

AT Section 20

Defining Professional Requirements in Statements on Standards for Attestation Engagements

Source: SSAE No. 13.

Effective December 2005.

Introduction

.01 This section sets forth the meaning of certain terms used in Statements on Standards for Attestation Engagements (SSAEs) issued by the Auditing Standards Board in describing the professional requirements imposed on practitioners.

Professional Requirements

.02 SSAEs contain professional requirements together with related guidance in the form of explanatory material. Practitioners have a responsibility to consider the entire text of an SSAE in carrying out their work on an engagement and in understanding and applying the professional requirements of the relevant SSAEs.

.03 Not every paragraph of an SSAE carries a professional requirement that the practitioner is expected to fulfill. Rather, the professional requirements are communicated by the language and the meaning of the words used in the SSAEs.

.04 SSAEs use two categories of professional requirements, identified by specific terms, to describe the degree of responsibility they impose on practitioners, as follows:

- *Unconditional requirements.* The practitioner is required to comply with an unconditional requirement in all cases in which the circumstances exist to which the unconditional requirement applies. SSAEs use the words *must* or *is required* to indicate an unconditional requirement.
- *Presumptively mandatory requirements.* The practitioner is also required to comply with a presumptively mandatory requirement in all cases in which the circumstances exist to which the presumptively mandatory requirement applies; however, in rare circumstances, the practitioner may depart from a presumptively mandatory requirement provided the practitioner documents his or her justification for the departure and how the alternative procedures performed in the circumstances were sufficient to achieve the objectives of the presumptively mandatory requirement. SSAEs use the word *should* to indicate a presumptively mandatory requirement.

If an SSAE provides that a procedure or action is one that the practitioner "should consider," the consideration of the procedure or action is presumptively

required, whereas carrying out the procedure or action is not. The professional requirements of an SSAE are to be understood and applied in the context of the explanatory material that provides guidance for their application.

Explanatory Material

.05 Explanatory material is defined as the text within an SSAE (excluding any related appendixes or interpretations¹) that may:

- Provide further explanation and guidance on the professional requirements; or
- Identify and describe other procedures or actions relating to the activities of the practitioner.

.06 Explanatory material that provides further explanation and guidance on the professional requirements is intended to be descriptive rather than imperative. That is, it explains the objective of the professional requirements (where not otherwise self-evident); it explains why the practitioner might consider or employ particular procedures, depending on the circumstances; and it provides additional information for the practitioner to consider in exercising professional judgment in performing the engagement.

.07 Explanatory material that identifies and describes other procedures or actions relating to the activities of the practitioner is not intended to impose a professional requirement for the practitioner to perform the suggested procedures or actions. Rather, these procedures or actions require the practitioner's attention and understanding; how and whether the practitioner carries out such procedures or actions in the engagement depends on the exercise of professional judgment in the circumstances consistent with the objective of the standard. The words *may*, *might*, and *could* are used to describe these actions and procedures.

Application

.08 The provisions of this section are effective upon issuance.²

¹ Interpretive publications differ from explanatory material. Interpretive publications, for example, interpretations of the Statements on Standards for Attestation Engagements (SSAEs), appendixes to the SSAEs and AICPA auditing Statements of Position, are issued under the authority of the Auditing Standards Board (ASB). In contrast, explanatory material is always contained within the standards sections of the SSAE and is meant to be more descriptive in nature.

² The specific terms used to define professional requirements in this attestation standard are not intended to apply to any interpretive publications issued under the authority of the ASB, for example, interpretations of the SSAEs, or appendixes to the SSAEs, since interpretive publications are not attestation standards. (See footnote 1.) It is the ASB's intention to make conforming changes to the interpretive publications over the next several years to remove any language that would imply a professional requirement where none exists. It is the ASB's intention that such language would only be used in the standards sections of the SSAEs.