



Agenda Item 1B

Proposed AT-C Section 501, *Non-Assertion Based Examination and Review Attestation Engagements*

Introduction and Requirements	Application and Other Explanatory Material
Introduction	
<p>1. This AT-C section contains performance and reporting requirements and application guidance for non-assertion based examination attestation engagements and non-assertion based review attestation engagements (non-assertion based examination and review engagements). The requirements and guidance in this section supplement the requirements and guidance in AT-C section 105, <i>Concepts Common to All Attestation Engagements</i>.</p>	
<p>2. AT-C section 205, <i>Examination Engagements</i>, and AT-C section 210, <i>Review Engagements</i>, address assertion-based examination attestation engagements and assertion-based review attestation engagements (assertion-based examination and review engagements) in which the practitioner is required to request a written assertion from the responsible party about whether the subject matter is in accordance with (or based on) the criteria.</p>	
<p>3. Non-assertion-based examination attestation standards and non-assertion-based review attestation standards (non-assertion-based examination and review standards) have the same status and authority as standards for assertion-based examination and review attestation engagements (assertion-based examination and review standards); each addresses a different category of</p>	

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attestation engagement. Appendix 2 provides illustrations of differences between the categories of attestation engagements.	
4. Non-assertion-based examination and review engagements have many features in common with assertion-based examination and review engagements undertaken in accordance with AT-C section 205 and AT-C section 210, respectively. Fundamental concepts related to matters such as level of assurance, risk, and materiality are the same. However, in a non-assertion based examination or review engagement, the practitioner does not obtain a written assertion from the responsible party about whether the subject matter being reported on is in accordance with (or based on) the criteria.	
Effective Date 5. This section is effective for non-assertion based examination and review reports dated on or after Month 30, 201X.	
Objectives	
Objectives of a Non-Assertion Based Examination and Non-Assertion Based Review Engagement 6. In conducting a non-assertion based examination or review engagement, the objectives of the practitioner are to <ul style="list-style-type: none"> <i>a.</i> obtain reasonable assurance (in an examination engagement) or limited assurance (in a review engagement) about whether the subject matter is in accordance with (or based on) the criteria in all material respects; <i>b.</i> express an opinion (in an examination engagement) or a conclusion (in a review engagement) regarding the outcome of the measurement or evaluation of the subject matter in a written report that conveys either a reasonable assurance opinion (in an examination report) or a limited assurance conclusion (in a review report) and describes the basis for the opinion or conclusion; and 	

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<p>c. communicate further as required by this section and any other relevant AT-C section.</p>	
<p>7. In all cases when reasonable assurance or limited assurance, as applicable, cannot be obtained and a qualified opinion or conclusion in the practitioner’s report is insufficient in the circumstances for purposes of reporting to the intended users, this section requires that the practitioner disclaim an opinion or withdraw from the engagement, when withdrawal is possible under applicable law or regulation.</p>	
<p>Definitions</p>	<p>Definitions</p>
<p>8. For purposes of this section, unless indicated to the contrary, the following term has the meanings attributed below.</p>	
<p>Risk of material deviation – The risk that the subject matter contains a material deviation.</p>	
<p>Requirements</p>	
<p><i>Complying with Standards that Are Relevant to the Engagement</i> (Ref: par. A1)</p> <p>9. In performing a non-assertion based examination or review engagement, the practitioner should comply with this section and AT-C section 105.</p>	<p><i>Complying with Standards that Are Relevant to the Engagement</i> (Ref: par 9)</p> <p>A1. AT-C section 105 includes requirements that apply to all non-assertion based attestation engagements.</p>
<p><i>Conduct of a Non-Assertion Based Review Engagement</i></p> <p>10. A practitioner should not perform a review of (Ref: par. A2)</p> <p style="margin-left: 20px;">a. prospective financial information, b. internal control, or</p>	<p><i>Conduct of a Non-Assertion Based Review Engagement</i> (Ref: par. 10)</p> <p>A2. Review procedures generally are limited to inquiries and analytical procedures. In circumstances in which inquiry and analytical procedures are not expected to provide sufficient appropriate review evidence, or when the nature of the subject matter does not lend itself to the application of analytical procedures, the practitioner may perform other</p>

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c. compliance with requirements of specified laws, regulations, rules, contracts, or grants.	procedures that he or she believes can provide the practitioner with a level of assurance equivalent to that which inquiries and analytical procedures would have provided. If the practitioner cannot design other procedures to obtain sufficient appropriate review evidence, a review engagement may not be appropriate.
Acceptance and Continuance <i>Preconditions for a Non-Assertion Based Examination or Review Engagement</i>	
<i>Limitation on Scope Prior to Acceptance of the Engagement</i> 11. If the engaging party or, if different, the responsible party imposes a limitation on the scope of the practitioner’s work in the terms of a proposed non-assertion based examination or review engagement such that the practitioner believes the limitation will result in the practitioner disclaiming an opinion on the subject matter in the practitioner’s examination report or withdrawing from the non-assertion based review engagement, the practitioner should not accept such an engagement as a non-assertion based examination or review engagement, unless required by law or regulation to do so. (Ref: par. A66c)	
<i>Agreeing on the Terms of the Non-Assertion Based Examination or Review Engagement</i>	<i>Agreeing on the Terms of the Non-Assertion Based Examination or Review Engagement (Ref: par. 12)</i>
12. The practitioner should agree upon the terms of the engagement with the engaging party. The agreed upon terms of the engagement should be specified in sufficient detail in an engagement letter or other suitable form of written agreement. (Ref: par. A3–A5)	A3. It is in the interests of both the engaging party and the practitioner that the practitioner communicates in writing the agreed upon terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the written agreement or contract will vary with the engagement circumstances. For example, if law or regulation prescribe in sufficient detail the terms of the engagement, the practitioner need not record them in a written

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	agreement, except for the fact that such law or regulation applies and that the appropriate party acknowledges and understands its responsibilities under such law or regulation.
	A4. In certain types of engagement, agreeing on the terms and conditions of the engagement may be done before the commencement of the engagement using an engagement letter. For other engagements, the details typically included in an engagement letter (such as the engagement objective, scope, and criteria to be used) may not be known or agreed to until the end of the initial planning phase. In such cases, agreement on the terms of the engagement is obtained from the appropriate party at the end of the initial planning phase.
	A5. Law or regulation, particularly in the public sector, may mandate the appointment of a practitioner and set out specific powers, such as the power to access an appropriate party(ies)'s records and other information, and responsibilities, such as requiring the practitioner to report directly to a certain agency, the legislature or the public if an appropriate party(ies) attempts to limit the scope of the engagement.
<p>13. The practitioner should request the responsible party's written acknowledgement of responsibility for the subject matter. If the responsible party refuses to provide such acknowledgement, the practitioner should</p> <ul style="list-style-type: none"> a. obtain other evidence that the responsible party is responsible for the subject matter, such as a reference to legislation or a regulation; and b. consider how the lack of the responsible party's written acknowledgement might affect the practitioner's work and opinion or conclusion. 	

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<p>14. The practitioner should request from the responsible party and, if different, the engaging party written acknowledgement that the criteria are suitable for the engagement. When the responsible party or, if different, the engaging party refuses to provide such acknowledgement, the practitioner should consider the effect, if any, on the practitioner’s work and report.</p>	
<p>15. Although an engagement may recur, each engagement is considered a separate engagement. If the practitioner concludes that the terms of the preceding engagement need not be revised for the current engagement, the practitioner should remind the engaging party of the terms of the current engagement, and the reminder should be documented.</p>	
Planning and Performing the Engagement	Planning and Performing the Engagement
<p><i>Planning</i></p> <p>16. The practitioner should plan the engagement so that it will be performed in an effective manner, including setting the objective, 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 objectives of the engagement. (Ref: par. A6–A9)</p>	<p><i>Planning</i> (Ref: par. 16)</p> <p>A6. Planning involves the engagement partner, other key members of the engagement team, and any key practitioner's external specialists developing an overall strategy for the scope, emphasis, timing and conduct of the engagement, and an engagement plan, consisting of a detailed approach for the nature, timing and extent of procedures to be performed, and the reasons for selecting them. Adequate planning helps to devote appropriate attention to important areas of the engagement, identify potential problems on a timely basis and properly organize and manage the engagement in order for it to be performed in an effective and efficient manner. Adequate planning also assists the practitioner to properly assign work to engagement team members, and facilitates the direction, supervision, and the review of their work. Further, it assists, where applicable, the coordination of work done by other practitioners and specialists. The nature and extent of planning activities will vary with the engagement circumstances, for example the complexity of the subject matter and criteria. The following are examples of the main matters that may be considered:</p>

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	<ul style="list-style-type: none"> • The characteristics of the engagement that define its scope, including the terms of the engagement and the characteristics of the subject matter and the criteria. • The expected timing and the nature of the communications required. • The results of engagement acceptance activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the appropriate party(ies) is relevant. • The engagement process. • The practitioner's understanding of the appropriate party(ies) and its environment, including the risks of material deviation. • Identification of intended users and their information needs, and consideration of significance and the components of engagement risk. • The extent to which the risk of fraud is relevant to the engagement. • The nature, timing and extent of resources necessary to perform the engagement, such as personnel and expertise requirements, including the nature and extent of specialists' involvement. • The impact of the internal audit function on the engagement.
	<p>A7. The practitioner may decide to discuss elements of planning with the appropriate party(ies) to facilitate the conduct and management of the engagement (for example, to coordinate some of the planned procedures with the work of the appropriate party(ies)'s personnel). Although these discussions often occur, the overall engagement strategy and the engagement plan remain the practitioner's responsibility. When discussing matters included in the overall engagement strategy or engagement plan, care is required in order not to compromise the</p>

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	effectiveness of the engagement. For example, discussing the nature and timing of detailed procedures with the appropriate party(ies) may compromise the effectiveness of the engagement by making the procedures too predictable.
	A8. Planning is not a discrete phase, but rather a continual and iterative process throughout the engagement. As a result of unexpected events, changes in conditions, or evidence obtained, the practitioner may need to revise the overall strategy and engagement plan, and thereby the resulting planned nature, timing, and extent of procedures.
	A9. In smaller or less complex engagements, the entire engagement may be conducted by a very small engagement team, possibly involving the engagement partner (who may be a sole practitioner) working without any other engagement team members. With a smaller team, coordination of, and communication between, team members is easier. Establishing the overall engagement strategy in such cases need not be a complex or time-consuming exercise; it varies according to the size of the entity, the complexity of the engagement, including the subject matter and criteria, and the size of the engagement team. For example, in the case of a recurring engagement, a brief memorandum prepared at the completion of the previous period, based on a review of the working papers and highlighting issues identified in the engagement just completed, updated in the current period based on discussions with appropriate parties, can serve as the documented engagement strategy for the current engagement.
<i>Materiality</i>	<i>Materiality</i> (Ref: par. 17)
17. The practitioner should consider materiality when (Ref: par. A10–A16) <i>a.</i> planning and performing the non-assertion based examination or review engagement, including when determining the nature, timing, and extent of procedures; and	A10. Professional judgments about materiality are made in light of surrounding circumstances, but are not affected by the level of assurance; that is, for the same intended users and purpose, materiality for a non-assertion based examination engagement is the same as for a non-assertion based review engagement because materiality is based on

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<p><i>b.</i> evaluating whether the subject matter is free from material deviation.</p>	<p>the information needs of intended users.</p>
	<p>A11. The criteria may discuss the concept of materiality and thereby provide a frame of reference for the practitioner in considering materiality for the engagement. Although criteria may discuss materiality in different terms, the concept of materiality generally includes the matters discussed in paragraphs A10–A16. If the criteria do not include a discussion of the concept of materiality, these paragraphs provide the practitioner with a frame of reference.</p>
	<p>A12. Deviations, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence relevant decisions of intended users taken on the basis of the practitioner's report. The practitioner's consideration of materiality is a matter of professional judgment, and is affected by the practitioner's perception of the common information needs of intended users as a group. In this context, it is reasonable for the practitioner to assume that intended users</p> <ul style="list-style-type: none"> <i>a.</i> have a reasonable knowledge of the subject matter, and a willingness to study the subject matter with reasonable diligence; <i>b.</i> understand that the practitioner has applied the concept of materiality in measuring or evaluating and obtaining assurance regarding the subject matter, and have an understanding of any materiality concepts included in the criteria; <i>c.</i> understand any inherent uncertainties involved in the measuring or evaluating the subject matter; and <i>d.</i> make reasonable decisions on the basis of the subject matter taken as a whole. <p>Unless the engagement has been designed to meet the particular information needs of specific users, the possible effect of deviations on specific users, whose information needs may vary widely, is not ordinarily considered.</p>

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	<p>A13. Materiality is considered in the context of qualitative factors and, when applicable, quantitative factors. The relative importance of qualitative factors and quantitative factors when considering materiality in a particular engagement is a matter for the practitioner's professional judgment. Materiality and significance are considered similar concepts for the purpose of this AT-C section</p>
	<p>A14. Qualitative factors may include such things as the following:</p> <ul style="list-style-type: none"> • The number of persons or entities affected by the subject matter. • The interaction between, and relative importance of, various components of the subject matter when it is made up of multiple components, such as when the practitioner's report includes numerous performance indicators. • The wording chosen with respect to information that is expressed in narrative form • The nature of a deviation, for example, the nature of observed deviations from a control relevant to the subject matter. • Whether a deviation affects compliance with law or regulation. • Whether a deviation is the result of an intentional act or is unintentional. • Whether a deviation is significant having regard to the practitioner's understanding of known previous communications to users, for example, in relation to the expected outcome of the measurement or evaluation of the subject matter. • Whether a deviation relates to the relationship between the responsible party, and the engaging party or their relationship with other parties. • When a threshold or benchmark value has been identified, whether the result of the procedure deviates from that value. • When the subject matter is a governmental program or public

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	<p>sector entity, whether a particular aspect of the program or entity is significant with regard to the nature, visibility and sensitivity of the program or entity.</p> <ul style="list-style-type: none"> • When the engagement is intended to provide an opinion or conclusion on compliance with law or regulation, the seriousness of the consequences of non-compliance.
	<p>A15. Factors relate to the magnitude of deviations, if any, that are</p> <ul style="list-style-type: none"> • expressed numerically; or • otherwise related to numerical values (for example, the number of observed deviations from a control).
	<p>A16. When quantitative factors are applicable, planning the engagement solely to detect individually material deviations overlooks the aggregate effect of detected individually immaterial deviations or possible undetected deviations. It may therefore be appropriate when planning the nature, timing, and extent of procedures for the practitioner to determine a quantity less than materiality as a basis for determining the nature, timing and extent of procedures</p>
<i>Understanding the Subject Matter and Other Engagement Circumstances</i>	<i>Understanding the Engagement Circumstances.</i> (Ref: par.18–20R)
<p>18. The practitioner should make inquiries of the appropriate parties regarding:</p> <ul style="list-style-type: none"> <i>a.</i> whether they have knowledge of any actual, suspected or alleged fraud, including noncompliance with laws and regulations affecting the subject matter; (Ref: par A17) <i>b.</i> 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; and 	<p>A17. Discussions between the engagement partner and other key members of the engagement team, and any key practitioner's external specialists, about the susceptibility of the subject matter to material deviation, and the application of the criteria to the facts and circumstances of the engagement, may assist the engagement team in planning and performing the engagement. It is also useful to communicate relevant matters to members of the engagement team, and to any practitioner's external specialists not involved in the discussion.</p>

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<p>c. whether the responsible party has used any specialists in dealing with the subject matter. (Ref. par. A15)</p>	
<p>19. E The practitioner should obtain an understanding of the subject matter and other engagement circumstances sufficient to</p> <ol style="list-style-type: none"> a. enable the practitioner to identify and assess the risks of material deviation; 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 opinion. (Ref: par. A17–A20, A22–A26) 	<p>19R The practitioner should obtain an understanding of the subject matter and other engagement circumstances sufficient to</p> <ol style="list-style-type: none"> a. enable the practitioner to identify areas where a material deviation is likely to arise; and b. thereby, provide a basis for designing and performing procedures to address the areas identified in paragraph 19R(a) and to obtain limited assurance to support the practitioner's conclusion. (Ref: par. A17–A21, A26)
	<p>A18. Obtaining an understanding of the subject matter and other engagement circumstances provides the practitioner with a frame of reference for exercising professional judgment throughout the engagement, for example, when:</p> <ul style="list-style-type: none"> • considering the characteristics of the subject matter; • assessing the suitability of criteria; • considering the factors that, in the practitioner's professional judgment, are important in directing the engagement team's efforts, including where special consideration may be necessary (for example, the need for specialized skills or the work of a specialist); • establishing and evaluating the continued appropriateness of quantitative and qualitative factors that are material; • developing expectations for use when performing analytical procedures; • designing and performing procedures; and • evaluating evidence, including the reasonableness of the oral and written representations received by the practitioner. <p>A19. Whether a party employed or otherwise engaged by a responsible party is a specialist for the purposes of this AT-C section is a matter of professional judgment for the practitioner. For example, a responsible party may engage an individual or organization possessing skills and experience not normally possessed by the responsible party. In the practitioner's judgment, depending on the circumstances of the engagement, this may indicate that the responsible party has used the work of a specialist that significantly affects the subject matter and has important implications for the engagement. Paragraph 26 deals with</p>

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		<p>circumstances when information to be used as evidence has been prepared using the work of a responsible party's specialist.</p>
		<p>A20. The practitioner ordinarily has a lesser depth of understanding of the subject matter and other engagement circumstances than the responsible party. The practitioner also ordinarily has a lesser depth of understanding of the subject matter and other engagement circumstances for a non-assertion based review engagement than for a non-assertion based examination engagement. For example, while in some non-assertion based review engagements the practitioner may obtain an understanding of internal control relevant to the subject matter, this is often not the case.</p>
		<p>A21. In a non-assertion based review engagement, identifying the areas where a material deviation is likely to arise enables the practitioner to focus procedures on those areas. For example, in an engagement when the subject matter deals with the entity's sustainability, the practitioner may focus on certain areas of sustainability. The practitioner may design and perform procedures that address the entire subject matter when it consists of only a single area or when obtaining assurance over all areas of the subject matter is necessary to obtain limited assurance.</p>
<p>20. E In obtaining an understanding of the subject matter and other engagement circumstances in accordance with paragraph 19E, the practitioner should obtain an understanding of internal control relevant to the engagement. This includes evaluating the design of those controls relevant to the subject matter and determining whether they have been implemented by performing procedures in addition to inquiry of the</p>	<p>20R (Not applicable)</p>	<p>A22. In a non-assertion based examination engagement, understanding internal control relevant to the subject matter assists the practitioner in identifying the types of deviations and factors that affect the risks of material deviation. Professional judgment is needed to determine which controls are relevant in the engagement circumstances.</p>

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personnel responsible for the subject matter. (Ref: par. A22–A26)		
		A23. When the objective of a non-assertion based examination engagement is to assess the design or implementation of controls over a process (for example, a process for dealing with patients in a hospital emergency room), the practitioner is required, during the initial planning phase, to identify the internal controls to the extent necessary to determine the engagement scope and the risk assessment. The practitioner is not required to evaluate the design or determine the implementation of the controls during the initial planning phase. This work would be performed later in the engagement since internal controls form the subject matter for this engagement.
		A24. When the objective of a non-assertion based examination engagement is to conclude on a specific outcome of a process, controls may not be relevant to that engagement. For example, a non-assertion based examination or review engagement may be designed to reach an opinion or conclusion regarding whether the time taken to process specific items (for example, applications to receive a service) over a specified period of time exceeds what is permitted under stated policies. The practitioner might simply examine all the items processed during the specified period and conclude on whether there was compliance with the stated policies.
		A25. When controls are pertinent to the objective of a non-assertion based examination engagement, the practitioner evaluates the design of internal controls by documenting the key controls, and identifying deficiencies such as poorly designed or missing controls, if any. To determine if the controls have been implemented, the practitioner often may perform walk-throughs, or observe the control being performed by, for example, the responsible party's personnel.
		A26. In both a non-assertion based examination and a non-assertion based review engagement, the results of the entity's risk assessment

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		process may also assist the practitioner in obtaining an understanding of the subject matter and other engagement circumstances.
Obtaining Evidence <i>Risk Consideration and Responses to Risks</i>		Obtaining Evidence
<p>21. E Based on the practitioner's understanding (see paragraph 19 E) the practitioner should (Ref: par. A27–A29)</p> <p><i>a</i> identify and assess the risks of material deviation; and</p> <p><i>b</i> design and perform procedures to respond to the assessed risks and to obtain reasonable assurance to support the practitioner's opinion. In addition to any other procedures on the subject matter that are appropriate in the engagement circumstances the practitioner's procedures should include obtaining sufficient appropriate evidence as to the operating effectiveness of relevant controls over the subject matter when</p> <p style="margin-left: 40px;">(i) the practitioner intends to rely on the operating effectiveness of controls in determining the nature, timing, and extent of other procedures, or</p>	<p>21R Based on the practitioner's understanding (see paragraph 19R), the practitioner should (Ref: par. A27–A29)</p> <p><i>a.</i> identify areas where a material deviation is likely to arise; and</p> <p><i>b.</i> design and perform procedures to address the areas identified in paragraph 21R(a) and to obtain limited assurance to support the practitioner's conclusion</p>	<p><i>The Nature, Timing and Extent of Procedures</i> (Ref: par. 21E–22R)</p> <p>A27. The practitioner chooses a combination of procedures to obtain reasonable assurance or limited assurance, as appropriate. The procedures listed below may be used, for example, for planning or performing the engagement, depending on the context in which they are applied by the practitioner:</p> <ul style="list-style-type: none"> • Inspection; • Observation; • Confirmation; • Recalculation; • Reperformance; • Analytical procedures; and • Inquiry.

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<p>(ii) procedures other than testing of controls cannot alone provide sufficient appropriate evidence.</p>		
		<p>A28. Factors that may affect the practitioner's selection of procedures include the nature of the subject matter; the level of assurance to be obtained; and the information needs of the intended users and the engaging party, including relevant time and cost constraints.</p>
<p>Revision of Risk Assessment in a Non-Assertion Based Examination Engagement</p> <p>22. E. The practitioner's assessment of the risks of material deviation may change during the course of the engagement as additional evidence is obtained. In circumstances in which the practitioner obtains evidence from performing further procedures, or if new information is obtained, either of which is inconsistent with the evidence on which the practitioner originally based the assessment of the risks of material deviation, the practitioner should revise the assessment and modify the planned procedures accordingly. (Ref: par. A29)</p>	<p>Determining Whether Additional Procedures Are Necessary in a Non-Assertion Based Review Engagement</p> <p>22R If the practitioner becomes aware of a matter(s) that causes the practitioner to believe that a material deviation may exist, the practitioner should design and perform additional procedures to obtain further evidence until the practitioner is able to (Ref: par. A30–A34)</p> <p style="margin-left: 40px;"> <i>a.</i> conclude that the matter is not likely to cause a material deviation; or <i>b.</i> determine that the matter(s) causes a material deviation. </p>	<p>A29. A non-assertion based examination or review engagement is an iterative process, and information may come to the practitioner's attention that differs significantly from that on which the determination of planned procedures was based. As the practitioner performs planned procedures, the evidence obtained may cause the practitioner to perform additional procedures.</p>
		<p><i>Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement</i> (Ref: par. 22R)</p> <p>A30. The practitioner may become aware of deviations that are, after</p>

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	<p>applying professional judgment, clearly not indicative of the existence of material deviations. The following examples illustrate when additional procedures may not be needed because, in the practitioner's professional judgment, the identified deviations are clearly not indicative of the existence of material deviations:</p> <ul style="list-style-type: none"> • If materiality is defined as 10,000 units, and the practitioner judges that a potential error of 100 units may exist, then additional procedures would not generally be required, unless there are other qualitative factors that need to be considered, because the risk of a material deviation is likely to be acceptable in the engagement circumstances. • If, in performing a set of procedures over an area where material deviations are likely, a response to one inquiry among many was not as expected, additional procedures may not be needed if the risk of a material deviation is, nevertheless, at a level that is acceptable in the circumstances of the engagement in light of the results of other procedures.
	<p>A31. The practitioner may become aware of a matter(s) that causes the practitioner to believe that a material deviation exists. The following examples illustrate when additional procedures may be needed as the identified deviations indicate the existence of material deviations in the subject matter:</p> <ul style="list-style-type: none"> • When performing analytical procedures, the practitioner may identify a fluctuation or relationship that is inconsistent with other relevant information or that differs significantly from expected amounts or ratios. • The practitioner may become aware of a potential material deviation from reviewing external sources. • If the criteria permit a 10% error rate and, based on a particular test, the practitioner discovered a 9% error rate, then additional

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	<p>procedures may be needed because the risk of a material deviation may not be acceptable in the engagement circumstances.</p> <ul style="list-style-type: none"> • If the results of analytical procedures are within expectations but are, nevertheless, close to exceeding the expected value, then additional procedures may be needed because the risk of a material deviation may not be acceptable in the engagement circumstances.
	<p>A32. If, in the case of a non-assertion based review engagement, a matter(s) comes to the practitioner's attention that causes the practitioner to believe that a material deviation exists, the practitioner is required by paragraph 22R to design and perform additional procedures. Additional procedures may include, for example, inquiring of the appropriate party(ies) or performing other procedures as appropriate in the circumstances.</p>
	<p>A33. If, having performed the additional procedures required by paragraph 22R, the practitioner is not able to obtain sufficient appropriate evidence to either conclude that the matter(s) is not likely to cause a significant deviation or determine that it does cause a significant deviation, a scope limitation exists and paragraph 37 applies.</p>
	<p>A34. The practitioner's judgment about the nature, timing and extent of additional procedures that are needed to obtain evidence to either conclude that a material deviation is not likely, or determine that a material deviation exists, is, for example, guided by</p> <ul style="list-style-type: none"> • information obtained from the practitioner's evaluation of the results of the procedures already performed; • the practitioner's updated understanding of the subject matter and other engagement circumstances obtained throughout the course of the engagement; and

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	<ul style="list-style-type: none"> The practitioner's view on the persuasiveness of evidence needed to address the matter that causes the practitioner to believe that the subject matter may contain a material deviation.
<p>23. When designing and performing procedures, the practitioner should consider the relevance and reliability of the information to be used as evidence if</p> <ol style="list-style-type: none"> 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, c. responses to inquiries of the responsible party or others are inconsistent or otherwise unsatisfactory (for example, vague or implausible) <p>the practitioner should determine what modifications or additions to procedures are necessary to resolve the matter, and should consider the effect of the matter, if any, on other aspects of the engagement.</p>	
	<i>Considering Detected Deviations Individually and in Aggregate</i> (Ref: par 24)
<p>24. The practitioner should consider whether individual deviations identified during the engagement (other than those that are clearly trivial) have characteristics, for example a root cause or a problematic pattern, that indicate the aggregate effect of individual deviations is likely to be material. (Ref: par. A35)</p>	<p>A35. "Clearly trivial" is not another expression for "not material." Matters that are clearly trivial will be of a wholly different (smaller) order of importance than significance determined in accordance with paragraph 17, and will be matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. When there is any uncertainty about whether one or more items are clearly trivial, the matter is considered not to be clearly trivial.</p>
<i>Work Performed by a Practitioner's Specialist</i>	
<p>25. When the work of a practitioner's specialist is to be used, the practitioner should also (Ref: par. A36–A50)</p>	<i>Considerations When a Practitioner's Specialist Is Involved on the Engagement</i>

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<p><i>a.</i> evaluate whether the practitioner's specialist has the necessary competence, capabilities and objectivity for the practitioner's purposes. In the case of a practitioner's external specialist, the evaluation of objectivity should include inquiry regarding interests and relationships that may create a threat to that specialist's objectivity; (Ref: par. A41–A44)</p> <p><i>b.</i> obtain a sufficient understanding of the field of expertise of the practitioner's specialist; (Ref: par. A45–A46)</p> <p><i>c.</i> agree with the practitioner's specialist on the nature, scope and objectives of that specialist's work; and (Ref: par. A47)</p> <p><i>d.</i> evaluate the adequacy of the practitioner's specialist's work for the practitioner's purposes. (Ref: par. A49–A50)</p>	<p>Nature, Timing and Extent of Procedures (Ref: par. 25)</p> <p>A36. The following matters are often relevant when determining the nature, timing and extent of procedures with respect to using the work of a practitioner's specialist:</p> <p><i>a.</i> The significance of that specialist's work in the context of the engagement (see also paragraphs A37–A38 specialist's work relates;</p> <p><i>b.</i> The risks of material deviation in the matter to which that expert's work relates;</p> <p><i>c.</i> The practitioner's knowledge of and experience with previous work performed by that specialist; and</p> <p><i>d.</i> Whether that specialist is subject to the practitioner's firm's quality control policies and procedures (see also paragraphs A39–A40).</p>
	<p>Integrating the work of a practitioner's specialist</p> <p>A37. Non-assertion based examination and review engagements may be performed on a wide range of subject matters that require specialized skills and knowledge beyond those possessed by the engagement partner and other members of the engagement team and for which the work of a practitioner's specialist is used. In some situations, the practitioner's specialist will be consulted to provide advice on an individual matter, but the greater the importance of the practitioner's specialist's work in the context of the engagement, the more likely it is that the specialist will work as part of a multi-disciplinary team comprising subject matter specialists. The more that specialist's work</p>

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	is integrated in nature, timing and extent with the overall work effort, the more important effective two-way communication is between the practitioner's specialist and other attestation personnel. Effective two-way communication facilitates the proper integration of the specialist's work with the work of others on the engagement.
	A38. When the work of a practitioner's specialist is to be used, it may be appropriate to perform some of the procedures required by paragraph 25 at the engagement acceptance or continuance stage. This is particularly so when the work of the practitioner's specialist will be fully integrated with the work of other attestation personnel and when the work of the practitioner's specialist is to be used in the early stages of the engagement, for example, during initial planning and risk assessment.
	The practitioner's firm's quality control policies and procedures A39. A practitioner's internal specialist may be a partner or staff, including temporary staff, of the practitioner's firm and, therefore, subject to the quality control policies and procedures of that firm in accordance with QC section 10, or other professional requirements, or requirements in law or regulation, that are at least as demanding as QC section 10. Alternatively, a practitioner's internal specialist may be a partner or staff, including temporary staff, of a network firm, which may share common quality control policies and procedures with the practitioner's firm. A practitioner's external specialist is not a member of the engagement team and is not subject to quality control policies and procedures in accordance with QC section 10.
	A40. Engagement teams are entitled to rely on the firm's system of quality control, unless information provided by the firm or other parties suggests otherwise. The extent of that reliance will vary with the circumstances, and may affect the nature, timing, and extent of the practitioner's procedures with respect to such matters as

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	<ul style="list-style-type: none"> • competence and capabilities, through recruitment and training programs. • the practitioner's evaluation of the objectivity of the practitioner's specialist. Practitioner's internal specialists are subject to relevant ethical requirements, including those pertaining to independence. • the practitioner's evaluation of the adequacy of the practitioner's specialist's work. For example, the firm's training programs may provide the practitioner's internal specialists with an appropriate understanding of the interrelationship of their expertise with the evidence gathering process. Reliance on such training and other firm processes, such as protocols for scoping the work of the practitioner's internal specialists, may affect the nature, timing and extent of the practitioner's procedures to evaluate the adequacy of the practitioner's expert's work. • adherence to regulatory and legal requirements, through monitoring processes. • agreement with the practitioner's expert. <p>Such reliance does not reduce the practitioner's responsibility to meet the requirements of this AT-C section.</p>
	<p>The Competence, Capabilities and Objectivity of the Practitioner's Specialist (Ref: par. 25a)</p>
	<p>A41. Information regarding the competence, capabilities and objectivity of a practitioner's specialist may come from a variety of sources, such as the following:</p> <ul style="list-style-type: none"> • Personal experience with previous work of that specialist. • Discussions with that specialist. • Discussions with other practitioners or others who are familiar with that specialist's work. • Knowledge of that specialist's qualifications, membership of a

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	<p>professional body or industry association, license to practice, or other forms of external recognition.</p> <ul style="list-style-type: none"> • Published papers or books written by that specialist. • The firm's quality control policies and procedures (see also paragraphs A39–A40).
	<p>A42. While practitioner's specialists do not require the same proficiency as the practitioner in performing all aspects of a non-assertion based examination or review engagement, a practitioner's specialist whose work is used may need a sufficient understanding of relevant AT-C sections to enable that specialist to relate the work assigned to them to the engagement objective.</p>
	<p>A43. The evaluation of the significance of threats to objectivity and of whether there is a need for safeguards may depend upon the role of the practitioner's specialist and the importance of the specialist's work in the context of the engagement. There may be some circumstances in which safeguards cannot reduce threats to an acceptable level, for example, if a proposed practitioner's specialist is an individual who has played an important role in assisting the responsible party in making decisions regarding aspects of the subject matter.</p>
	<p>A44. When evaluating the objectivity of a practitioner's external specialist, it may be relevant to</p> <ul style="list-style-type: none"> • inquire of the appropriate party(ies) about any known interests or relationships that the appropriate party(ies) has with the practitioner's external specialist that may affect that specialist's objectivity; • discuss with that specialist any applicable safeguards, including any professional requirements that apply to that specialist, and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that it may be relevant to discuss with the practitioner's specialist include the

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	<p>following:</p> <ul style="list-style-type: none"> – Financial interests. – Business and personal relationships. – Provision of other services by the specialist, including by the organization in the case of an external specialist that is an organization. <p>In some cases, it may also be appropriate for the practitioner to obtain a written representation from the practitioner's external specialist about any interests or relationships with the appropriate party(ies) of which that specialist is aware.</p>
	<p>Obtaining an Understanding of the Field of Expertise of the Practitioner's Specialist (Ref: par. 25b)</p> <p>A45. Having a sufficient understanding of the field of expertise of the practitioner's specialist enables the practitioner to</p> <ul style="list-style-type: none"> <i>a.</i> agree with the practitioner's specialist on the nature, scope and objectives of that specialist's work for the practitioner's purposes; and <i>b.</i> evaluate the adequacy of that work for the practitioner's purposes.
	<p>A46. Aspects of the practitioner's specialist's field relevant to the practitioner's understanding may include the following:</p> <ul style="list-style-type: none"> • Whether that specialist's field has areas of specialty within it that are relevant to the engagement. • Whether any professional or other standards and regulatory or legal requirements apply. • What assumptions and methods, including models where applicable, are used by the practitioner's specialist, and whether they are generally accepted within that specialist's field and

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	<p>appropriate in the circumstances of the engagement.</p> <ul style="list-style-type: none"> • The nature of internal and external data or information the practitioner's specialist uses.
	<p>Agreement with the Practitioner's Specialist (Ref: par. 25c)</p> <p>A47. It may be appropriate for the practitioner's agreement with the practitioner's specialist to also include matters such as the following:</p> <ol style="list-style-type: none"> a. The respective roles and responsibilities of the practitioner and that specialist; b. The nature, timing and extent of communication between the practitioner and that specialist, including the form of any report to be provided by that specialist; and c. The need for the practitioner's specialist to observe confidentiality requirements.
	<p>A48. The matters noted in paragraph A40 may affect the level of detail and formality of the agreement between the practitioner and the practitioner's specialist, including whether it is appropriate that the agreement be in writing. The agreement between the practitioner and a practitioner's external specialist is often in the form of an engagement letter.</p>
	<p>Evaluating the Adequacy of the Practitioner's Specialist 's Work (Ref: par. 25d)</p> <p>A49. The following matters may be relevant when evaluating the adequacy of the practitioner's specialist's work for the practitioner's purposes:</p> <ol style="list-style-type: none"> a. The relevance and reasonableness of that specialist's findings or conclusions, and their consistency with other evidence; b. If that specialist's work involves use of significant assumptions

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	<p>and methods, the relevance and reasonableness of those assumptions and methods in the circumstances; and</p> <p><i>c.</i> If that specialist's work involves the use of source data that is significant to that specialist's work, the relevance, completeness, and accuracy of that source data.</p>
	<p>A50. If the practitioner determines that the work of the practitioner's specialist is not adequate for the practitioner's purposes, options available to the practitioner include</p> <p><i>a.</i> agreeing with that specialist on the nature and extent of further work to be performed by that specialist; or</p> <p><i>b.</i> performing additional procedures appropriate to the circumstances.</p>
<i>Work Performed by a Responsible Party's Specialist or an Internal Auditor</i> (Ref: par A51)	<i>Work Performed by a Responsible Party's Specialist or an Internal Auditor</i> (Ref: par (Ref: par.25–27))
<p>26. If information to be used as evidence has been prepared using the work of a responsible party's specialist, the practitioner should, to the extent necessary having regard for the importance of that specialist's work for the practitioner's purposes</p> <p><i>a.</i> evaluate the competence, capabilities and objectivity of that specialist;</p> <p><i>b.</i> obtain an understanding of the work of that specialist; and</p> <p><i>c.</i> evaluate the appropriateness of that specialist's work as evidence.</p>	<p>A51. While paragraphs A36–A50 have been written in the context of using work performed by a practitioner's expert, they may also provide helpful guidance with respect to using work performed by another practitioner, a responsible party or an internal auditor</p>
<p>27. If the practitioner plans to use the work of the internal audit function in obtaining evidence or to use internal auditors to provide direct assistance, the practitioner should determine whether the work can be used for purposes of the non-assertion based examination or review engagement by evaluating the following:</p> <p><i>a.</i> The extent to which the internal audit function's organizational status and relevant policies and procedures support the objectivity of the</p>	

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<p>internal audit function or for internal auditors providing direct assistance, the existence of threats to the objectivity of those internal auditors and the related safeguards applied to reduce or eliminate those threats;</p> <p><i>b</i> The level of competence of the internal audit function or the individual internal auditors providing direct assistance;</p> <p><i>c</i>. When using the work of the internal audit function the application by the internal audit function of a systematic and disciplined approach, including quality control; and</p> <p><i>d</i>. Whether the work of the internal audit function is adequate for the purposes of the engagement</p>	
<i>Written Representations</i>	<i>Written Representations</i> (Ref: par. 28)
<p>28. The practitioner should request from the appropriate party(ies) a written representation that it has provided the practitioner with all information of which the appropriate party(ies) is aware that has been requested or that could significantly affect the findings, opinion, or conclusion in the practitioner’s report. (Ref: par. A52–A54)</p>	<p>A52. Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the appropriate party(ies). The person(s) from whom the practitioner requests written representations will ordinarily be a member of senior management or those charged with governance depending on, for example, the management and governance structure of the appropriate party(ies), which may vary by jurisdiction and by entity, reflecting influences such as different cultural and legal backgrounds, and size and ownership characteristics.</p>
<p>29. 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, the practitioner should request such other written representations.</p>	<p>A53. Other written representations requested may include the following:</p> <ul style="list-style-type: none"> • That the appropriate party(ies) has communicated to the practitioner all deficiencies in internal control relevant to the engagement that are not clearly trivial and inconsequential of which the appropriate party(ies) is aware; and

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	<ul style="list-style-type: none"> That the responsible party acknowledges responsibility for the subject matter.
	<p>A54. Representations by the appropriate party(ies) cannot replace other evidence the practitioner could reasonably expect to be available. Although written representations provide necessary evidence, they do not provide sufficient appropriate evidence on their own about any of the matters with which they deal. Furthermore, the fact that the practitioner has received reliable written representations does not affect the nature or extent of other evidence that the practitioner obtains.</p>
<p>30. When written representations are directly related to matters that are material to the subject matter, the practitioner should</p> <ul style="list-style-type: none"> 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. 	
<p>31. The date of the written representations should be as of the date of the practitioner's report. The written representations should address the subject matter and periods covered by the practitioner's opinion or conclusion.</p>	
Requested Written Representations Not Provided or Not Reliable	Requested Written Representations Not Provided or Not Reliable (Ref: par. 32)
<p>32. 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 the practitioner concludes that the written representations are otherwise not reliable, the practitioner should (Ref: par. A55)</p> <ul style="list-style-type: none"> a. discuss the matter with the appropriate party(ies); 	<p>A55. Examples of circumstances in which the practitioner may not be able to obtain requested written representations include the following:</p> <ul style="list-style-type: none"> An intended user engages the practitioner to undertake a non-assertion based examination or review engagement on the subject matter but does not have a relationship with the responsible party of the kind necessary to ensure that party responds to the practitioner's request for a written representation;

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<p><i>b.</i> 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</p> <p><i>c.</i> take appropriate actions, including determining the possible effect on the opinion or conclusion in the practitioner’s report</p>	<ul style="list-style-type: none"> • The non-assertion based examination or review engagement is undertaken against the wishes of the responsible party. This may be the case when, for example, the engagement is undertaken pursuant to a court order. <p>In these or similar circumstances, the practitioner may not have access to the evidence needed to support the practitioner's opinion or conclusion. If this is the case paragraph .37 of this section applies.</p>
<p>Subsequent Events</p> <p>33. When relevant to the engagement, the practitioner should consider the effect on the subject matter and on the practitioner’s report of events up to the date of the report, and should respond appropriately to facts that become known to the practitioner after the date of the report that, had they been known to the practitioner at that date, may have caused the practitioner to amend the report. The extent of consideration of subsequent events depends on the potential for such events to affect the subject matter and to affect the appropriateness of the practitioner's opinion or conclusion. However, the practitioner has no responsibility to perform any procedures regarding the subject matter after the date of the report. (Ref: par. A56–A57)</p>	<p>Subsequent Events (Ref: par. 33)</p> <p>A56. Consideration of subsequent events in some attestation engagements may not be relevant because of the nature of the subject matter. For example, when the engagement requires an opinion or conclusion about the accuracy of a statistical return at a point in time, events occurring between that point in time and the date of the practitioner’s report may not affect the opinion or conclusion or require disclosure in the return or the report.</p>

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	A57. As noted in paragraph 33, the practitioner has no responsibility to perform any procedures regarding the subject matter after the date of the practitioner's report. However, if, after the date of the report, a fact becomes known to the practitioner that, had it been known to the practitioner at the date of the report, may have caused the practitioner to amend the report, the practitioner may need to discuss the matter with the appropriate party(ies) or take other action as appropriate in the circumstances.
Other Information	Other Information (Ref: par. 34)
<p>34. When documents containing the practitioner's report include other information, the practitioner should read that other information to identify material inconsistencies, if any, with the practitioner's report and, if on reading that other information, the practitioner (Ref: par.A58)</p> <p style="margin-left: 20px;">a. identifies a material inconsistency between that other information and the practitioner's report; or</p> <p style="margin-left: 20px;">b. becomes aware of a material misstatement of fact in that other information that is unrelated to matters appearing in the practitioner's report, the practitioner should discuss the matter with the appropriate party(ies) and take further action as appropriate.</p>	<p>A58. Further actions that may be appropriate if the practitioner identifies a material inconsistency or becomes aware of a material misstatement of fact include, for example, the following:</p> <ul style="list-style-type: none"> • Requesting the appropriate party(ies) to consult with a qualified third party, such as the appropriate party(ies)'s legal counsel. • Obtaining legal advice about the consequences of different courses of action. • Communicating with third parties (for example, a regulator). • Withdrawing from the engagement, where withdrawal is possible under applicable law or regulation. • Describing the significant inconsistency in the practitioner's report.
Forming the Opinion or Conclusion	Forming the Opinion or Conclusion
<p>35. The practitioner should 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 should consider all relevant evidence, regardless of whether it appears to corroborate or to contradict the measurement or evaluation of the subject matter against the criteria. If the practitioner is unable to obtain necessary further evidence, the</p>	<p><i>Evaluating the Sufficiency and Appropriateness of Evidence</i> (Ref: par. 35)</p> <p>A59. Evidence is necessary to support the practitioner's opinion or conclusion and practitioner's report. It is cumulative in nature and is primarily obtained from procedures performed during the course of the engagement. It may, however, also include information obtained from</p>

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<p>practitioner should consider the implications for the practitioner's opinion or conclusion in paragraph 36. (Ref: par. A59–A63)</p>	<p>other sources such as previous engagements (provided the practitioner has determined whether changes have occurred since the previous engagement that may affect its relevance to the current engagement) or a firm's quality control procedures for client acceptance and continuance. Evidence may come from sources inside and outside the appropriate party(ies). Also, information that may be used as evidence may have been prepared by a specialist employed or engaged by the appropriate party(ies). Evidence comprises both information that supports and corroborates aspects of the subject matter, and any information that contradicts aspects of the subject matter. In addition, in some cases, the absence of information (for example, refusal by the appropriate party(ies) to provide a requested representation) is used by the practitioner and, therefore, also constitutes evidence. Most of the practitioner's work in forming the opinion or conclusion consists of obtaining and evaluating evidence.</p>
	<p>A60. The sufficiency and appropriateness of evidence are interrelated. Sufficiency is the measure of the quantity of evidence. The quantity of evidence needed is affected by the risks of the subject matter containing a material deviation (the higher the risks, the more evidence is likely to be required) and by the quality of such evidence (the higher the quality, the less may be required). The appropriateness of the practitioner's decision regarding whether a matter identified is a material deviation is affected by the quantity and quality of evidence obtained.</p>
	<ul style="list-style-type: none"> • Appropriateness is the measure of the quality of evidence; that is, its relevance and its reliability in providing support for the practitioner's opinion or conclusion. The reliability of evidence is influenced by its source and by its nature, and is dependent on the individual circumstances under which it is obtained. Generalizations about the reliability of various kinds of evidence can be made; however, such generalizations are subject to important exceptions. Even when evidence is obtained from

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	<p>sources external to the appropriate party(ies), circumstances may exist that could affect its reliability. For example, evidence obtained from an external source may not be reliable if the source is not knowledgeable or objective. While recognizing that exceptions may exist, the following generalizations about the reliability of evidence may be useful:</p> <ul style="list-style-type: none"> • Evidence is more reliable when it is obtained from sources outside the appropriate party(ies). • Evidence that is generated internally is more reliable when the related controls are effective. • Evidence obtained directly by the practitioner (for example, observation of the application of a control) is more reliable than evidence obtained indirectly or by inference (for example, inquiry about the application of a control). • Evidence is more reliable when it exists in documentary form, whether paper, electronic, or other media (for example, a contemporaneously written record of a meeting is ordinarily more reliable than a subsequent oral representation of what was discussed).
	<p>A61. The practitioner ordinarily obtains more assurance from consistent evidence obtained from different sources or of a different nature than from items of evidence considered individually. In addition, obtaining evidence from different sources or of a different nature may indicate that an individual item of evidence is not reliable. For example, corroborating information obtained from a source independent of the appropriate party(ies) may increase the assurance the practitioner obtains from a representation from the appropriate party(ies). Conversely, when evidence obtained from one source is inconsistent with that obtained from another, the practitioner determines what additional procedures are necessary to resolve the inconsistency.</p>
	<p>A62. Whether sufficient appropriate evidence has been obtained on</p>

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	<p>which to base the practitioner's opinion or conclusion is a matter of professional judgment.</p>
	<p>A63. In some circumstances, the practitioner may not have obtained the sufficiency or appropriateness of evidence that the practitioner had expected to obtain through the planned procedures. In these circumstances, the practitioner considers that the evidence obtained from the procedures performed is not sufficient and appropriate to be able to form an opinion or conclusion on the subject matter. The practitioner may:</p> <ul style="list-style-type: none"> • extend the work performed; or • perform other procedures judged by the practitioner to be necessary in the circumstances. <p>Where neither of these is practicable in the circumstances, the practitioner will not be able to obtain sufficient appropriate evidence to be able to form an opinion or conclusion. This situation may arise even though the practitioner has not become aware of a matter(s) that causes the practitioner to believe the subject matter may have a material deviation, as addressed in paragraph 0R.</p>
<p>36. The practitioner should form an opinion or conclusion about whether the subject matter is free from material deviation. In forming that opinion or conclusion, the practitioner should consider the practitioner's conclusion in paragraph 35 regarding the sufficiency and appropriateness of evidence obtained and an evaluation of whether identified deviations are material, individually or in the aggregate. (Ref: par. A64–A65)</p>	<p><i>Evaluating the Sufficiency and Appropriateness of Evidence</i> (Ref: par. 36)</p> <p>A64. A non-assertion based examination or review engagement is a cumulative and iterative process. As the practitioner performs planned procedures, the evidence obtained may cause the practitioner to change the nature, timing or extent of other planned procedures. Information may come to the practitioner's attention that differs significantly from that expected and upon which planned procedures were based. The following are examples of those situations:</p> <ul style="list-style-type: none"> • The extent of deviations that the practitioner identifies may alter the practitioner's professional judgment about the reliability of

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	<p>particular sources of information.</p> <ul style="list-style-type: none"> • The practitioner may become aware of discrepancies in relevant information, or inconsistent or missing evidence. • Analytical procedures were performed towards the end of the engagement, the results of those procedures may indicate a previously unrecognized risk of material deviation. <p>In such circumstances, the practitioner may need to reevaluate the planned procedures.</p>
	<p>A65. The practitioner's professional judgment as to what constitutes sufficient appropriate evidence is influenced by such factors as the following:</p> <ul style="list-style-type: none"> • Importance of a potential deviation and the likelihood of its having a significant effect, individually or when aggregated with other potential deviations, on the practitioner's report. • Effectiveness of the appropriate party(ies)'s responses to address the known risk of material deviation. • Experience gained during previous non-assertion based or assertion-based examination or review engagements with respect to similar potential deviations. • Results of procedures performed, including whether such procedures identified specific deviations. • Source and reliability of the available information. • Persuasiveness of the evidence. • Understanding of the appropriate party(ies) and its environment.
	Scope Limitations (Ref: par. 37)

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<p>37. If the practitioner is unable to obtain sufficient appropriate evidence, a scope limitation exists and</p> <ul style="list-style-type: none"> a. in a non-assertion based examination engagement, the practitioner should express a qualified opinion or disclaim an opinion b. in a non-assertion based review engagement, the practitioner should withdraw from the engagement, when withdrawal is possible under applicable law or regulation, as appropriate. (Ref: par. A66–A68) 	<p>A66. A scope limitation may arise from the following:</p> <ul style="list-style-type: none"> a. Circumstances beyond the control of the appropriate party(ies). For example, documentation the practitioner considers to be necessary to inspect may have been accidentally destroyed; b. Circumstances relating to the nature or timing of the practitioner's work. For example, a physical process the practitioner considers to be necessary to observe may have occurred before the practitioner's engagement; or c. Limitations imposed by the responsible party or the engaging party on the practitioner that, for example, may prevent the practitioner from performing a procedure the practitioner considers to be necessary in the circumstances. Limitations of this kind may have other implications for the engagement, such as for the practitioner's consideration of attestation risk and engagement acceptance and continuance.
	<p>A67. An inability to perform a specific procedure does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate evidence by performing alternative procedures.</p>
	<p>A68. The procedures performed in a non-assertion based review engagement are, by definition, limited compared with that necessary in a non-assertion based examination engagement. Limitations known to exist prior to accepting a non-assertion based review engagement are a relevant consideration when establishing whether the preconditions for a non-assertion based examination or review engagement are present, in particular, whether the engagement exhibits the characteristics of access to evidence (see paragraph 25biii of AT-C section 105). If a further limitation is imposed by the appropriate party(ies) after a non-assertion based review engagement has been accepted, it may be appropriate to</p>

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	withdraw from the engagement, when withdrawal is possible under applicable law or regulation.
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38. The practitioner's report should be in writing and should contain a clear expression of the practitioner's opinion or conclusion about the subject matter. (Ref: par. (Ref: par. A69–A71))	<i>Form of Practitioner's Report</i> (Ref: par. 38–39) A69. Oral and other forms of expressing an opinion or conclusion can be misunderstood without the support of a written report. For this reason, the practitioner does not report orally or by use of symbols without also providing a written practitioner's report that is readily available whenever the oral report is provided or the symbol is used. For example, a symbol could be hyperlinked to a written report on the Internet.
39. The practitioner's opinion or conclusion should be clearly separated from information or explanations that are intended to affect the practitioner's opinion or conclusion, including any findings related to particular aspects of the engagement, recommendations, or additional information included in the practitioner's report. The wording used should make it clear that findings, recommendations, or other information is not intended to detract from the practitioner's opinion or conclusion. (Ref: par. A69–A71)	A70. This section does not require a standardized format for reporting on all non-assertion based examination and review engagements. Instead it identifies the basic elements the practitioner's report is to include. Reports are tailored to the specific engagement circumstances. The practitioner may use headings, paragraph numbers, typographical devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the report.
	A71. practitioner may choose a "short form" or "long form" style of reporting to facilitate effective communication to the intended users. "Short-form" reports ordinarily include only the basic elements. "Long-form" reports include other information and explanations that are not intended to affect the practitioner's opinion or conclusion. In addition to the basic elements, long-form reports may describe in detail the terms of the engagement, the applicable criteria being used, findings relating to particular aspects of the engagement, details of the qualifications and experience of the practitioner and others involved with the engagement and, in some cases, recommendations. The practitioner may find it helpful to consider the importance of providing such information to the information needs of the intended users. As required by paragraph 7392,

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	additional information is clearly separated from the practitioner's opinion or conclusion and phrased in such a manner so as make it clear that it is not intended to detract from that opinion or conclusion.
<i>Contents of the Practitioner's Report</i>	<i>Contents of the Practitioner's Report</i>
40. The practitioner's report should include the following basic elements:	
<i>a.</i> A title that includes the word independent. (Ref: par. A72)	Title (Ref: par. 40a) A72. An appropriate title helps to identify the nature of the practitioner's report, and to distinguish it from reports issued by others, such as those who do not have to comply with the same ethical requirements as the practitioner.
<i>b.</i> An appropriate addressee as required by the circumstances of the engagement. (Ref: par. A73)	Addressee (Ref: par. 40b) A73. An addressee identifies the party or parties to whom the practitioner's report is directed. The report is ordinarily addressed to the engaging party, but in some cases, there may be other intended users.
<i>c.</i> A description of the objective of the engagement. (Ref: par. 14)	
<i>d.</i> An identification or description of the level of assurance obtained by the practitioner.	
<i>e.</i> An identification or description of the subject matter being reported on, including the point in time or period of time to which the measurement or evaluation of the subject matter relates. (Ref: par. A74)	Subject Matter (Ref: par. 40e) A74. Identification and description of the subject matter may include, for example, the following:

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	<ul style="list-style-type: none"> • The point in time or period of time to which the measurement or evaluation of the subject matter relates. • Where applicable, the name of the responsible party or component of the responsible party to which the subject matter relates. • An explanation of those characteristics of the subject matter of which the intended users should be aware, and how such characteristics may influence the precision of the measurement or evaluation of the subject matter against the criteria, or the persuasiveness of available evidence. For example, <ul style="list-style-type: none"> — the degree to which the subject matter is qualitative versus quantitative, objective versus subjective, or historical versus prospective; or – changes in the subject matter or other engagement circumstances that affect the comparability from one period to the next.
<p><i>f.</i> An identification or description of the criteria against which the subject matter was measured or evaluated. (Ref: par. A75–A77)</p>	<p>Description of Criteria (Ref: par. 40<i>f</i>)</p> <p>A75. The description of the criteria advises intended users of the framework against which the subject matter is being evaluated, and is particularly important when there are significant differences between various criteria regarding how particular matters may be evaluated.</p>
	<p>A76. A statement that the subject matter complies with particular criteria is appropriate only if the subject matter complies with all relevant requirements of those criteria that are effective</p>
	<p>Criteria (Ref: par. 40<i>f</i>)</p> <p>A77. The practitioner’s report identifies the criteria against which the subject matter was measured or evaluated so the intended users can understand the basis for the practitioner’s opinion or conclusion. The report may include the criteria, or refer to them if they are otherwise</p>

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	<p>available from a readily accessible source. It may be relevant in the circumstances, to disclose the following:</p> <ul style="list-style-type: none"> • The source of the criteria, and whether or not the criteria are embodied in law or regulation, or issued by authorized or recognized bodies of experts that follow a transparent due process; that is, whether they are established criteria in the context of the subject matter (and if they are not, a description of why they are considered suitable). • A statement that the responsible party and, if different, the engaging party agreed with the suitability of criteria or that the acknowledgement has not been obtained. • Measurement or evaluation methods used when the criteria allow for choice between a number of methods. • Any significant interpretations made in applying the criteria in the engagement circumstances. • Whether there have been any changes in the measurement or evaluation methods used.
<p><i>g.</i> A statement that describes significant inherent limitations, if any, associated with the measurement or evaluation of the subject matter against the criteria. (Ref: par. A78)</p>	<p>Inherent Limitations (Ref: par 40g)</p> <p>A78. While in some cases, inherent limitations can be expected to be well-understood by the intended users of a practitioner’s report, in other cases, it may be appropriate to make explicit reference to them in the report. For example, in a report related to the effectiveness of internal control, it may be appropriate to note that the historic evaluation of effectiveness is not relevant to future periods due to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.</p>
<p><i>h.</i> A statement that identifies</p> <p style="padding-left: 20px;"><i>i.</i> the responsible party and its responsibility for the subject matter and</p>	<p>Relative Responsibilities (Ref: par. 40<i>h</i>)</p>

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<p>ii. the practitioner's responsibility to express an opinion in an examination engagement or a conclusion in a review engagement about the results of the measurement or evaluation of the subject matter, based on the practitioner's examination or review, as applicable. (Ref: par. A79)</p>	<p>A79. Identifying relative responsibilities informs the intended users that the responsible party is responsible for the subject matter, and that the practitioner's role in a</p> <ul style="list-style-type: none"> • non-assertion based examination engagement is to express an opinion regarding whether the subject matter is in accordance with (or based on) the criteria, in all material respects. • non-assertion based review engagement is to express a conclusion about whether, based on the review, the practitioner is aware of any material modification that should be made to the subject matter in order for it to be in accordance with (or based on) the criteria. <p>The practitioner's report may include a statement that the responsible party acknowledged responsibility for the subject matter or that the acknowledgement has not been obtained.</p>
<p>i. A statement that the practitioner's non-assertion based examination or review engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. (Ref: par. A80)</p>	<p>A80. A statement that contains imprecise qualifying or limiting language (for example, "the engagement was performed by reference to the non-assertion based examination and review standards) may mislead users of practitioners' reports. (Ref: par. 40i)</p>
<p>j. An informative summary of the work performed as the basis for the practitioner's opinion or conclusion. In the case of a non-assertion based review engagement, the summary of the work performed should state that</p> <ul style="list-style-type: none"> i the procedures performed in a non-assertion based review engagement vary in nature and timing from, and are less in extent than for, a non-assertion based examination engagement; and ii consequently, the level of assurance obtained in a non-assertion based review engagement is substantially lower than the assurance 	<p>Summary of the Work Performed (Ref: par 40j)</p> <p>A81. The summary of the work performed helps the intended users understand the practitioner's opinion or conclusion. For many non-assertions based examination and review engagements, infinite variations in procedures are possible in theory. In practice, however, these are difficult to communicate clearly and unambiguously.</p>

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that would have been obtained had a non-assertion based examination engagement been performed. (Ref: par. .A81–A83)	
	<p>A82. Factors to consider in determining the level of detail to be provided in the summary of the work performed may include the following:</p> <ul style="list-style-type: none"> • Circumstances specific to the entity (for example, the differing nature of the entity's activities compared to those typical in the sector). • Specific engagement circumstances affecting the nature and extent of the procedures performed. <p>The intended users' expectations of the level of detail to be provided in the report, based on market practice, or applicable law or regulation.</p>
	<p>A83. It is important that the summary be written in an objective way that allows intended users to understand the work done as the basis for the practitioner's opinion or conclusion. In most cases, this will not involve detailing the entire work plan, but on the other hand, it is important for it not to be so summarized as to be ambiguous, nor written in a way that is overstated or embellished.</p>
<p>k. The practitioner's opinion or conclusion on the subject matter of the engagement: (Ref: par. A84–A88)</p> <p>(i) When appropriate, the opinion or conclusion should inform the intended users of the context in which the practitioner's opinion or conclusion is to be read. (Ref: par. A85)</p> <p>(ii) In a non-assertion based examination engagement, the opinion should be expressed in a form that conveys whether in the practitioner's opinion the subject matter is in accordance with (or based on) the criteria in all material respects. (Ref: par. A84)</p> <p>(iii) In a non-assertion based review engagement, the conclusion should be expressed in a form that conveys whether, based on the review, the practitioner is aware of any material modifications that should be</p>	<p>The Practitioner's Opinion or Conclusion (Ref: 40k)</p> <p>A84. An example of an opinion expressed in a form appropriate for a non-assertion based examination engagement is: "In our opinion, XYZ Company complied, in all material respects, with Regulation XYZ during the period [date] to [date]."</p> <p>A85. It may be appropriate to inform the intended users of the context in which the practitioner's opinion or conclusion is to be read when the practitioner's report includes an explanation of particular characteristics of the subject matter of which the intended users should be aware. The practitioner's opinion or conclusion may, for example, include wording such as: "This opinion (conclusion) has been formed on the basis of the matters outlined elsewhere in this independent practitioner's report."</p>

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<p>made to the subject matter in order for it to be in accordance with (or based on) the criteria. (Ref: par. A86)</p> <p>(iv) The opinion in (ii) or conclusion in (iii) should be phrased using appropriate words for the subject matter and criteria given the engagement circumstances.</p>	<p>A86. An example of a conclusion expressed in a form appropriate for a non-assertion based review engagement is: "Based on our review, we are not aware of any material modifications that should be made to the accompanying schedule of investment returns of XYZ Company for the year ended [date] in order for it to be in accordance with (or based on) the XYZ criteria."</p> <p>A87. Forms of expression which may be useful for subject matters include, for example, "in compliance with" or "in accordance with."</p> <p>A88. A single practitioner's report may cover more than one aspect of a subject matter. When this is the case, the report may contain separate opinions or conclusions on each aspect of the subject matter (for example, examination level related to some aspects and review level related to others, or an unmodified conclusion on some aspects and a modified conclusion on others).</p>
<p><i>l.</i> When the practitioner expresses a modified opinion or conclusion, the report should contain</p> <p>i. a section that provides a description of the matter(s) giving rise to the modification; and</p> <p>ii. a section that contains the practitioner's modified opinion or conclusion. (Ref: par.A89)</p>	<p>A89. Inclusion of a heading above paragraphs containing modified opinions or conclusions, and the matter(s) giving rise to the modification, aids the understandability of the practitioner's report. Examples of appropriate headings for a non-assertion based examination include "Qualified Opinion," "Adverse Opinion," or "Disclaimer of Opinion" and "Basis for Qualified Opinion," "Basis for Adverse Opinion," or "Basis for Disclaimer of Opinion," as appropriate. An appropriate heading for a non-assertion based review is "Qualified Conclusion," and "Basis for Qualified Conclusion."</p>
<p><i>m.</i> The manual or printed signature of the practitioner's firm.</p>	
<p><i>n.</i> The date of the report. (The report should be dated no earlier than the date on which the practitioner has obtained sufficient appropriate evidence on which to base the practitioner's opinion or conclusion, including evidence that</p> <p>i. the attestation documentation has been reviewed</p> <p>ii. if applicable, the written presentation of the subject matter has been prepared, and</p>	<p>Date (Ref: par. 40n)</p> <p>A90. Including the practitioner's report date informs the intended users that the practitioner has considered the effect on the report of events that occurred up to that date.</p>

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iii. the responsible party has provided the written representations under paragraphs 28 and 29. (Ref: par. A90)	
p. The city and state where the practitioner practices.	
<i>Restricted Use Paragraph</i>	<i>Restricted Use Paragraph (Ref: par. 41)</i>
<p>41. In the following circumstances, the practitioner’s report should include an alert, in a separate paragraph, that restricts the use of the report: (Ref: par. A91 –A96.)</p> <p>a. The practitioner determines that the criteria used to evaluate the subject matter are appropriate only for a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria.</p> <p>b. The criteria used to evaluate the subject matter are available only to specified parties.</p>	<p>A91. A practitioner’s report for which the conditions in paragraph 41 do not apply need not include an alert that restricts its use. However, nothing in the attestation standards precludes a practitioner from including such an alert in any practitioner’s report or other practitioner’s written communication. A practitioner’s report that is required by paragraph 41 to include an alert that restricts the use of the report may be included in a document that also contains a practitioner’s report that is for general use. In such circumstances, the use of the general use report is not affected.</p>
	<p>A92. A practitioner may also issue a single combined practitioner’s report that includes</p> <p>(a) a practitioner’s report that is required by paragraph 41 to include an alert that restricts its use, and</p> <p>(b) a report that is for general use. If these two types of reports are clearly differentiated within the combined report, such as through the use of appropriate headers, the alert that restricts the use of the report may be limited to the report required by paragraph .41 to include such an alert. In such circumstances, the use of the general use report is not affected</p>
<p>42. The alert should</p> <p>a. state that the practitioner’s report is intended solely for the information and use of the specified parties,</p> <p>b. identify the specified parties for whom use is intended, and (Ref: par. A93)</p>	<p>A93. The practitioner may identify the specified parties by naming them, referring to a list of those parties, or identifying the class of parties, for example, “all customers of XYZ Company during some or all of the period January 1, 20XX to December 31, 20XX.” The method of identifying the specified parties is determined by the practitioner.</p>

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<p>c. state that the report is not intended to be, and should not be, used by anyone other than the specified parties (Ref: par. A94–A96)</p>	
<p>43. When the engagement is also performed in accordance with <i>Government Auditing Standards</i>, the alert that restricts the use of the practitioner’s report should include the following information, rather than the information required by paragraph 42:</p> <ul style="list-style-type: none"> a. A description of the purpose of the report b. A statement that the report is not suitable for any other purpose 	<p>A94. In some cases, the criteria used to measure or evaluate the subject matter may be designed for a specific purpose. For example, a regulator may require certain entities to use particular criteria designed for regulatory purposes. To avoid misunderstandings, the practitioner alerts users of the practitioner’s report to this fact and, therefore, that the report is intended solely for the information and use of the specified parties.</p>
	<p>A95. The alert that restricts the use of the practitioner’s report is designed to avoid misunderstandings related to the use of the report, particularly if the report is taken out of the context in which the report is intended to be used. A practitioner may consider informing the responsible party and, if different, the engaging party or other specified parties that the report is not intended for distribution to parties other than those specified in the report. The practitioner may, in connection with establishing the terms of the engagement, reach an understanding with the responsible party or, if different, the engaging party, that the intended use of the report will be restricted and may obtain the responsible party’s agreement that the responsible party and specified parties will not distribute such report to parties other than those identified therein. A practitioner is not responsible for controlling, and cannot control, distribution of the report after its release.</p>
	<p>A96. In some cases, a restricted-use practitioner’s report filed with regulatory agencies is required by law or regulation to be made available to the public as a matter of public record. Also, a regulatory agency, as part of its oversight responsibility for an entity, may require access to the restricted-use report in which it is not named as a specified</p>

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	party.
<i>Reference to the Practitioner's Specialist in the Practitioner's Report</i>	<i>Reference to the Practitioner's Specialist in the Practitioner's Report</i> (Ref: par. 44)
44. If the practitioner refers to the work of a practitioner's specialist in the practitioner's report, the wording of that report should not imply that the practitioner's responsibility for the opinion or conclusion expressed in that report is reduced because of the involvement of that specialist. (Ref: par. A97–A98)	A97. In some cases, law or regulation may require a reference to the work of a practitioner's specialist in the practitioner's report, for example, for the purposes of transparency in the public sector. It may also be appropriate in other circumstances, for example, to explain the nature of a modification of the practitioner's opinion or conclusion, or when the work of a specialist is integral to findings included in a long form report.
	A98. Nonetheless, the practitioner has sole responsibility for the opinion or conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's specialist. It is important, therefore, that if the practitioner's report refers to a practitioner's specialist, that the wording of that report does not imply that the practitioner's responsibility for the opinion or conclusion expressed is reduced because of the involvement of that specialist.
<i>Practitioner's Report Prescribed by Law or Regulation</i>	
45. If the practitioner is required by law or regulation to use a specific layout or wording of the practitioner's report, the report should refer to the non-assertion based attestation standards only if the report includes, at a minimum, each of the elements identified in paragraph 40.	
Unmodified and Modified Opinions or Conclusions (Par ref: A99-A102)	Unmodified and Modified Opinion or Conclusions (Ref: par. 46–49)
46. The practitioner should express an unmodified opinion or conclusion when the practitioner concludes	A99. The words "except for" are commonly used to indicate the matter(s) to which a qualification relates. However, other wording may be used to clearly indicate those matter(s).

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<p><i>a.</i> in the case of a non-assertion based examination engagement, that the subject matter is in accordance with (or based on) the criteria, in all material respects, or</p> <p><i>b.</i> in the case of a non-assertion based review engagement, that, based on the practitioner's review, the practitioner is not aware of any material modification that should be made to the subject matter in order for it to be in accordance with (or based on) the criteria</p>		
<p>47. If the practitioner considers it necessary to communicate a matter other than those specifically related to the subject matter that, in the practitioner's judgment, is relevant to intended users' understanding of the engagement, the practitioner's responsibilities or the practitioner's report, and this is not prohibited by law or regulation, the practitioner should do so in a paragraph in the report, with an appropriate heading, that clearly indicates the practitioner's opinion or conclusion is not modified with respect to the matter.</p>		
<p>48. A qualified opinion or conclusion should be phrased to inform the intended users of the effects, or possible effects, of the matter to which the qualification relates. (Ref: par. A100–A102)</p>		
<p><i>Modified Opinion in a Non-Assertion Based Examination Engagement</i></p> <p>49. E In a non-assertion based examination engagement, the practitioner should (Ref: par. A100–A102)</p> <p><i>a.</i> express a qualified opinion when a scope limitation exists and the effects of the matter giving rise to the scope limitation could be material but not pervasive,</p>	<p><i>Modified Conclusion in a Non-Assertion Based Review Engagement</i></p> <p>49R In a non-assertion based review engagement, the practitioner should (Ref: par. A100–A102)</p> <p><i>a.</i> withdraw from the engagement when a scope limitation exists and withdrawal is possible under applicable laws and regulations,</p>	<p>A100. A The term "pervasive" describes the effects, or the possible effects, on the subject matter of deviations, if any, that are undetected due to an inability to obtain sufficient appropriate evidence. Pervasive effects on the subject matter are those that, in the practitioner's professional judgment</p> <p style="margin-left: 20px;"><i>a.</i> are not confined to specific aspects of the subject matter; or</p> <p style="margin-left: 20px;"><i>b.</i> if so confined, represent or could represent a substantial proportion of the subject matter.</p> <p>A101. The nature of the matter, and the practitioner's judgment about the pervasiveness of the effects or possible effects on the subject matter,</p>

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<p><i>b.</i> disclaim an opinion when a scope limitation exists and the effects of the matter giving rise to the scope limitation could be material and pervasive,</p> <p><i>c.</i> express a qualified opinion if the practitioner concludes that deviations, individually or in the aggregate, are material but not pervasive.</p> <p><i>d.</i> express an adverse opinion if the practitioner concludes that deviations, individually or in the aggregate, are material and pervasive. (Ref: par. A102)</p>	<p>affects the type of opinion or conclusion to be expressed.</p> <p>A102. The following is an example of</p> <p><i>a.</i> a qualified opinion for an examination engagement for which a scope limitation exists and the effects of the matter are material but not pervasive</p> <p style="padding-left: 40px;">In our opinion, except for the possible effects of the matter described in the preceding paragraph, the accompanying schedule of investment returns of XYZ Company for the year ended [<i>date</i>] is in accordance with (or based on) the criteria, in all material respects. (Ref: par. 49Ea)</p> <p><i>b.</i> a disclaimer of opinion for a non-assertion based examination engagement in which a scope limitation exists and the effects of the matter could be material and pervasive</p> <p style="padding-left: 40px;">Because of the limitation on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the accompanying schedule of investment returns of XYZ Company for the year ended [<i>date</i>] is in accordance with (or based on) the criteria, in all material respects. (Ref: par. 49Eb)</p> <p><i>c.</i> a qualified opinion for a non-assertion based examination engagement in which deviations are a material but not pervasive deviation in the subject matter.</p> <p style="padding-left: 40px;">In our opinion, except for the deviation from the criteria</p>

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	<p>described in the preceding paragraph, the accompanying schedule of investment returns of XYZ Company for the year ended [date] is in accordance with (or based on) the criteria, in all material respects. (Ref: par. 49Ea)</p> <p><i>d.</i> an adverse opinion for a non-assertion based examination engagement in which there is a material and pervasive deviation in the subject matter</p> <p style="padding-left: 40px;">In our opinion, because of the significance of the matter giving rise to the modification described in the preceding paragraph, the accompanying schedule of investment returns of XYZ Company for the year ended [date] is not presented in accordance with (or based on) the criteria, in all material respects (Ref: par. 49Ed)</p> <p><i>e.</i> a qualified conclusion for a non-assertion based review engagement in which there is a deviation in the subject matter, the effects of the deviation are material, and modification of the standard report is sufficient to address the deviation in the subject matter.</p> <p style="padding-left: 40px;">Based on our review, except for the matter described in the preceding paragraph, we are not aware of any material modifications that should be made to the accompanying schedule of investment returns of XYZ Company for the year ended [date] in order for it to be in accordance with (or based on) the criteria. (Ref: par. 49Rb)</p>

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<p>50. E In a non-assertion based examination engagement, if the practitioner expresses a qualified opinion or disclaims an opinion because of a scope limitation but is also aware of a matter(s) that causes a material deviation in the subject matter, the practitioner should include in the practitioner’s report a clear description of both the scope limitation and the matter(s) that causes the material deviation.</p>	<p>50R Not applicable</p>	
Other Communication Responsibilities		Other Communication Responsibilities (Ref: par. 51)
<p>51. The practitioner should consider whether, pursuant to the terms of the engagement or other engagement circumstances, any matter has come to the attention of the practitioner that is to be communicated to the responsible party, the engaging party, those charged with governance, or others. (Ref: par. A103)</p>		<p>A103. Matters that may be appropriate to communicate with the responsible party, the engaging party or others include fraud or suspected fraud.</p>
Documentation		Documentation (Ref: par.52)
<p>52. The practitioner should prepare engagement documentation that is sufficient to determine (Ref: par. A104–A108)</p> <ul style="list-style-type: none"> a. the nature, timing and extent of the procedures performed to comply with relevant AT-C sections and applicable legal and regulatory requirements, including <ul style="list-style-type: none"> i. the identifying characteristics of the specific items or matters tested; ii. who performed the engagement work and the date such work was completed; iii. the discussions with the responsible party or others about findings or issues that, in the practitioner’s professional judgment, are 		<p>A104. Documentation includes a record of the practitioner's reasoning on all significant matters that require the exercise of professional judgment, and related conclusions. When difficult questions of principle or professional judgment exist, documentation that includes the relevant facts that were known by the practitioner at the time the conclusion was reached may assist in demonstrating the practitioner's knowledge.</p>

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<p>significant, including the nature of the significant findings or issues discussed, and when and with whom the discussions took place;</p> <p>iv. when the responsible party will not provide one or more of the requested written representations 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 matters in paragraph 32;</p> <p>v. who reviewed the engagement work performed and the date and extent of such review.</p> <p>b. the results of the procedures performed, and the evidence obtained; and</p> <p>c. significant matters arising during the engagement, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.</p>	
	<p>A105. It is neither necessary nor practical to document every matter considered, or professional judgment made, during an engagement. Further, it is unnecessary for the practitioner to document separately (as in a checklist, for example) compliance with matters for which compliance is demonstrated by documents included within the engagement file. Similarly, the practitioner need not include in the engagement file superseded drafts of working papers, notes that reflect incomplete or preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of documents.</p>
	<p>A106. In applying professional judgment to assessing the extent of documentation to be prepared and retained, the practitioner may consider what is necessary to provide an understanding of the work performed and the basis for the principal decisions taken (but not the</p>

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	detailed aspects of the engagement) to another practitioner who has no previous experience with the engagement. That other practitioner may only be able to obtain an understanding of detailed aspects of the engagement by discussing them with the practitioner who prepared the documentation.
	<p>A107. Documentation may include a record of, for example, the following:</p> <ul style="list-style-type: none"> • The identifying characteristics of the specific items or matters tested; • Who performed the engagement work and the date such work was completed; • Who reviewed the engagement work performed and the date and extent of such review; and • Discussions of significant matters with the appropriate party(ies) and others, including the nature of the significant matters discussed and when and with whom the discussions took place.
	<p>A108. Documentation may include a record of, for example, the following:</p> <ul style="list-style-type: none"> • Issues identified with respect to compliance with relevant ethical requirements and how they were resolved. • Conclusions on compliance with independence requirements that apply to the engagement, and any relevant discussions within the firm that support these conclusions. • Conclusions reached regarding the acceptance and continuance of client relationships and assurance engagements. • The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagement.
<p>53. If the practitioner identifies information that is inconsistent with the practitioner's final conclusion regarding a significant matter, the practitioner should document how the practitioner addressed the inconsistency.</p>	