

## Technical Alerts

### TA 06/2023 - Grant claims

December 2023

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## **Grant Claims**

***Miscellaneous Technical Statement 45 Grant Claims (issued 2006) has been withdrawn.***

Members are directed to **INTERNATIONAL STANDARD ON RELATED SERVICES (ISRS) 4400 (REVISED)** issued in 2020 for guidance on reporting on such matters.

This International Standard on Related Services (ISRS) deals with the accountants' responsibilities when engaged to perform an agreed-upon procedures engagement and the form and content of their report.

In an agreed upon procedures engagement the accountant performs the procedures that have been agreed upon by the client and communicates the procedures performed and the related findings. The client and the intended users consider for themselves the agreed upon procedures and the findings reported by the accountant and draw their own conclusions from the work performed.

The value of the engagement results from the accountant's compliance with professional standards and relevant ethical requirements and clear communications of the procedures performed and the related findings.

The ISRS can be downloaded from the IAASB website. The standard includes detailed application material on the steps in accepting and carrying out such engagements including illustrative engagement letters and reports. In this TA members are directed to a number of matters that may be particularly helpful when undertaking such an engagement.

<https://www.iaasb.org/publications/international-standard-related-services-isrs-4400-revised>

Members are directed to the Factsheet issued by the IAASB which summarises the approach in such engagements and highlights the recent changes to the standard.

<https://www.ifac.org/system/files/publications/files/ISRS-4400-Revised-Fact-Sheet-final.pdf>

### **ISRS 4400 (Revised).**

This ISRS deals with the accountant's responsibilities when engaged to perform an Agreed Upon Procedures (AUP) engagement and the form and content of the report.

### **Background to Agreed Upon Procedures**

In an agreed-upon procedures engagement, the accountant performs the procedures that have been agreed upon by the accountant and the engaging party, and the accountant communicates those procedures and the related findings in their report. A wide range of stakeholders use agreed-upon procedures reports for a variety of reasons; for example, regulators, funding bodies, creditors and others ask for agreed-upon procedures reports to support or complement information, such as audited financial statements or loan or grant applications.

### **Key aspects**

#### **1. Engagement**

The standard gives guidance on engagement acceptance and continuance, (paragraph 21 to 23) and some general advice on agreeing the terms of engagement. Accountants are reminded of the need to have an appropriate engagement letter in place. The application material, A39 to A44 gives further guidance on the contents of an engagement letter and **Appendix 1** give an illustrative engagement letter for an AUP engagement.

#### **2. Quality management**

The standard includes a discussion of the relationship with the quality management standards and the code of ethics in paragraphs 2 and paragraphs 19-20. There is further discussion of this in the application material, A24-27. ISRS 4400 (revised) refers to ISQC 1, this has been replaced (in 2022) with ISQM1 and ISQM2 and there is guidance on these standards on the Associations webpages at these links: [ISQM1](#) and [ISQM2](#)

#### **3. Documentation**

Some guidance on documentation is in paragraph 35 and A60 gives some examples of what this might entail. And there is also guidance on how an expert can assist the accountant in an AUP

engagement in paragraph 29 and in the application material A46-- A 50. This is also included in **Appendix 2, Illustrative reports.**

#### **4. Reporting**

The form of the report is discussed in paragraph 30 and this should be agreed with the client in advance of work commencing. This report is further discussed in paragraphs A51 to A58 and Appendix 2 contains two **Illustrative reports** which accountants may find useful as a basis for their own report.