The important purpose of the report of the practitioner is to communicate in clear terms the extent and nature of compilation engagement, and his/her role and responsibilities in such compilation engagement.

The practitioner's report isn't a tool for expressing the opinion or conclusion on financial information.


REPORTING




The report title



The addressee(s)

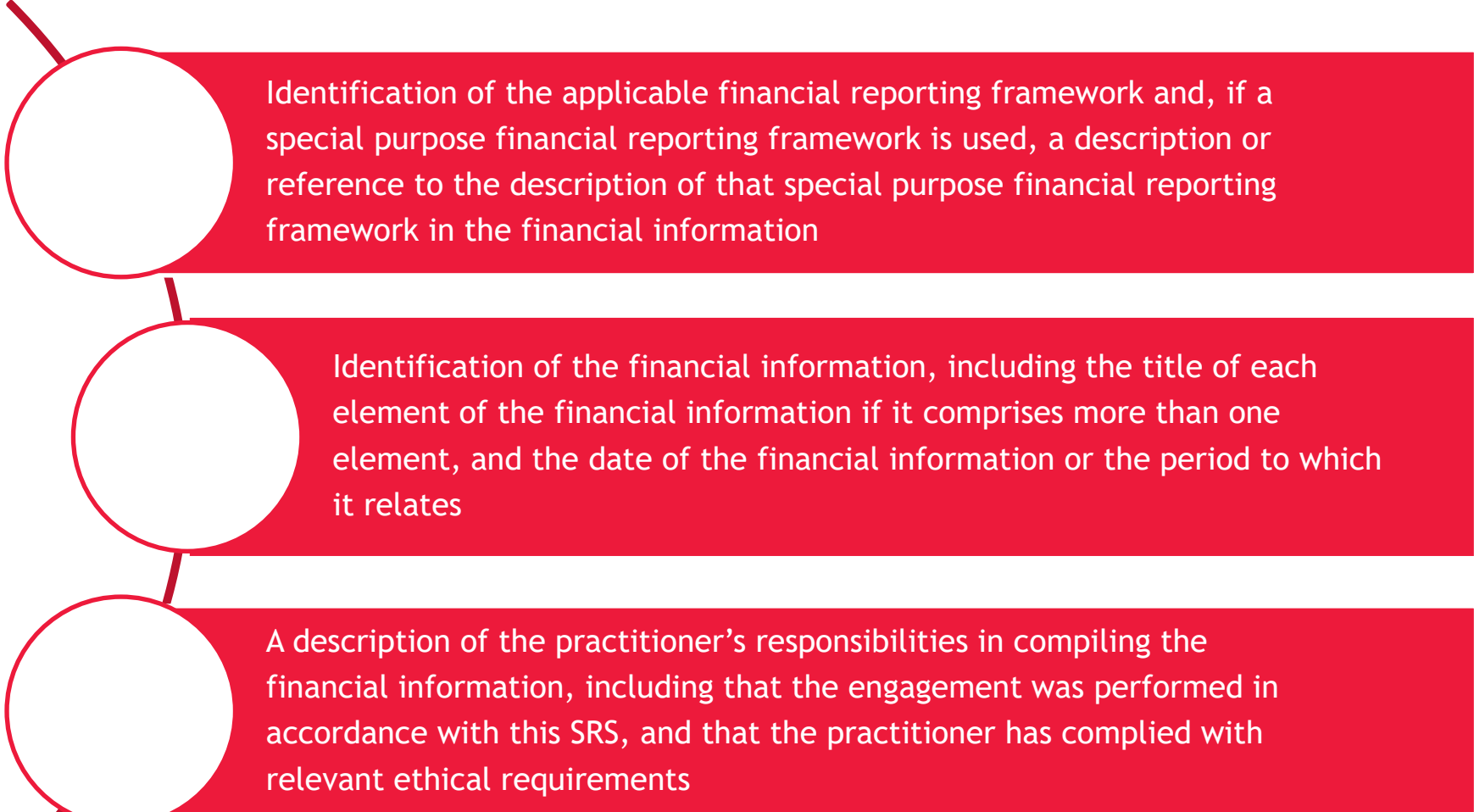


A statement that the practitioner has compiled the financial information based on information provided by management



A description of the responsibilities of management, or those charged with governance as appropriate, in relation to the compilation engagement, and in relation to the financial information

REPORTING

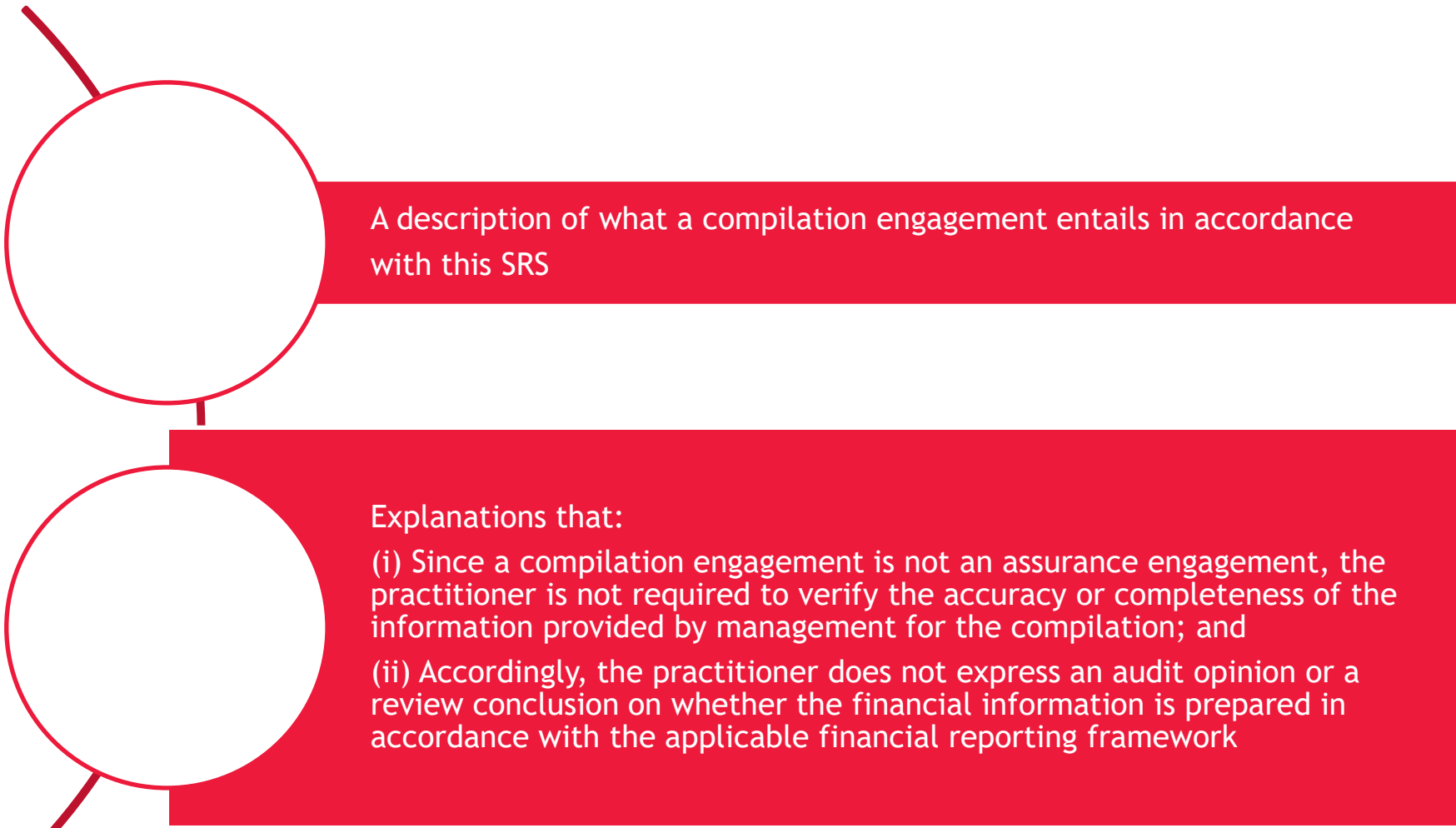


Identification of the applicable financial reporting framework and, if a special purpose financial reporting framework is used, a description or reference to the description of that special purpose financial reporting framework in the financial information

Identification of the financial information, including the title of each element of the financial information if it comprises more than one element, and the date of the financial information or the period to which it relates

A description of the practitioner's responsibilities in compiling the financial information, including that the engagement was performed in accordance with this SRS, and that the practitioner has complied with relevant ethical requirements

REPORTING



A description of what a compilation engagement entails in accordance with this SRS

Explanations that:

- (i) Since a compilation engagement is not an assurance engagement, the practitioner is not required to verify the accuracy or completeness of the information provided by management for the compilation; and
- (ii) Accordingly, the practitioner does not express an audit opinion or a review conclusion on whether the financial information is prepared in accordance with the applicable financial reporting framework

REPORTING

If the financial information is prepared using a special purpose financial reporting framework, an explanatory paragraph that:

- (i) Describes the purpose for which the financial information is prepared and, if necessary, the intended users, or contains a reference to a note in the financial information that discloses this information; and
- (ii) Draws the attention of readers of the report to the fact that the financial information is prepared in accordance with a special purpose framework and that, as a result, the information may not be suitable for other purposes;

REPORTING




The date of the practitioner's report

The practitioner's signature

The Place of signature



A close-up photograph of a blue marker writing the words "Thank you" in a cursive script on a white surface. The marker is positioned on the right side of the frame, with its tip touching the end of the word "you". The ink is a vibrant blue, and the handwriting is fluid and expressive. The background is a plain, light-colored surface.

Thank
you