

**INTERNATIONAL STANDARD ON ASSURANCE
ENGAGEMENTS 3000
(REVISED)
ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR
REVIEWS OF HISTORICAL FINANCIAL INFORMATION**

(Effective for assurance reports dated on or after December 15, 2015)

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International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, should be read in conjunction with the *Preface to the International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*.

Introduction

1. This International Standard on Assurance Engagements (ISAE) deals with assurance engagements other than audits or reviews of historical financial information, which are dealt with in International Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs), respectively. (Ref: Para. A21–A22)
2. Assurance engagements include both attestation engagements, in which a party other than the practitioner measures or evaluates the underlying subject matter against the criteria, and direct engagements, in which the practitioner measures or evaluates the underlying subject matter against the criteria. This ISAE contains requirements and application and other explanatory material specific to reasonable and limited assurance attestation engagements. This ISAE may also be applied to reasonable and limited assurance direct engagements, adapted and supplemented as necessary in the engagement circumstances.
3. This ISAE is premised on the basis that:
 - (a) The members of the engagement team and the engagement quality control reviewer (for those engagements where one has been appointed) are subject to Parts A and B of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA Code) related to assurance engagements, or other professional requirements, or requirements in law or regulation, that are at least as demanding; and (Ref: Para. A30–A34)
 - (b) The practitioner who is performing the engagement is a member of a firm that is subject to ISQC 1,¹ or other professional requirements, or requirements in law or regulation, regarding the firm’s responsibility for its system of quality control, that are at least as demanding as ISQC 1. (Ref: Para. A61–A66)
4. Quality control within firms that perform assurance engagements, and compliance with ethical principles, including independence requirements, are widely recognized as being in the public interest and an integral part of high-quality assurance engagements. Professional accountants in public practice will be familiar with such requirements. If a competent practitioner other than a professional accountant in public practice chooses to represent compliance with this or other ISAE, it is important to recognize that this ISAE includes requirements that reflect the premise in the preceding paragraph.

¹ International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

Scope

5. This ISAE covers assurance engagements other than audits or reviews of historical financial information, as described in the *International Framework for Assurance Engagements* (Assurance Framework). Where a subject-matter specific ISAE is relevant to the subject matter of a particular engagement, that ISAE applies in addition to this ISAE. (Ref: Para. A21–A22)
6. Not all engagements performed by practitioners are assurance engagements. Other frequently performed engagements that are not assurance engagements, as defined by paragraph 12(a) (and therefore are not covered by the ISAE) include:
 - (a) Engagements covered by International Standards on Related Services (ISRS), such as agreed-upon procedure and compilation engagements;²
 - (b) The preparation of tax returns where no assurance conclusion is expressed; and
 - (c) Consulting (or advisory) engagements, such as management and tax consulting. (Ref: Para. A1)
7. An assurance engagement performed under the ISAE may be part of a larger engagement. In such circumstances, the ISAE are relevant only to the assurance portion of the engagement.
8. The following engagements, which may be consistent with the description in paragraph 12(a), are not considered assurance engagements in terms of the ISAE:
 - (a) Engagements to testify in legal proceedings regarding accounting, auditing, taxation or other matters; and
 - (b) Engagements that include professional opinions, views or wording from which a user may derive some assurance, if all of the following apply:
 - (i) Those opinions, views or wording are merely incidental to the overall engagement;
 - (ii) Any written report issued is expressly restricted for use by only the intended users specified in the report;

² ISRS 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, and ISRS 4410 (Revised), *Compilation Engagements*

- (iii) Under a written understanding with the specified intended users, the engagement is not intended to be an assurance engagement; and
- (iv) The engagement is not represented as an assurance engagement in the professional accountant's report.

Effective Date

9. This ISAE is effective for assurance engagements where the assurance report is dated on or after December 15, 2015.

Objectives

10. In conducting an assurance engagement, the objectives of the practitioner are:
- (a) To obtain either reasonable assurance or limited assurance, as appropriate, about whether the subject matter information is free from material misstatement;
 - (b) To express a conclusion regarding the outcome of the measurement or evaluation of the underlying subject matter through a written report that conveys either a reasonable assurance or a limited assurance conclusion and describes the basis for the conclusion; (Ref: Para. A2) and
 - (c) To communicate further as required by this ISAE and any other relevant ISAE.
11. In all cases when reasonable assurance or limited assurance, as appropriate, cannot be obtained and a qualified conclusion in the practitioner's assurance report is insufficient in the circumstances for purposes of reporting to the intended users, this ISAE requires that the practitioner disclaim a conclusion or withdraw (or resign) from the engagement, where withdrawal is possible under applicable law or regulation.

Definitions

12. For purposes of this ISAE and other ISAEs, unless indicated to the contrary, the following terms have the meanings attributed below. (Ref: Para. A27)
- (a) Assurance engagement—An engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria). Each

assurance engagement is classified on two dimensions: (Ref: Para. A3)

- (i) Either a reasonable assurance engagement or a limited assurance engagement:
 - a. Reasonable assurance engagement—An assurance engagement in which the practitioner reduces engagement risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner’s conclusion. The practitioner’s conclusion is expressed in a form that conveys the practitioner’s opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.
 - b. Limited assurance engagement—An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner’s attention to cause the practitioner to believe the subject matter information is materially misstated. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner’s professional judgment, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users’ confidence about the subject matter information to a degree that is clearly more than inconsequential. (Ref: Para. A3–A7)
- (ii) Either an attestation engagement or a direct engagement: (Ref: Para. A8)
 - a. Attestation engagement—An assurance engagement in which a party other than the practitioner measures or evaluates the underlying subject matter against the criteria. A party other than the practitioner also often presents the resulting subject matter information in a report or statement. In some cases, however, the subject matter information may be presented by the practitioner

in the assurance report. In an attestation engagement, the practitioner's conclusion addresses whether the subject matter information is free from material misstatement. The practitioner's conclusion may be phrased in terms of: (Ref: Para. A179, A181)

- i. The underlying subject matter and the applicable criteria;
 - ii. The subject matter information and the applicable criteria; or
 - iii. A statement made by the appropriate party(ies).
- b. Direct engagement—An assurance engagement in which the practitioner measures or evaluates the underlying subject matter against the applicable criteria and the practitioner presents the resulting subject matter information as part of, or accompanying, the assurance report. In a direct engagement, the practitioner's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria.
- (b) Assurance skills and techniques—Those planning, evidence gathering, evidence evaluation, communication and reporting skills and techniques demonstrated by an assurance practitioner that are distinct from expertise in the underlying subject matter of any particular assurance engagement or its measurement or evaluation. (Ref: Para. A9)
- (c) Criteria—The benchmarks used to measure or evaluate the underlying subject matter. The “applicable criteria” are the criteria used for the particular engagement. (Ref: Para. A10)
- (d) Engagement circumstances—The broad context defining the particular engagement, which includes: the terms of the engagement; whether it is a reasonable assurance engagement or a limited assurance engagement, the characteristics of the underlying subject matter; the measurement or evaluation criteria; the information needs of the intended users; relevant characteristics of the responsible party, the measurer or evaluator, and the engaging party and their environment; and other matters, for example events, transactions, conditions and practices, that may have a significant effect on the engagement.
- (e) Engagement partner—The partner or other person in the firm who is responsible for the engagement and its performance, and for the assurance report that is issued on behalf of the firm, and who, where

required, has the appropriate authority from a professional, legal or regulatory body. “Engagement partner” should be read as referring to its public sector equivalents where relevant.

- (f) Engagement risk—The risk that the practitioner expresses an inappropriate conclusion when the subject matter information is materially misstated. (Ref: Para. A11–A14)
- (g) Engaging party—The party(ies) that engages the practitioner to perform the assurance engagement. (Ref: Para. A15)
- (h) Engagement team—All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes a practitioner’s external expert engaged by the firm or a network firm.
- (i) Evidence—Information used by the practitioner in arriving at the practitioner’s conclusion. Evidence includes both information contained in relevant information systems, if any, and other information. For purposes of the ISAE: (Ref: Para. A147–A153)
 - (i) Sufficiency of evidence is the measure of the quantity of evidence.
 - (ii) Appropriateness of evidence is the measure of the quality of evidence.
- (j) Firm—A sole practitioner, partnership or corporation or other entity of individual practitioners. “Firm” should be read as referring to its public sector equivalents where relevant.
- (k) Historical financial information—Information expressed in financial terms in relation to a particular entity, derived primarily from that entity’s accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past.
- (l) Internal audit function – A function of an entity that performs assurance and consulting activities designed to evaluate and improve the effectiveness of the entity’s governance, risk management and internal control processes.
- (m) Intended users—The individual(s) or organization(s), or group(s) thereof that the practitioner expects will use the assurance report. In some cases, there may be intended users other than those to whom the assurance report is addressed. (Ref: Para. A16–A18, A37))
- (n) Measurer or evaluator—The party(ies) who measures or evaluates the underlying subject matter against the criteria. The measurer or

evaluator possesses expertise in the underlying subject matter. (Ref: Para. A37, A39)

- (o) Misstatement—A difference between the subject matter information and the appropriate measurement or evaluation of the underlying subject matter in accordance with the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.
- (p) Misstatement of fact (with respect to other information)—Other information that is unrelated to matters appearing in the subject matter information or the assurance report that is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing the subject matter information.
- (q) Other information—Information (other than the subject matter information and the assurance report thereon) which is included, either by law, regulation or custom, in a document containing the subject matter information and the assurance report thereon.
- (r) Practitioner—The individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as applicable, the firm). Where this ISAE expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term “engagement partner” rather than “practitioner” is used. (Ref: Para. A37)
- (s) Practitioner’s expert—An individual or organization possessing expertise in a field other than assurance, whose work in that field is used by the practitioner to assist the practitioner in obtaining sufficient appropriate evidence. A practitioner’s expert may be either a practitioner’s internal expert (who is a partner or staff, including temporary staff, of the practitioner’s firm or a network firm), or a practitioner’s external expert.
- (t) Professional judgment—The application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.
- (u) Professional skepticism—An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, and a critical assessment of evidence.
- (v) Responsible party—The party(ies) responsible for the underlying subject matter. (Ref: Para. A37)

- (w) Risk of material misstatement—The risk that the subject matter information is materially misstated prior to the engagement.
 - (x) Subject matter information—The outcome of the measurement or evaluation of the underlying subject matter against the criteria, that is, the information that results from applying the criteria to the underlying subject matter. (Ref: Para. A19)
 - (y) Underlying subject matter—The phenomenon that is measured or evaluated by applying criteria.
13. For the purposes of this ISAE and other ISAE, references to “appropriate party(ies)” should be read hereafter as “the responsible party, the measurer or evaluator, or the engaging party, as appropriate.” (Ref: Para. A20, A37)

Requirements

Conduct of an Assurance Engagement in Accordance with ISAE

Complying with Standards that are Relevant to the Engagement

- 14. The practitioner shall comply with this ISAE and any subject matter-specific ISAE relevant to the engagement.
- 15. The practitioner shall not represent compliance with this or any other ISAE unless the practitioner has complied with the requirements of this ISAE and any other ISAE relevant to the engagement. (Ref: Para. A21–A22, A171)

Text of an ISAE

- 16. The practitioner shall have an understanding of the entire text of an ISAE, including its application and other explanatory material, to understand its objectives and to apply its requirements properly. (Ref: Para. A23–A28)

Complying with Relevant Requirements

- 17. Subject to the following paragraph, the practitioner shall comply with each requirement of this ISAE and of any relevant subject matter-specific ISAE unless, in the circumstances of the engagement the requirement is not relevant because it is conditional and the condition does not exist. Requirements that apply to only limited assurance or reasonable assurance engagements have been presented in a columnar format with the letter “L” (limited assurance) or “R” (reasonable assurance) after the paragraph number. (Ref: Para. A29)
- 18. In exceptional circumstances, the practitioner may judge it necessary to depart from a relevant requirement in an ISAE. In such circumstances, the practitioner shall perform alternative procedures to achieve the aim of that requirement. The need for the practitioner to depart from a relevant requirement is expected to arise only where the requirement is for a specific

procedure to be performed and, in the specific circumstances of the engagement, that procedure would be ineffective in achieving the aim of the requirement.

Failure to Achieve an Objective

19. If an objective in this ISAE or a relevant subject matter-specific ISAE cannot be achieved, the practitioner shall evaluate whether this requires the practitioner to modify the practitioner's conclusion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective in a relevant ISAE represents a significant matter requiring documentation in accordance with paragraph 79 of this ISAE.

Ethical Requirements

20. The practitioner shall comply with Parts A and B of the IESBA Code related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A30–A34, A60)

Acceptance and Continuance

21. The engagement partner shall be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and assurance engagements have been followed by the firm, and shall determine that conclusions reached in this regard are appropriate.
22. The practitioner shall accept or continue an assurance engagement only when: (Ref: Para. A30–A34)
 - (a) The practitioner has no reason to believe that relevant ethical requirements, including independence, will not be satisfied;
 - (b) The practitioner is satisfied that those persons who are to perform the engagement collectively have the appropriate competence and capabilities (see also paragraph 32); and
 - (c) The basis upon which the engagement is to be performed has been agreed, through:
 - (i) Establishing that the preconditions for an assurance engagement are present (see also paragraphs 24–26); and
 - (ii) Confirming that there is a common understanding between the practitioner and the engaging party of the terms of the engagement, including the practitioner's reporting responsibilities.

23. If the engagement partner obtains information that would have caused the firm to decline the engagement had that information been available earlier, the engagement partner shall communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action.

Preconditions for the Assurance Engagement

24. In order to establish whether the preconditions for an assurance engagement are present, the practitioner shall, on the basis of a preliminary knowledge of the engagement circumstances and discussion with the appropriate party(ies), determine whether: (Ref: Para. A35–A36)
- (a) The roles and responsibilities of the appropriate parties are suitable in the circumstances; and (Ref: Para. A37–A39)
 - (b) The engagement exhibits all of the following characteristics:
 - (i) The underlying subject matter is appropriate; (Ref: Para. A40–A44)
 - (ii) The criteria that the practitioner expects to be applied in the preparation of the subject matter information are suitable for the engagement circumstances, including that they exhibit the following characteristics: (Ref: Para. A45–A50)
 - a. Relevance.
 - b. Completeness.
 - c. Reliability.
 - d. Neutrality.
 - e. Understandability.
 - (iii) The criteria that the practitioner expects to be applied in the preparation of the subject matter information will be available to the intended users; (Ref: Para. A51–A52)
 - (iv) The practitioner expects to be able to obtain the evidence needed to support the practitioner’s conclusion; (Ref: Para. A53–A55)
 - (v) The practitioner’s conclusion, in the form appropriate to either a reasonable assurance engagement or a limited assurance engagement, is to be contained in a written report; and
 - (vi) A rational purpose including, in the case of a limited assurance engagement, that the practitioner expects to be able to obtain a meaningful level of assurance. (Ref: Para. A56)

25. If the preconditions for an assurance engagement are not present, the practitioner shall discuss the matter with the engaging party. If changes cannot be made to meet the preconditions, the practitioner shall not accept the engagement as an assurance engagement unless required by law or regulation to do so. However, an engagement conducted under such circumstances does not comply with ISAE. Accordingly, the practitioner shall not include any reference within the assurance report to the engagement having been conducted in accordance with this ISAE or any other ISAE(s).

Limitation on Scope Prior to Acceptance of the Engagement

26. If the engaging party imposes a limitation on the scope of the practitioner's work in the terms of a proposed assurance engagement such that the practitioner believes the limitation will result in the practitioner disclaiming a conclusion on the subject matter information, the practitioner shall not accept such an engagement as an assurance engagement, unless required by law or regulation to do so. (Ref: Para. A156(c))

Agreeing on the Terms of the Engagement

27. The practitioner shall agree the terms of the engagement with the engaging party. The agreed terms of the engagement shall be specified in sufficient detail in an engagement letter or other suitable form of written agreement, written confirmation, or in law or regulation. (Ref: Para. A57–A58)
28. On recurring engagements, the practitioner shall assess whether circumstances require the terms of the engagement to be revised and whether there is a need to remind the engaging party of the existing terms of the engagement.

Acceptance of a Change in the Terms of the Engagement

29. The practitioner shall not agree to a change in the terms of the engagement where there is no reasonable justification for doing so. If such a change is made, the practitioner shall not disregard evidence that was obtained prior to the change. (Ref: Para. A59)

Assurance Report Prescribed by Law or Regulation

30. In some cases, law or regulation of the relevant jurisdiction prescribes the layout or wording of the assurance report. In these circumstances, the practitioner shall evaluate:
 - (a) Whether intended users might misunderstand the assurance conclusion; and
 - (b) If so, whether additional explanation in the assurance report can mitigate possible misunderstanding.

If the practitioner concludes that additional explanation in the assurance report cannot mitigate possible misunderstanding, the practitioner shall not accept the engagement, unless required by law or regulation to do so. An engagement conducted in accordance with such law or regulation does not comply with ISAE. Accordingly, the practitioner shall not include any reference within the assurance report to the engagement having been conducted in accordance with this ISAE or any other ISAE (see also paragraph 71).

Quality Control

Characteristics of the Engagement Partner

31. The engagement partner shall:
- (a) Be a member of a firm that applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1; (Ref: Para. A60–A66)
 - (b) Have competence in assurance skills and techniques developed through extensive training and practical application; and (Ref: Para. A60)
 - (c) Have sufficient competence in the underlying subject matter and its measurement or evaluation to accept responsibility for the assurance conclusion. (Ref: Para. A67–A68)

Assignment of the Team

32. The engagement partner shall: (Ref: Para. A69)
- (a) Be satisfied that those persons who are to perform the engagement collectively have the appropriate competence and capabilities to: (Ref: Para. A70–A71)
 - (i) Perform the engagement in accordance with relevant standards and applicable legal and regulatory requirements; and
 - (ii) Enable an assurance report that is appropriate in the circumstances to be issued.
 - (b) Be satisfied that the practitioner will be able to be involved in the work of:
 - (i) A practitioner's expert where the work of that expert is to be used; and (Ref: Para. A70–A71)
 - (ii) Another practitioner, not part of the engagement team, where the assurance work of that practitioner is to be used, (Ref: Para. A72–A73)

to an extent that is sufficient to accept responsibility for the assurance conclusion on the subject matter information.

Responsibilities of the Engagement Partner

33. The engagement partner shall take responsibility for the overall quality on the engagement. This includes responsibility for:
 - (a) Appropriate procedures being performed regarding the acceptance and continuance of client relationships and engagements;
 - (b) The engagement being planned and performed (including appropriate direction and supervision) to comply with professional standards and applicable legal and regulatory requirements;
 - (c) Reviews being performed in accordance with the firm's review policies and procedures, and reviewing the engagement documentation on or before the date of the assurance report; (Ref: Para. A74)
 - (d) Appropriate engagement documentation being maintained to provide evidence of achievement of the practitioner's objectives, and that the engagement was performed in accordance with relevant ISAEs and relevant legal and regulatory requirements; and
 - (e) Appropriate consultation being undertaken by the engagement team on difficult or contentious matters.
34. Throughout the engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.
35. The engagement partner shall consider the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms and whether deficiencies noted in that information may affect the assurance engagement.

Engagement Quality Control Review

36. For those engagements, if any, for which a quality control review is required by law or regulation or for which the firm has determined that an engagement quality control review is required:
 - (a) The engagement partner shall take responsibility for discussing significant matters arising during the engagement with the

engagement quality control reviewer, and not date the assurance report until completion of that review; and

- (b) The engagement quality control reviewer shall perform an objective evaluation of the significant judgments made by the engagement team, and the conclusions reached in formulating the assurance report. This evaluation shall involve: (Ref: Para. A75)
 - (i) Discussion of significant matters with the engagement partner;
 - (ii) Review of the subject matter information and the proposed assurance report;
 - (iii) Review of selected engagement documentation relating to the significant judgments the engagement team made and the conclusions it reached; and
 - (iv) Evaluation of the conclusions reached in formulating the assurance report and consideration of whether the proposed assurance report is appropriate.

Professional Skepticism, Professional Judgment, and Assurance Skills and Techniques

- 37. The practitioner shall plan and perform an engagement with professional skepticism, recognizing that circumstances may exist that cause the subject matter information to be materiality misstated. (Ref: Para. A76–A80)
- 38. The practitioner shall exercise professional judgment in planning and performing an assurance engagement, including determining the nature, timing and extent of procedures. (Ref: Para. A81–A85)
- 39. The practitioner shall apply assurance skills and techniques as part of an iterative, systematic engagement process.

Planning and Performing the Engagement

Planning

- 40. The practitioner shall plan the engagement so that it will be performed in an effective manner, including setting the scope, timing and direction of the engagement, and determining the nature, timing and extent of planned procedures that are required to be carried out in order to achieve the objective of the practitioner. (Ref: Para. A86–A89)
- 41. The practitioner shall determine whether the criteria are suitable for the engagement circumstances, including that they exhibit the characteristics identified in paragraph 24(b)(ii).

42. If it is discovered after the engagement has been accepted that one or more preconditions for an assurance engagement is not present, the practitioner shall discuss the matter with the appropriate party(ies), and shall determine:
 - (a) Whether the matter can be resolved to the practitioner's satisfaction;
 - (b) Whether it is appropriate to continue with the engagement; and
 - (c) Whether and, if so, how to communicate the matter in the assurance report.

43. If it is discovered after the engagement has been accepted that some or all of the applicable criteria are unsuitable or some or all of the underlying subject matter is not appropriate for an assurance engagement, the practitioner shall consider withdrawing from the engagement, if withdrawal is possible under applicable law or regulation. If the practitioner continues with the engagement, the practitioner shall express a qualified or adverse conclusion, or disclaimer of conclusion, as appropriate in the circumstances. (Ref: Para. A90–A91)

Materiality

44. The practitioner shall consider materiality when: (Ref: Para. A92–A100)
 - (a) Planning and performing the assurance engagement, including when determining the nature, timing and extent of procedures; and
 - (b) Evaluating whether the subject matter information is free from material misstatement.

Understanding the Underlying Subject Matter and Other Engagement Circumstances

45. The practitioner shall make inquiries of the appropriate party(ies) regarding:
 - (a) Whether they have knowledge of any actual, suspected or alleged intentional misstatement or non-compliance with laws and regulations affecting the subject matter information; (Ref: Para. A101–A102)
 - (b) Whether the responsible party has an internal audit function and, if so, make further inquiries to obtain an understanding of the activities and main findings of the internal audit function with respect to the subject matter information; and
 - (c) Whether the responsible party has used any experts in the preparation of the subject matter information.

Limited Assurance	Reasonable Assurance
<p>46L. The practitioner shall obtain an understanding of the underlying subject matter and other engagement circumstances sufficient to:</p> <ul style="list-style-type: none"> (a) Enable the practitioner to identify areas where a material misstatement of the subject matter information is likely to arise; and (b) Thereby, provide a basis for designing and performing procedures to address the areas identified in paragraph 46L(a) and to obtain limited assurance to support the practitioner's conclusion. (Ref: Para. A101–A105, A108) <p>47L. In obtaining an understanding of the underlying subject matter and other engagement circumstances under paragraph 46L, the practitioner shall consider the process used to prepare the subject matter information. (Ref: Para. A107)</p>	<p>46R. The practitioner shall obtain an understanding of the underlying subject matter and other engagement circumstances sufficient to:</p> <ul style="list-style-type: none"> (a) Enable the practitioner to identify and assess the risks of material misstatement in the subject matter information; and (b) Thereby, provide a basis for designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance to support the practitioner's conclusion. (Ref: Para. A101–A104, A108) <p>47R. In obtaining an understanding of the underlying subject matter and other engagement circumstances under paragraph 46R, the practitioner shall obtain an understanding of internal control over the preparation of the subject matter information relevant to the engagement. This includes evaluating the design of those controls relevant to the engagement and determining whether they have been implemented by performing procedures in addition to inquiry of the personnel responsible for the subject matter information. (Ref: Para. A106)</p>

Obtaining Evidence

Risk Consideration and Responses to Risks

Limited Assurance	Reasonable Assurance
<p>48L. Based on the practitioner’s understanding (see paragraph 46L), the practitioner shall: (Ref: Para. A109–A113)</p> <ul style="list-style-type: none"> (a) Identify areas where a material misstatement of the subject matter information is likely to arise; and (b) Design and perform procedures to address the areas identified in paragraph 48L(a) and to obtain limited assurance to support the practitioner’s conclusion. 	<p>48R. Based on the practitioner’s understanding (see paragraph 46R) the practitioner shall: (Ref: Para. A109–A111)</p> <ul style="list-style-type: none"> (a) Identify and assess the risks of material misstatement in the subject matter information; and (b) Design and perform procedures to respond to the assessed risks and to obtain reasonable assurance to support the practitioner’s conclusion. In addition to any other procedures on the subject matter information that are appropriate in the engagement circumstances, the practitioner’s procedures shall include obtaining sufficient appropriate evidence as to the operating effectiveness of relevant controls over the subject matter information when: <ul style="list-style-type: none"> (i) The practitioner’s assessment of the risks of material misstatement includes an expectation that controls are operating effectively, or (ii) Procedures other than

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Limited Assurance	Reasonable Assurance
	testing of controls cannot alone provide sufficient appropriate evidence.
<p>Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement</p> <p>49L. If the practitioner becomes aware of a matter(s) that causes the practitioner to believe that the subject matter information may be materially misstated, the practitioner shall design and perform additional procedures to obtain further evidence until the practitioner is able to: (Ref: Para. A113–A118)</p> <p>(a) Conclude that the matter is not likely to cause the subject matter information to be materially misstated; or</p> <p>(b) Determine that the matter(s) causes the subject matter information to be materially misstated.</p>	<p>Revision of Risk Assessment in a Reasonable Assurance Engagement</p> <p>49R. The practitioner’s assessment of the risks of material misstatement in the subject matter information may change during the course of the engagement as additional evidence is obtained. In circumstances where the practitioner obtains evidence that is inconsistent with the evidence on which the practitioner originally based the assessment of the risks of material misstatement, the practitioner shall revise the assessment and modify the planned procedures accordingly. (Ref: Para. A113)</p>

50. When designing and performing procedures, the practitioner shall consider the relevance and reliability of the information to be used as evidence. If:
- (a) Evidence obtained from one source is inconsistent with that obtained from another; or
 - (b) The practitioner has doubts about the reliability of information to be used as evidence,
- the practitioner shall determine what changes or additions to procedures are necessary to resolve the matter, and shall consider the effect of the matter, if any, on other aspects of the engagement.

51. The practitioner shall accumulate uncorrected misstatements identified during the engagement other than those that are clearly trivial. (Ref: Para. A119–A120)

Work Performed by a Practitioner’s Expert

52. When the work of a practitioner’s expert is to be used, the practitioner shall also: (Ref: Para. A121–A125)
 - (a) Evaluate whether the practitioner’s expert has the necessary competence, capabilities and objectivity for the practitioner’s purposes. In the case of a practitioner’s external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to that expert’s objectivity; (Ref: Para. A126–A129)
 - (b) Obtain a sufficient understanding of the field of expertise of the practitioner’s expert; (Ref: Para. A130–A131)
 - (c) Agree with the practitioner’s expert on the nature, scope and objectives of that expert’s work; and (Ref: Para. A132–A133)
 - (d) Evaluate the adequacy of the practitioner’s expert’s work for the practitioner’s purposes. (Ref: Para. A134–A135)

Work Performed by Another Practitioner, a Responsible Party’s or Measurer’s or Evaluator’s Expert, or an Internal Auditor (Ref: Para. A136)

53. When the work of another practitioner is to be used, the practitioner shall evaluate whether that work is adequate for the practitioner’s purposes.
54. If information to be used as evidence has been prepared using the work of a responsible party’s or a measurer’s or evaluator’s expert, the practitioner shall, to the extent necessary having regard to the significance of that expert’s work for the practitioner’s purposes:
 - (a) Evaluate the competence, capabilities and objectivity of that expert;
 - (b) Obtain an understanding of the work of that expert; and
 - (c) Evaluate the appropriateness of that expert’s work as evidence.
55. If the practitioner plans to use the work of the internal audit function, the practitioner shall evaluate the following:
 - (a) The extent to which the internal audit function’s organizational status and relevant policies and procedures support the objectivity of the internal auditors;
 - (b) The level of competence of the internal audit function;

- (c) Whether the internal audit function applies a systematic and disciplined approach, including quality control; and
- (d) Whether the work of the internal audit function is adequate for the purposes of the engagement.

Written Representations

56. The practitioner shall request from the appropriate party(ies) a written representation:
- (a) That it has provided the practitioner with all information of which the appropriate party(ies) is aware that is relevant to the engagement. (Ref: Para. A54–A55 and A137–A139)
 - (b) Confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information.
57. If, in addition to required representations, the practitioner determines that it is necessary to obtain one or more written representations to support other evidence relevant to the subject matter information, the practitioner shall request such other written representations.
58. When written representations relate to matters that are material to the subject matter information, the practitioner shall:
- (a) Evaluate their reasonableness and consistency with other evidence obtained, including other representations (oral or written); and
 - (b) Consider whether those making the representations can be expected to be well-informed on the particular matters.
59. The date of the written representations shall be as near as practicable to, but not after, the date of the assurance report.

Requested Written Representations Not Provided or Not Reliable

60. If one or more of the requested written representations are not provided or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or that the written representations are otherwise not reliable, the practitioner shall: (Ref: Para. A140)
- (a) Discuss the matter with the appropriate party(ies);
 - (b) Reevaluate the integrity of those from whom the representations were requested or received and evaluate the effect that this may have on the reliability of representations (oral or written) and evidence in general; and

- (c) Take appropriate actions, including determining the possible effect on the conclusion in the assurance report.

Subsequent Events

- 61. When relevant to the engagement, the practitioner shall consider the effect on the subject matter information and on the assurance report of events up to the date of the assurance report, and shall respond appropriately to facts that become known to the practitioner after the date of the assurance report, that, had they been known to the practitioner at that date, may have caused the practitioner to amend the assurance report. The extent of consideration of subsequent events depends on the potential for such events to affect the subject matter information and to affect the appropriateness of the practitioner's conclusion. However, the practitioner has no responsibility to perform any procedures regarding the subject matter information after the date of the assurance report. (Ref: Para. A141–A142)

Other Information

- 62. When documents containing the subject matter information and the assurance report thereon include other information, the practitioner shall read that other information to identify material inconsistencies, if any, with the subject matter information or the assurance report and, if on reading that other information, the practitioner:
 - (a) Identifies a material inconsistency between that other information and the subject matter information or the assurance report; or
 - (b) Becomes aware of a material misstatement of fact in that other information that is unrelated to matters appearing in the subject matter information or the assurance report,the practitioner shall discuss the matter with the appropriate party(ies) and take further action as appropriate.

Description of Applicable Criteria

- 63. The practitioner shall evaluate whether the subject matter information adequately refers to or describes the applicable criteria. (Ref: Para. A144–A146)

Forming the Assurance Conclusion

- 64. The practitioner shall evaluate the sufficiency and appropriateness of the evidence obtained in the context of the engagement and, if necessary in the circumstances, attempt to obtain further evidence. The practitioner shall consider all relevant evidence, regardless of whether it appears to corroborate or to contradict the measurement or evaluation of the underlying subject matter against the applicable criteria. If the practitioner

is unable to obtain necessary further evidence, the practitioner shall consider the implications for the practitioner's conclusion in paragraph 65. (Ref: Para. A147–A153)

65. The practitioner shall form a conclusion about whether the subject matter information is free from material misstatement. In forming that conclusion, the practitioner shall consider the practitioner's conclusion in paragraph 64 regarding the sufficiency and appropriateness of evidence obtained and an evaluation of whether uncorrected misstatements are material, individually or in the aggregate. (Ref: Para. A3 and A154–A155)
66. If the practitioner is unable to obtain sufficient appropriate evidence, a scope limitation exists and the practitioner shall express a qualified conclusion, disclaim a conclusion, or withdraw from the engagement, where withdrawal is possible under applicable law or regulation, as appropriate. (Ref: Para. A156–A158)

Preparing the Assurance Report

67. The assurance report shall be in writing and shall contain a clear expression of the practitioner's conclusion about the subject matter information. (Ref: Para. A2, A159–A161)
68. The practitioner's conclusion shall be clearly separated from information or explanations that are not intended to affect the practitioner's conclusion, including any Emphasis of Matter, Other Matter, findings related to particular aspects of the engagements, recommendations or additional information included in the assurance report. The wording used shall make it clear that an Emphasis of Matter, Other Matter, findings, recommendations or additional information is not intended to detract from the practitioner's conclusion. (Ref: Para. A159–A161)

Assurance Report Content

69. The assurance report shall include, at a minimum, the following basic elements:
 - (a) A title that clearly indicates the report is an independent assurance report. (Ref: Para. A162)
 - (b) An addressee. (Ref: Para. A163)
 - (c) An identification or description of the level of assurance obtained by the practitioner, the subject matter information and, when appropriate, the underlying subject matter. When the practitioner's conclusion is phrased in terms of a statement made by the appropriate party(ies), that statement shall accompany the assurance report, be reproduced in the assurance report or be referenced therein to a source that is available to the intended users. (Ref: Para A164)

- (d) Identification of the applicable criteria. (Ref: Para. A165)
- (e) Where appropriate, a description of any significant inherent limitations associated with the measurement or evaluation of the underlying subject matter against the applicable criteria. (Ref: Para. A166)
- (f) When the applicable criteria are designed for a specific purpose, a statement alerting readers to this fact and that, as a result, the subject matter information may not be suitable for another purpose. (Ref: Para. A167–A168)
- (g) A statement to identify the responsible party and the measurer or evaluator if different, and to describe their responsibilities and the practitioner’s responsibilities. (Ref: Para. A169)
- (h) A statement that the engagement was performed in accordance with this ISAE or, where there is a subject-matter specific ISAE, that ISAE. (Ref: Para. A170–A171)
- (i) A statement that the firm of which the practitioner is a member applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements in law or regulation, applied that are at least as demanding as ISQC 1. (Ref: Para. A172)
- (j) A statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. (Ref: Para. A173)
- (k) An informative summary of the work performed as the basis for the practitioner’s conclusion. In the case of a limited assurance engagement, an appreciation of the nature, timing and extent of procedures performed is essential to understanding the practitioner’s conclusion. In a limited assurance engagement, the summary of the work performed shall state that:
 - (i) The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and

- (ii) Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. (Ref: Para. A6, A174–A178)
- (l) The practitioner’s conclusion: (Ref: Para. A2, A179–A181)
 - (i) When appropriate, the conclusion shall inform the intended users of the context in which the practitioner’s conclusion is to be read. (Ref: Para. A180)
 - (ii) In a reasonable assurance engagement, the conclusion shall be expressed in a positive form. (Ref: Para. A179)
 - (iii) In a limited assurance engagement, the conclusion shall be expressed in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner’s attention to cause the practitioner to believe that the subject matter information is materially misstated. (Ref: Para. A181)
 - (iv) The conclusion in (ii) or (iii) shall be phrased using appropriate words for the underlying subject matter and applicable criteria given the engagement circumstances and shall be phrased in terms of: (Ref: Para. A182)
 - a. The underlying subject matter and the applicable criteria;
 - b. The subject matter information and the applicable criteria;
or
 - c. A statement made by the appropriate party(ies).
 - (v) When the practitioner expresses a modified conclusion, the assurance report shall contain:
 - a. A section that provides a description of the matter(s) giving rise to the modification; and
 - b. A section that contains the practitioner’s modified conclusion. (Ref: Para. A183)
- (m) The practitioner’s signature. (Ref: Para. A184)
- (n) The date of the assurance report. The assurance report shall be dated no earlier than the date on which the practitioner has obtained the evidence on which the practitioner’s conclusion is based, including evidence that those with the recognized authority have asserted that they have taken responsibility for the subject matter information. (Ref: Para. A185)

- (o) The location in the jurisdiction where the practitioner practices.

Reference to the Practitioner's Expert in the Assurance Report

- 70. If the practitioner refers to the work of a practitioner's expert in the assurance report, the wording of that report shall not imply that the practitioner's responsibility for the conclusion expressed in that report is reduced because of the involvement of that expert. (Ref: Para. A186–A188)

Assurance Report Prescribed by Law or Regulation

- 71. If the practitioner is required by law or regulation to use a specific layout or wording of the assurance report, the assurance report shall refer to this or other ISAEs only if the assurance report includes, at a minimum, each of the elements identified in paragraph 69.

Unmodified and Modified Conclusions

- 72. The practitioner shall express an unmodified conclusion when the practitioner concludes:
 - (a) In the case of a reasonable assurance engagement, that the subject matter information is prepared, in all material respects, in accordance with the applicable criteria; or
 - (b) In the case of a limited assurance engagement, that, based on the procedures performed and evidence obtained, no matter(s) has come to the attention of the practitioner that causes the practitioner to believe that the subject matter information is not prepared, in all material respects, in accordance with the applicable criteria.
- 73. If the practitioner considers it necessary to:
 - (a) Draw intended users' attention to a matter presented or disclosed in the subject matter information that, in the practitioner's judgment, is of such importance that it is fundamental to intended users' understanding of the subject matter information (an Emphasis of Matter paragraph); or
 - (b) Communicate a matter other than those that are presented or disclosed in the subject matter information that, in the practitioner's judgment, is relevant to intended users' understanding of the engagement, the practitioner's responsibilities or the assurance report (an Other Matter paragraph),

and this is not prohibited by law or regulation, the practitioner shall do so in a paragraph in the assurance report, with an appropriate heading, that clearly indicates the practitioner's conclusion is not modified in respect of the matter. In the case of an Emphasis of Matter paragraph, such a

paragraph shall refer only to information presented or disclosed in the subject matter information.

74. The practitioner shall express a modified conclusion in the following circumstances:
 - (a) When, in the practitioner's professional judgment, a scope limitation exists and the effect of the matter could be material (see paragraph 66). In such cases, the practitioner shall express a qualified conclusion or a disclaimer of conclusion.
 - (b) When, in the practitioner's professional judgment, the subject matter information is materially misstated. In such cases, the practitioner shall express a qualified conclusion or adverse conclusion. (Ref: Para. A191)
75. The practitioner shall express a qualified conclusion when, in the practitioner's professional judgment, the effects, or possible effects, of a matter are not so material and pervasive as to require an adverse conclusion or a disclaimer of conclusion. A qualified conclusion shall be expressed as being "except for" the effects, or possible effects, of the matter to which the qualification relates. (Ref: Para. A189–A190)
76. If the practitioner expresses a modified conclusion because of a scope limitation but is also aware of a matter(s) that causes the subject matter information to be materially misstated, the practitioner shall include in the assurance report a clear description of both the scope limitation and the matter(s) that causes that the subject matter information to be materially misstated.
77. When the statement made by the appropriate party(ies) has identified and properly described that the subject matter information is materially misstated, the practitioner shall either:
 - (a) Express a qualified conclusion or adverse conclusion phrased in terms of the underlying subject matter and the applicable criteria; or
 - (b) If specifically required by the terms of the engagement to phrase the conclusion in terms of a statement made by the appropriate party(ies), express an unqualified conclusion but include an Emphasis of Matter paragraph in the assurance report referring to the statement made by the appropriate party(ies) that identifies and properly describes that the subject matter information is materially misstated. (Ref: Para. A192)

Other Communication Responsibilities

78. The practitioner shall consider whether, pursuant to the terms of the engagement and other engagement circumstances, any matter has come to

the attention of the practitioner that is to be communicated with the responsible party, the measurer or evaluator, the engaging party, those charged with governance or others. (Ref: Para. A193–A199)

Documentation

79. The practitioner shall prepare on a timely basis engagement documentation that provides a record of the basis for the assurance report that is sufficient and appropriate to enable an experienced practitioner, having no previous connection with the engagement, to understand: (Ref: Para. A200–A204)
 - (a) The nature, timing and extent of the procedures performed to comply with relevant ISAE and applicable legal and regulatory requirements;
 - (b) The results of the procedures performed, and the evidence obtained; and
 - (c) Significant matters arising during the engagement, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.
80. If the practitioner identifies information that is inconsistent with the practitioner's final conclusion regarding a significant matter, the practitioner shall document how the practitioner addressed the inconsistency.
81. The practitioner shall assemble the engagement documentation in an engagement file and complete the administrative process of assembling the final engagement file on a timely basis after the date of the assurance report. (Ref: Para. A205–A206)
82. After the assembly of the final engagement file has been completed, the practitioner shall not delete or discard engagement documentation of any nature before the end of its retention period. (Ref: Para. A207)
83. If the practitioner finds it necessary to amend existing engagement documentation or add new engagement documentation after the assembly of the final engagement file has been completed the practitioner shall, regardless of the nature of the amendments or additions, document:
 - (a) The specific reasons for making the amendments or additions; and
 - (b) When, and by whom, they were made and reviewed.
