

**Examination Engagements: Differences Between ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (Revised), and AT-C Sections 105, *Concepts Common to All Attestation Engagements*, and 205, *Examination Engagements* (AICPA, Professional Standards)**

This analysis was prepared by the AICPA Audit and Attest Standards staff to highlight differences between a reasonable assurance engagements performed under International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, and an examination engagement performed under AT-C sections 105, *Concepts Common to All Attestation Engagements*, and 205, *Examination Engagements*, of Statements on Standards for Attestation Engagements (SSAEs). The SSAEs are commonly referred to as the attestation standards.

The equivalent of an examination engagement under AT-C section 205 is a reasonable assurance engagement under ISAE 3000. In the attestation standards, a practitioner is required to comply with both AT-C section 105 and 205 when performing an examination engagement. This analysis does not address differences between ISAE 3000 and AT-C section 105 and AT-C section 210, *Review Engagements*. Such differences are provided in a separate analysis. This analysis is not authoritative and is prepared for informational purposes only. It has not been acted on, or reviewed by, the Auditing Standards Board (ASB).

The attestation standards are issued by the ASB, the senior committee of the AICPA designated to issue pronouncements on attestation matters for nonissuers.<sup>1</sup> The “Compliance With Standards Rule” (ET sec. 1.310.001) of the AICPA Code of Professional Conduct requires an AICPA member who performs an attestation engagement for a nonissuer to comply with standards promulgated by the ASB.

In 2016, the ASB issued SSAE No. 18, *Attestation Standards: Clarification and Recodification*, which clarified and restructured the attestation standards. Clarity drafting conventions were applied to the attestation standards to make them easier to read, understand, and apply. It is the ASB’s general strategy to converge its standards with those of the International Auditing and Assurance Standards Board. Accordingly, ISAE 3000 served as the foundation for SSAE No. 18, and many of the paragraphs in AT-C sections 105, 205, and 210 were converged with the related paragraphs in ISAE 3000, with certain changes made to reflect U.S. professional standards.

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<sup>1</sup> See the definition of the term *nonissuer* in the AU-C Glossary.



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Other content included in the attestation standards was derived from the pre-clarified attestation standards.

The ASB decided not to adopt certain provisions of ISAE 3000, for example, AT-C section 205 requires the practitioner to request from the responsible party a written assertion about the measurement or evaluation of the subject matter against the criteria. If the responsible party refuses to provide the assertion, AT-C section 205 requires the practitioner to withdraw from the engagement, except when the engaging party is not the responsible party. The parallel requirement in ISAE 3000 is for the practitioner to request from the appropriate party(ies) a written representation confirming the measurement or evaluation of the underlying subject matter against the applicable criteria. In ISAE 3000, however, if the appropriate party(ies) refuses to provide that representation, ISAE 3000 provides various options for the practitioner and does not preclude the practitioner from reporting.

As described in this appendix, nearly all of the requirements in ISAE 3000 are also requirements in AT-C sections 105, 205, and 210 of the attestation standards. However, the aforementioned sections of the attestation standards contain additional requirements that address issues specific to the United States of America or have been retained from the pre-clarified attestation standards.

An AICPA member practicing in the United States of America may be engaged to perform an attestation engagement for a nonissuer in accordance with the ISAEs. If the practitioner's report states that the attestation engagement was conducted in accordance with the ISAEs, the U.S. practitioner should comply with both the ISAEs and, as required by the AICPA Code of Professional Conduct, the attestation standards. The practitioner's report should state that the engagement was performed in accordance with the attestation standards and ISAE 3000. An engagement of this nature is ordinarily conducted by performing an attestation engagement in accordance with the attestation standards plus performing any additional procedures required by the ISAEs.

The purpose of this appendix is to assist the U.S. practitioner in planning and performing an engagement in accordance with the ISAEs. This document provides a brief description of how ISAE 3000 differs from the comparable AT-C sections. However, to fully understand how ISAE 3000 might affect the nature, timing, and extent of the procedures performed in an engagement in accordance with the attestation standards, the practitioner should consider the ISAEs in their entirety by considering the standards together with the related guidance included in the ISAEs. In performing an attestation engagement in accordance with the ISAEs, the practitioner also needs to comply with IFAC's Code of Ethics.

This analysis compares the ISAEs included in the 2016-2017 edition of the *Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements*, to the attestation standards included in *AICPA Professional Standards*. References to the attestation standards are made to the relevant AT-C sections. This analysis describes the differences in terms of

- a. requirements in AT-C sections 105 and 205 that are not included in ISAE 3000 (pages 4–11);

- b.* requirements in AT-C sections 105 and 205 that are included in application material in ISAE 3000 (pages 12–13);
- c.* requirements in ISAE 3000 that are not included in AT-C sections 105 or 205 (pages 14–15);
- d.* differences in requirements (page 16–18); and
- e.* differences in terminology (page 19).

In converging with ISAE 3000, the ASB has made various changes to the language of ISAE 3000 throughout the attestation standards. Such changes were made to use terms applicable in the United States and to make the attestation standards easier to read and apply in the United States. The ASB believes that such changes do not create differences between the application of ISAE 3000 and the application of the attestation standards.

## Requirements in AT-C Sections 105 and 205 That Are Not Included in ISAE 3000

### *Complying With AT-C Sections That Are Relevant to the Engagement*

Paragraph .14 of AT-C section 105 requires that reports issued by a practitioner about services performed under other professional standards be written to be clearly distinguishable from and not confused with reports issued under the attestation standards. ISAE 3000 does not include this requirement.

### *Complying With Relevant Requirements*

When a practitioner undertakes an attestation engagement for the benefit of a government body or agency and agrees to comply governmental requirements, paragraph .17 of AT-C section 105 requires the practitioner to comply with governmental requirements as well as the applicable AT-C sections. ISAE 3000 does not include this requirement.

### *Defining Professional Requirements in the Attestation Standards*

The attestation standards, as described in paragraph .19 of AT-C section 105, contain two categories of professional requirements: unconditional requirements and presumptively mandatory requirements. Paragraph .19 of AT-C section 105 requires the practitioner to comply with an unconditional requirement in all cases where such requirement is relevant, and with a *presumptively mandatory requirement* in all cases where such requirement is relevant except in rare circumstances. ISAE 3000 contains only one category of professional requirements, which the practitioner is required to comply with in all cases in which such a requirement is relevant except in rare circumstances.

### *Interpretive Publications*

Paragraph .21 of AT-C section 105 requires the practitioner to consider applicable interpretive publications in planning and performing an attestation engagement. ISAE 3000 does not contain this requirement because the IAASB does not issue authoritative interpretive publications.

### *Other Attestation Publications*

In applying the attestation guidance included in an other attestation publication, paragraph .22 of AT-C section 105 requires the practitioner to assess the relevance and appropriateness of such guidance to the circumstances of the attestation engagement. ISAE 3000 does not contain a requirement related to assessing the relevance of other attestation publications.

### *Change in Terms of Engagement*

When the practitioner changes the terms of the engagement from the original level of service to a lower level of service, paragraph .30 of AT-C 105 requires that the practitioner's report not include reference to (a) the original engagement, (b) any procedures that may have been performed, or (c) scope limitations that resulted in the changed engagement. ISAE 3000 does not include this requirement

### *Assignment of the Engagement Team*

Paragraphs .32c and .32d of AT-C section 105 require the engagement partner to be satisfied that (1) those involved in the engagement have been informed of their responsibilities, including the objectives of the procedures they are to perform and matters that may affect the nature, timing, and extent of such procedures, and (2) engagement team members have been directed to bring to

## Requirements in AT-C Sections 105 and 205 That Are Not Included in ISAE 3000

the engagement partner's attention significant questions raised during the engagement so that their significance may be assessed. ISAE 3000 does not include these requirements.

### *Engagement Documentation*

Paragraph .39 of AT-C section 105 requires the practitioner to adopt reasonable procedures to maintain the confidentiality of engagement documentation. ISAE 3000 does not contain this requirement. However Part A of the IESBA Code of Ethics for Professional Accountants establishes confidentiality as a fundamental principle with which the practitioner is required to comply.

Paragraph .40 of AT-C section 105 requires the practitioner to adopt reasonable procedures to prevent unauthorized access to engagement documentation. ISAE 3000 does not include this requirement.

### *Documentation*

If the practitioner concludes that the terms of the preceding engagement need not be revised for the current engagement, paragraph .09 of AT-C 205 requires the practitioner to remind the engaging party of the terms of the current engagement and document the reminder. ISAE 3000 requires the practitioner to assess whether there is a need to remind the engaging party of the existing terms of the engagement, but does not require the practitioner to document the reminder.

### *Materiality*

Paragraph .17 of AT-C section 205 requires the practitioner to reconsider materiality for the subject matter if the practitioner becomes aware of information during the engagement that would have caused the practitioner to have initially determined a different materiality. ISAE 3000 does not include this requirement.

### *Further Procedures*

When designing and performing procedures, paragraph .22 of AT-C section 205 requires the practitioner to consider the reasons for the assessment given to the risk of material misstatement, including specific factors, and obtain more persuasive evidence the higher the practitioner's assessment of risk. ISAE 3000 does not include this requirement.

### *Tests of Controls*

If the practitioner identified deviations in tests of controls, paragraph .25 of AT-C section 205 requires the practitioner to make specific inquiries and perform other procedures as necessary to understand these matters and their potential consequences. It also requires the practitioner to determine whether tests of controls provide an appropriate basis for reliance on the controls, additional tests of controls are needed, and the potential risks of misstatement need to be addressed using other procedures. ISAE 3000 does not include these requirements.

### *Procedures Other Than Tests of Controls*

Paragraph .26 of AT-C section 205 requires the practitioner to design and perform tests of details or analytical procedures related to the subject matter, irrespective of the assessed risks of material misstatement, except when the subject matter is internal control. ISAE 3000 does not include this requirement.

## Requirements in AT-C Sections 105 and 205 That Are Not Included in ISAE 3000

### *Analytical Procedures Performed in Response to Assessed Risk*

When designing and performing analytical procedures in response to assessed risks, paragraph .27 of AT-C section 205 requires the practitioner to (a) determine the suitability of analytical procedures for the subject matter; (b) evaluate the reliability of data from which the practitioner's expectation is developed; and (c) develop an expectation that is sufficiently precise to identify possible material misstatements.

These requirements are not included in ISAE 3000; however, paragraph A3(c) in ISAE 3000 states "In a reasonable assurance engagement, analytical procedures performed in response to the engagement risk involve developing expectations that are sufficiently precise to identify material misstatements."

### *Procedures Regarding Estimates*

Based on the assessed risks of material misstatement, paragraph .29 of AT-C section 205 requires the practitioner to evaluate, whether

- a. the responsible party has appropriately applied the requirements of the criteria relevant to any estimated amounts and
- b. the methods for making estimates are appropriate and have been applied consistently and whether changes, if any, in reported estimates or in the method for making them from the prior period, if applicable, are appropriate in the circumstances.

ISAE 3000 does not include this requirement.

When responding to an assessed risk of material misstatement related to an estimate, taking into account the nature of the estimates, paragraph .30 of AT-C section 205 requires the practitioner to undertake one or more of the procedures specified in paragraph 30. ISAE 3000 does not include requirements specific to estimates.

### *Fraud, Laws and Regulations*

Paragraph .32 of AT-C section 205 requires the practitioner to perform procedures related to assessing the risk of material misstatement due to fraud or noncompliance with laws or regulations. Paragraph .33 of AT-C section 205 requires the practitioner to respond appropriately to fraud or suspected fraud and noncompliance or suspected noncompliance with laws or regulations affecting the subject matter that is identified during the engagement. ISAE 3000 does not include requirements specific to fraud or noncompliance with laws or regulations.

### *Using the Work of a Practitioner's Specialist*

If the practitioner determines that the work of the practitioner's specialist is not adequate for the practitioner's purposes, paragraph .37 of AT-C section 205 requires the practitioner to

- a. agree with the practitioner's specialist on the nature and extent of further work to be performed by the practitioner's specialist or
- b. perform additional procedures appropriate to the circumstances.

ISAE 3000 does not include this requirement.

## Requirements in AT-C Sections 105 and 205 That Are Not Included in ISAE 3000

### *Using the Work of Internal Auditors*

When using the work of the internal audit function, paragraph .40 of AT-C section 205 requires the practitioner to perform sufficient procedures on the work of the internal audit function as a whole that the practitioner plans to use to determine its adequacy for the purpose of the examination engagement, including reperforming some of the work of the internal audit function that the practitioner intends to use in obtaining evidence. ISAE 3000 does not include this requirement.

Before the conclusion of the engagement, paragraph .44 of AT-C section 205 requires the practitioner to evaluate whether the use of the work of the internal audit function or the use of internal auditors to provide direct assistance results in the practitioner still being sufficiently involved in the examination given the practitioner's sole responsibility for the opinion expressed. ISAE 3000 does not include this requirement.

### *Using the Work of Internal Auditors—Direct Assistance*

Paragraphs .41-.43 of AT-C section 205 include requirements related to using internal auditors to provide direct assistance to the practitioner. ISAE 3000 does not include these requirements because it does not address direct assistance provided by internal auditors.

### *Subsequent Events*

Paragraph .48 of AT-C section 205 requires the practitioner to inquire of the responsible party, and if different, the engaging party about whether they are aware of any subsequent events up to the date of the practitioner's report that could have a significant effect on the subject matter or assertion. ISAE 3000 does not require the practitioner to make this inquiry.

### *Written Representations*

Paragraph 56 of ISAE 3000 requires the practitioner to request certain written representations from the appropriate party(ies), but does not require the practitioner to request the following representations required by paragraph .50 of AT-C section 205.

- A representation stating that all known matters contradicting the subject matter or assertion and any communication from regulatory agencies or others affecting the subject matter or assertion have been disclosed to the practitioner, including communications received between the end of the period addressed in the written assertion and the date of the practitioner's report.
- A representation acknowledging responsibility for (i) the subject matter and the assertion; (ii) selecting the criteria, when applicable; and (iii) determining that such criteria are appropriate for the responsible party's purposes.
- A representation stating that any known events subsequent to the period (or point in time) of the subject matter being reported on that would have a material effect on the subject matter or assertion have been disclosed to the practitioner.

## Requirements in AT-C Sections 105 and 205 That Are Not Included in ISAE 3000

- If applicable, a representation stating that the responsible party believes the effects of uncorrected misstatements are immaterial, individually and in the aggregate, to the subject matter.
- If applicable, a representation stating that significant assumptions used in making any material estimates are reasonable.
- A representation stating that the responsible party has disclosed to the practitioner (i) all deficiencies in internal control relevant to the engagement of which the responsible party is aware; and (ii) its knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the subject matter.

Paragraph .54 of AT-C section 205 requires that the written representations requested by the practitioner address the subject matter and periods covered by the practitioner's opinion. ISAE 3000 does not include this requirement.

### *Other Information*

Paragraph .57 of AT-C section 205 discusses the topic of other information with regard to situations in which the practitioner's report is placed in a document that contains the other information and the subject matter or the responsible party's assertion. Paragraph 62 of ISAE 3000 addresses only situations in which the practitioner's report is placed in a document that contains the other information and the subject matter.

### *Preparing the Practitioner's Report*

Paragraph .60 of AT-C section 205 requires the practitioner to evaluate, based on the evidence obtained, whether the presentation of the subject matter or assertion is misleading within the context of the engagement. ISAE 3000 does not contain this requirement.

### *Content of the Practitioner's Report*

When issuing a disclaimer, paragraph .63 of AT-C section 205 requires the practitioner to omit the following items from the practitioner's report:

- A statement that
  - i. the practitioner's examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.
  - ii. those standards require that the practitioner plan and perform the examination to obtain reasonable assurance about whether
    - (1) the subject matter is in accordance with (or based on) the criteria, in all material respects (or equivalent language regarding the subject matter and criteria, such as the language used in the examples in paragraph .A82) or
    - (2) the responsible party's assertion is fairly stated, in all material respects.
  - iii. the practitioner believes the evidence the practitioner obtained is sufficient and appropriate to provide a reasonable basis for the practitioner's opinion.
- a description of the nature of an examination engagement. (In ISAE 3000 this would be an informative summary of the work performed as the basis for the practitioner's conclusion.)



## Requirements in AT-C Sections 105 and 205 That Are Not Included in ISAE 3000

ISAE 3000 does not require that these items be omitted from the report when a disclaimer is issued.

Paragraph .63f(ii) of AT-C section 205 requires that the practitioner's report include a statement indicating that the attestation standards require the practitioner to plan and perform the examination to obtain reasonable assurance about whether (1) the subject matter is in accordance with (or based on) the criteria, in all material respects or (2) the responsible party's assertion is fairly stated, in all material respects. ISAE 3000 does not include this requirement.

Paragraph .63l of AT-C section 205 states that 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, including evidence that

- i the attestation documentation has been reviewed,
- ii. if applicable, the written presentation of the subject matter has been prepared, and
- iii. the responsible party has provided a written assertion or, in certain circumstances, an oral assertion.

Paragraph 69n of ISAE 3000 does not contain the requirements in paragraph 63l(i-ii) regarding the events that should occur before the date of the practitioner's report.

### *Restricted-Use Paragraph*

When an engagement is also performed in accordance with *Government Auditing Standards*, paragraph .66 of AT-C section 205 requires that the restricted use paragraph of the practitioner's report contain language that is different from the language required by paragraph .65 of AT-C section 205. ISAE 3000 does not include this requirement.

### *Description of Practitioner's Responsibility When Expressing a Qualified or Adverse Opinion*

When the practitioner expresses a qualified or adverse opinion, paragraph .76 of AT-C section 205 requires the practitioner to amend the description of the practitioner's responsibility to state that the practitioner believes that the evidence the practitioner has obtained is sufficient and appropriate to provide a basis for the practitioner's modified opinion. ISAE 3000 does not include this requirement.

### *Communication Responsibilities*

If the practitioner has identified or suspects noncompliance with laws or regulations that are not relevant to the subject matter, paragraph .86 of AT-C section 205 requires the practitioner to determine whether the practitioner has a responsibility to report the identified or suspected noncompliance to parties other than the responsible party and the engaging party (if different). ISAE 3000 does not include this requirement.

### *Documentation*

Paragraph .87 of AT-C section 205 requires the practitioner to document the following matters, which the practitioner is not required to document under ISAE 3000:

- i. the identifying characteristics of the specific items or matters tested;

## Requirements in AT-C Sections 105 and 205 That Are Not Included in ISAE 3000

- ii. who performed the engagement work and the date such work was completed;
- iv. when the engaging party is the responsible party and 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 .55 of AT-C section 205;
- vi. who reviewed the engagement work performed and the date and extent of such review.

If the practitioner performs new or additional procedures or draws new conclusions after the date of the practitioner's report, paragraph .89 of AT-C section 205 requires the practitioner to document the new or additional procedures performed, evidence obtained, and conclusions reached and their effect on the report. ISAE 3000 does not include this requirement.

### *Engaging Party is Not the Responsible Party*

ISAE 3000 does not provide specific requirements for situations in which the engaging party is not the responsible party. AT-C section 205 makes this differentiation and therefore includes the following requirements for situations in which the engaging party is not the responsible party.

When the engaging party is not the responsible party

- and the responsible party refuses to provide a written assertion, the practitioner need not withdraw from the engagement but is required by paragraph .84 of AT-C section 205 to disclose that refusal in the practitioner's report and restrict the use of the report to the engaging party.
- and the responsible party refuses to provide the representations in paragraph .50 in writing, paragraph .51 of AT-C section 205 requires the practitioner to make inquiries of the responsible party about, and seek oral responses to, the matters in paragraph .50.
- and one or more of the requested representations are not provided in writing by the responsible party, but the practitioner receives satisfactory oral responses to the practitioner's inquiries, paragraph .56a requires that the practitioner's report contain a separate paragraph that restricts the use of the report to the engaging party.
- and one or more of the requested representations are provided neither in writing nor orally from the responsible party, a scope limitation exists, and paragraph 56b requires the practitioner to determine the effect on the report, or to withdraw from the engagement.
- paragraph .52 of AT-C section 205 requires the practitioner to request written representations from the engaging party that
  - a. acknowledge that the responsible party is responsible for the subject matter and assertion.
  - b. acknowledge the engaging party's responsibility for selecting the criteria, when applicable.
  - c. acknowledge the engaging party's responsibility for determining that such criteria are appropriate for its purposes.
  - d. state that the engaging party is not aware of any material misstatements in the subject matter or assertion.

## Requirements in AT-C Sections 105 and 205 That Are Not Included in ISAE 3000

- e.* state that the engaging party has disclosed to the practitioner all known events after the period (or point in time) of the subject matter being reported on that would have a material effect on the subject matter or assertion. (Ref: par. .A61)
- f.* address other matters as the practitioner deems appropriate.
- paragraph .85 of AT-C section 205 requires the practitioner to communicate to the engaging party (in addition to the responsible party) known and suspected fraud and noncompliance with laws or regulations, uncorrected misstatements, and, when relevant to the subject matter, internal control deficiencies identified during the engagement. Paragraph 78 of ISAE 3000 requires the practitioner to consider whether (pursuant to the terms of the engagement and other engagement circumstances) any matter has come to the attention of the practitioner that is to be communicated with the responsible party, the measurer or evaluator, the engaging party, those charged with governance or others. ISAE 3000 does not specify the matters that should be communicated.

<p style="text-align: center;"><b>Requirements in AT-C Sections 105 and 205 That Are Included in Application Material in ISAE 3000</b></p>
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*Planning and Performing the Engagement*

Paragraphs .12 and .13 of AT-C section 205 include the following procedures that the practitioner is required to perform when establishing the overall strategy for the engagement:

- identifying the characteristics of the engagement that define its scope and ascertaining the reporting objectives of the engagement in order to plan the timing of the engagement and the nature of the communications required;
- considering the factors that, in the practitioner's professional judgment, are significant in directing the engagement team's efforts;
- considering the results of preliminary engagement activities, such as client acceptance, and, when applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and
- ascertaining the nature, timing, and extent of resources necessary to perform the engagement
- developing a plan that includes the nature, timing, and extent of planned risk assessment procedures
- developing a plan that includes the nature, timing, and extent of planned further procedures

These procedures are included as application material in paragraph A86 of ISAE 3000 related to planning the engagement.

*Engagement Documentation*

Paragraph .35 of AT-C section 105 requires the practitioner to assemble the final engagement file and complete the administrative process of assembling the final engagement file no later than 60 days following the practitioner's release date. In the same circumstances, paragraph 81 of ISAE 3000 requires the practitioner to do so "on a timely basis after the date of the assurance report." However, paragraph A198 of ISAE 3000 indicates that an appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the assurance report.

Paragraph .38 of AT-C section 105 requires the practitioner to adopt reasonable procedures to retain engagement documentation for a period of time sufficient to meet the needs of the practitioner and to satisfy any applicable legal or regulatory requirements for records retention. Paragraph A200 of ISAE 3000 states that ISQC 1 (or national requirements that are at least as demanding as ISQC 1) require firms to establish policies and procedures for the retention of engagement documentation and that the retention period for assurance engagements ordinarily is no shorter than five years from the date of the assurance report.

*Further Procedures*

When designing and performing procedures, paragraph .23 of AT-C section 205 requires, in part, that the practitioner consider the relevance and reliability of the information to be used as evidence if responses to inquiries of the responsible party or others are inconsistent or otherwise unsatisfactory (for example, vague or implausible). ISAE 3000 does not include this requirement. However, paragraph A76 of ISAE 3000 indicates that professional skepticism

<p style="text-align: center;"><b>Requirements in AT-C Sections 105 and 205 That Are Included in Application Material in ISAE 3000</b></p>
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includes questioning inconsistent evidence and the reliability of documents and responses to inquiries.

*Using the Work of a Practitioner's Specialist*

Paragraph .36 of AT-C section 205 includes requirements for the practitioner when the practitioner expects to use the work of a practitioner's specialist. ISAE 3000 does not include the requirements in paragraph .36 of AT-C section 205 that address

- the practitioner's required understanding of the field of expertise of a practitioner's specialist
- the practitioner's agreement with the practitioner's specialist
- the evaluation of the adequacy of the work of the practitioner's specialist for the practitioner's purposes

However, ISAE 3000 addresses the evaluation of the adequacy of the work of the practitioner's specialist in paragraph A133 of ISAE 3000.

Paragraph .36d(i)-(iii) of AT-C section 205 specifies the matters the practitioner should consider when evaluating the adequacy of the work of the practitioner's specialist. ISAE 3000 identifies these matters in paragraph A133.

If analytical procedures identify fluctuations or relationships that are inconsistent with other relevant information or that differ significantly from expected amounts or ratios, paragraph .38 of AT-C section 205 requires the practitioner to investigate such differences by

- a. inquiring of the responsible party and obtaining additional evidence relevant to its responses and
- b. performing other procedures as necessary in the circumstances.

ISAE 3000 does not include this requirement. However, paragraph A114 in the application material of ISAE 3000 provides the following example of a situation in which additional procedures may be needed: 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.

*Restricted-Use Paragraph*

Paragraph .65a of AT-C section 205 requires that specific language be used in the restricted-use paragraph of a practitioner's report. The requirement regarding the language to be used in a restricted-use paragraph of the practitioner's report is not a requirement in ISAE 3000 but is included in paragraph A167 of ISAE 3000.

*Modified Opinions*

When the practitioner issues an adverse opinion, paragraph .73 of AT-C section 205 requires that the practitioner opinion state "in the practitioner's opinion, because of the significance of the matter(s) giving rise to the modification, the subject matter is not presented in accordance with (or based on) the criteria, in all material respects." This is not a requirement in ISAE 3000 but is included as application material in paragraph A190 of ISAE 3000.

## Requirements in ISAE 3000 That Are Not Included in AT-C Sections 105 or 205

### *Preconditions for the Assurance Engagement*

In order to establish whether the preconditions for an assurance engagement are present, paragraph 24a of ISAE 3000 requires the practitioner to determine whether the roles and responsibilities of the appropriate parties are suitable in the circumstances. Paragraph 13 of ISAE 3000 defines *appropriate party(ies)* as the responsible party, the measurer or evaluator, or the engaging party, as appropriate. This provides for direct engagements, in which the measurer or evaluator may be a party other than the responsible party. In ISAE 3000, the practitioner can be the only measurer or evaluator of the subject matter; whereas, in AT-C section 205, the responsible party must also measure or evaluate the subject matter, except when the engaging party is not the responsible party.

In order to establish whether the preconditions for an assurance engagement are present, paragraph 24b of ISAE 3000 requires the practitioner to determine whether the criteria that the practitioner expects to be applied in the preparation of the subject matter information are suitable for the engagement circumstances, including that they exhibit the characteristic of “understandability.” Understandability is not included as an attribute of suitable criteria in AT-C section 105.

As a precondition for an assurance engagement, paragraph 24b(ii) of ISAE 3000 requires that the engagement exhibit the characteristic of having a rational purpose. AT-C section 105 does not include this precondition.

### *Responsibilities of the Engagement Partner*

Paragraph 35 of ISAE 3000 requires the engagement partner to consider the results of the firm’s monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms, and whether deficiencies noted in that information may affect the assurance engagement. Neither AT-C section 105, 205, or QC section 10, *A Firm’s System of Quality Control* (AICPA, *Professional Standards*), include this requirement.

### *Professional Skepticism, Professional Judgment, and Assurance Skills and Techniques*

Paragraph 39 of ISAE 3000 requires the practitioner to apply assurance skills and techniques as part of an iterative, systematic engagement process. AT-C section 105 does not include a definition of *assurance skills and techniques* or this requirement.

### *Understanding the Underlying Subject Matter and Other Engagement Circumstances*

Paragraph 45b-c of ISAE 3000 requires the practitioner to make inquiries of the appropriate party(ies) regarding whether the responsible party has an internal audit function and, if so, to make further inquiries to obtain an understanding of the activities and main findings of the internal audit function with respect to the subject matter information. This requirement is not included in AT-C section 205.

### *Assurance Report Content*

Paragraph 69g of ISAE 3000 requires the practitioner’s report to identify the responsible party and, if different, the measurer or evaluator because in ISAE 3000, to provide for direct engagements, the responsible party and the measurer or evaluator of the subject matter may be different parties. Paragraph 63e(i) of AT-C section 205 requires that the practitioner’s report identify the responsible party, but does not require the report to identify the measurer or evaluator.

## Requirements in ISAE 3000 That Are Not Included in AT-C Sections 105 or 205

Paragraph 69*i* of ISAE 3000 requires the practitioner's report to include a statement that the firm of which the practitioner is a member applies ISQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQC 1. AT-C section 205 does not include this requirement

Paragraph 69*j* of ISAE 3000 requires the practitioner's report to include a statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements, or requirements imposed by law or regulation that are at least as demanding as Parts A and B of the IESBA Code related to assurance engagements. AT-C section 205 does not include this requirement.

Paragraph 69*l*(i) of ISAE 3000 requires that the conclusion in the practitioner's report inform the intended users of the context in which the practitioner's conclusion is to be read, for example, when the report includes an explanation of particular characteristics of the underlying subject matter of which the intended users should be aware. AT-C section 205 does not include this requirement.

## Differences in Requirements

### *Using the Work of An Other Practitioner*

The attestation standards permit the practitioner who has made use of the work of an other practitioner to make reference to the other practitioner in the practitioner's report. ISAE 3000 does not permit making reference to an other practitioner in the practitioner's report. When the practitioner expects to use the work of an other practitioner, the practitioner is required by paragraph .31d of AT-C section 105 to be involved in the work of the other practitioner, and by paragraph 32b(ii) of ISAE 3000 to be satisfied that the practitioner will be able to be involved in the work to the other practitioner. Paragraph .31a-b of AT-C section 105 require the practitioner to obtain an understanding regarding the other practitioner's ethical requirements and professional competence. Paragraph .A73 of the application material in ISAE 3000 identifies the other practitioner's compliance with relevant ethical requirements and professional competence as relevant considerations when planning to use the work of an other practitioner. Paragraph .31c of AT-C section 105 requires the practitioner to communicate clearly with the other practitioner about the scope and timing of the other practitioner's work and findings, whereas paragraph .53 of ISAE 3000 requires that the practitioner evaluate whether the work of the other practitioner is adequate for the practitioner's purposes.

### *Assertion/Representation*

Paragraph .10 of AT-C section 205 requires the practitioner to request a written assertion from the responsible party about the measurement or evaluation of the subject matter against the criteria. Paragraph 56b of ISAE 3000 requires the practitioner to request from the appropriate party(ies)(the responsible party, the measurer or evaluator, or the engaging party, as appropriate) a written representation confirming the measurement or evaluation of the underlying subject matter against the applicable criteria.

### *Reliability of Information Produced by the Entity*

When using information produced by the entity, paragraph .35 of AT-C section 205 requires the practitioner to evaluate whether the information is sufficiently reliable for the practitioner's purposes, and identifies the procedures to be performed. Paragraph 50 of ISAE 3000 is more limited; because it requires the practitioner to consider the reliability of information to be used as evidence only when

- (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.

### *Planning and Performing the Engagement*

Paragraph 43 of ISAE 3000 addresses situations in which the practitioner discovers after the engagement has been accepted that the criteria are not suitable or the subject matter is not appropriate, and requires the practitioner to consider withdrawing from the engagement, if withdrawal is possible under applicable law or regulation. If the practitioner continues with the engagement, the practitioner is required to express a qualified, adverse, or disclaimer of conclusion, as appropriate in the circumstances. In the same circumstances, AT-C section 205 requires the practitioner to determine

- a. whether the matter can be resolved;
- b. whether it is appropriate to continue with the engagement; and
- c. if the matter cannot be resolved but it is still appropriate to continue with the engagement, whether, and if so how, to communicate the matter in the practitioner's report.



## Differences in Requirements

### *Date of Written Representations*

Paragraph 59 of ISAE 3000 requires that the date of the written representations be as near as practicable to, but not after, the date of the assurance report. Paragraph .54 of AT-C section 205 requires that the date of the written representations be as of the date of the practitioner's report.

### *Assurance Report Content*

Paragraph .63f(i) of AT-C section 205 requires the practitioner's report to state that the examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Paragraph. 69h of ISAE 3000 requires that the report identify the specific standard(s) within the ISAEs under which the engagement was performed, for example ISAE 3000.

### *Reference to the Practitioner's Expert in the Assurance Report*

Paragraph .67 of AT-C section 205 prohibits the practitioner from referring to the work of a practitioner's specialist in the practitioner's report containing an unmodified opinion. Paragraph .81 of AT-C section 205 permits the practitioner to refer to an external specialist when the opinion is modified, if such reference is relevant to an understanding of the modification to the practitioner's opinion. Paragraph 70 of ISAE 3000 does not prohibit reference to the work of a practitioner's expert in an unmodified opinion and cites circumstances in which the reference is required by law or regulation for transparency.

### *Assurance Report Prescribed by Law or Regulation*

With respect to a prescribed layout or wording of an assurance report required by law or regulation, paragraph 71 of ISAE 3000 allows the practitioner to refer to the ISAEs in the practitioner's report only if all the report elements required by paragraph 69 of ISAE 3000 are included in the report. In the same situation, paragraph .18 of AT-C section 105 requires the practitioner to (1) reword the prescribed form of report if it would cause the practitioner to make a statement that the practitioner has no basis to make, or (2) attach an appropriately worded report.

### *Unmodified and Modified Conclusions*

Paragraph 72 of ISAE 3000 identifies the circumstances under which the practitioner should express an unmodified opinion. AT-C section 205 does not specifically state the circumstances under which the practitioner should express an unmodified opinion; however, it does identify the circumstances in which the practitioner should express a modified opinion.

Paragraph 75 of ISAE 3000 presents materiality and pervasiveness on a range and requires the practitioner to express a qualified conclusion when the effects or possible effects of a matter are not so material and pervasive to require an adverse or disclaimer of conclusion. AT-C section 205 presents materiality and pervasiveness as an on/off condition (i.e., it is either material or isn't) rather than a range and requires a qualified opinion when misstatements, or the possible effects of undetected misstatements on the subject matter, are material but not pervasive.

## Differences in Requirements

If material misstatements in the subject matter exist, paragraph .79 of AT-C section 205 requires the practitioner to modify the opinion and express a qualified or adverse opinion directly on the subject matter, not on the assertion, even when the assertion acknowledges the misstatement. Paragraph 77 of ISAE 3000 has the same requirement but provides for an exception when the terms of the engagement require that the conclusion be phrased in terms of a statement made by the appropriate party. In that situation, the practitioner is required to (1) express an unqualified conclusion on the statement made by the appropriate party that identifies and describes that the subject matter information is materially misstated and (2) include an emphasis of matter paragraph that refers to the statement made by the appropriate party.

### *Responsible Party Refuses to Provide an Assertion*

Paragraph .82 of AT-C section 205 requires the practitioner to withdraw from the engagement when the responsible party refuses to provide a written assertion and the responsible party is the engaging party. Paragraph 60 of ISAE 3000 provides various options for the practitioner when the practitioner is unable to obtain the written representation required by paragraph 56b of ISAE 3000, which is similar to an assertion, and does not require the practitioner to withdraw from the engagement.

### *Communication Responsibilities*

Paragraph .85 of AT-C section 205 requires the practitioner to communicate to the responsible party known and suspected fraud and noncompliance with laws or regulations, uncorrected misstatements, and, when relevant to the subject matter, internal control deficiencies identified during the engagement. Paragraph 78 of ISAE 3000 requires the practitioner to consider whether (pursuant to the terms of the engagement and other engagement circumstances) any matter has come to the attention of the practitioner that is to be communicated with the responsible party, the measurer or evaluator, the engaging party, those charged with governance or others, but does not specify the matters that should be communicated. Paragraph A192 of the application material in ISAE 3000 identifies certain matters that may be communicated (fraud or suspected fraud, and bias in the preparation of the subject matter information.)

## Differences in Terminology

### *Subject Matter/Subject Matter Information/Underlying Subject Matter*

ISAE 3000 uses the following terms related to subject matter:

- *subject matter information*, which is defined as the outcome of the measurement or evaluation of the underlying subject matter against the criteria, i.e., the information that results from applying the criteria to the underlying subject matter.
- *underlying subject matter*, which is defined as the phenomenon that is measured or evaluated by applying criteria.

AT-C sections 105 and 205 do not make this differentiation and only use the term *subject matter*, which has the same definition as *underlying subject matter* in ISAE 3000.

### *Suitable criteria*

Different terminology is used in ISAE 3000 to refer to certain attributes of suitable criteria. The term “reliability” in ISAE 3000 is referred to as “measurability” in AT-C section 105, and the term “neutrality” in ISAE 3000 is referred to as “objectivity” in AT-C section 105.

### *Overall Responses and Further Procedures*

Paragraph .21 of AT-C section 205 addresses *overall responses* to address the assessed risks of material misstatement and paragraph .22 of AT-C section 205 addresses *further procedures* whose nature, timing, and extent are based on, and responsive to, the assessed risks of material misstatement. ISAE 3000 does not use the terms *overall responses* and *further procedures*; instead it only uses the terms *responses* and *procedures*.

### *Documentation Completion Date*

Paragraphs .36 and .37 of AT-C section 105 use the term *documentation completion date*, which is defined as the date on which the practitioner has assembled for retention a complete and final set of documentation in the engagement file. ISAE 3000 does not use this term.