Appendix — Amendments to AT-C section 105, Concepts Common to All Attestation Engagements

(Boldface italics denotes new language. Deleted text is shown in strikethrough.)

.01 This section applies to engagements in which a CPA in the practice of public accounting is engaged to issue, or does issue, a practitioner’s examination, review, or agreed-upon procedures report on subject matter or a practitioner’s examination or review report on an assertion about subject matter (hereinafter referred to as an assertion) that is the responsibility of another party. (Ref: par. .A1)

.02 An attestation engagement is predicated on the concept that a party other than the practitioner makes an assertion about whether the subject matter is measured or evaluated in accordance with suitable criteria. Section 205, Examination Engagements; section 210, Review Engagements; and section 215, Agreed Upon Procedures Engagements, require the practitioner to request such an assertion in writing when performing an examination, review, or agreed-upon procedures engagement.¹ In examination and review engagements, when the engaging party is the responsible party, the responsible party’s refusal to provide a written assertion requires the practitioner to withdraw from the engagement when withdrawal is possible under applicable laws and regulations². In examination and review engagements, 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 to disclose that refusal in the practitioner’s report and restrict the use of the report to the engaging party.³ In an agreed-upon procedures engagement, the responsible party's refusal to provide a written assertion requires the practitioner to disclose that refusal in the report.⁴ The purpose of an examination or review attestation engagement is to provide users of information with an opinion or conclusion regarding subject matter or an assertion about the subject matter, as measured against suitable and available criteria. An examination engagement results in an opinion and a review engagement results in a conclusion. The purpose of an agreed-upon procedures engagement results is to provide users of information with the results of procedures performed by the practitioner on subject matter. An agreed-upon procedures engagement results in findings.

¹—Paragraph .10 of section 205, Examination Engagements; paragraph .11 of section 210, Review Engagements; and paragraph .15 of section 215, Agreed Upon Procedures.
²—Paragraph .82 of section 205 and paragraph .59 of section 210.
³—Paragraph .84 of section 205 and paragraph .60 of section 210.
⁴—Paragraph 36 of section 215.
Appendix to AT-C section 215 for revisions to AT-C section 105  
ASB Meeting, October 28-31, 2019

.03 This section is not applicable to professional services for which the AICPA has established other professional standards, for example, services performed in accordance with (Ref: par. .A2–.A3)

a. Statements on Auditing Standards,

b. Statements on Standards for Accounting and Review Services, or
c. Statements on Standards for Tax Services.

d. **Statements on Standards for Consulting Services, including litigation services that involve pending or potential legal or regulatory proceedings before a trier of fact.** (Ref: par. .A3)

[No amendment to paragraphs .04-.08.]

Objectives

.09 In conducting an attestation engagement, the overall objectives of the practitioner are to as follows:

a. Apply the requirements relevant to the attestation engagement;

b. **In an examination or review engagement, report on the subject matter or assertion, and in an agreed-upon procedures engagement, report on the procedures performed and related findings.**

c. **Communicate as required by the applicable AT-C section, in accordance with the results of the practitioner’s procedures.**

d. Implement quality control procedures at the engagement level that provide the practitioner with reasonable assurance that the attestation engagement complies with professional standards and applicable legal and regulatory requirements.

Definitions

.10 For purposes of the attestation standards, the following terms have the meanings attributed as follows:

...
review related to an assertion that is the responsibility of another party performed under the attestation standards. The following are the three types of attestation engagements:

a. **Examination engagement.** An attestation engagement in which the practitioner obtains reasonable assurance by obtaining sufficient appropriate evidence about the measurement or evaluation of subject matter against criteria in order to be able to draw reasonable conclusions on which to base the practitioner's opinion about whether the subject matter is in accordance with (or based on) the criteria or the assertion is fairly stated, in all material respects. (Ref: par. .A7)

b. **Review engagement.** An attestation engagement in which the practitioner obtains limited assurance by obtaining sufficient appropriate review evidence about the measurement or evaluation of subject matter against criteria in order to express a conclusion about whether any material modification should be made to the subject matter in order for it be in accordance with (or based on) the criteria or to the assertion in order for it to be fairly stated. (Ref: par. .A8)

c. **Agreed-upon procedures engagement.** An attestation engagement in which a practitioner performs specific procedures on subject matter or an assertion and reports the findings without providing an opinion or a conclusion on it. The parties to the engagement (specified party), as defined later in this paragraph, agree upon and are responsible for the sufficiency of the procedures for their purposes.

…

**Criteria.** In an examination or review engagement, the benchmarks used to measure or evaluate the subject matter. (Ref: par. A16)

…

**Misstatement.** In an examination or review engagement, a difference between the measurement or evaluation of the subject matter by the responsible party and the proper measurement or evaluation of the subject matter based on the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions. In certain engagements, a misstatement may be referred to as a deviation, exception, or instance of noncompliance.

…

**Subject matter.** In an examination or review, the phenomenon that is measured or evaluated by applying criteria. In an agreed-upon procedures engagement, the phenomenon upon which procedures are performed.

[No amendment to paragraphs .11-.24.]
In order to establish that the preconditions for an attestation engagement are present, the practitioner should determine both of the following:

a. **Whether** the responsible party is a party other than the practitioner and takes responsibility for the subject matter. (Ref: par. A35-A37)

b. **Whether** the engagement exhibits all of the following characteristics:

   i. The subject matter is appropriate. (Ref: par. A36-A38-A41-A43)

   ii. In an examination or review engagement, the criteria to be applied in the preparation and evaluation of the subject matter are suitable and will be available to the intended users. (Ref: par. A42-A44-A52-A54)

   iii. The practitioner expects to be able to obtain the evidence needed to arrive at the practitioner's opinion, conclusion, or findings, including (Ref: par. A53-A55-A54-A56)

      (1) access to all information of which the responsible appropriate party is aware that is relevant to the measurement, evaluation, or disclosure of the subject matter;

      (2) access to additional information that the practitioner may request from the responsible appropriate party for the purpose of the engagement; and

      (3) unrestricted access to persons within the appropriate party(ies) from whom the practitioner determines it necessary to obtain evidence.

   iv. The practitioner's opinion, conclusion, or findings, in the form appropriate to the engagement, is to be contained in a written practitioner's report.

[No amendment to paragraphs .26-.A1.]

The attestation standards do not apply to litigation services that involve pending or potential legal or regulatory proceedings before a trier of fact when the practitioner has not been engaged to issue, and does not issue, a practitioner's examination, review, or agreed-upon procedures report on subject matter or an assertion that is the responsibility of another party and any of the following circumstances exist:

a. The service comprises being an expert witness.

b. The service comprises being a trier of fact or acting on behalf of one.

c. The practitioner's work under the rules of the proceedings is subject to detailed analysis and challenge by each party to the dispute.
d. The practitioner is engaged by an attorney to do work that will be protected by the attorney's work product or attorney-client privilege, and such work is not intended to be used for other purposes.

.A3A2 Because performance audits performed pursuant to Government Auditing Standards do not require a practitioner’s examination, review, or agreed-upon procedures report as described in this section, this section does not apply to performance audits unless the practitioner engaged to conduct a performance audit is also engaged to conduct an AICPA attestation engagement or issues such an examination, review, or agreed-upon procedures report.

[No amendment to paragraphs .A3-.A27.]

.A2B Some report forms can be made acceptable by inserting additional wording to include the elements required by sections 205, 210, and 215. Some report forms required by law or regulation can be made acceptable only by complete revision because the prescribed language of the practitioner's report calls for statements by the practitioner that are not consistent with the practitioner's function or responsibility, for example, a report form that requests the practitioner to 'certify' the subject matter.

2 Paragraphs 63–66 of section 205, paragraphs .46–.49 of section 210, and paragraphs .35–.32–.33 of section 215.

[No amendment to paragraphs .A28–.A34.]

Roles and Responsibilities (Ref: par. .25)

.A3B All attestation engagements have an engaging party, a responsible party, the practitioner, and intended users. In some attestation engagements, the engaging party is different from the responsible party.

[Paragraph .A35 is renumbered to paragraph .A36. The content is unchanged.]

.A37 Evidence that the appropriate relationship exists with respect to responsibility for the subject matter may be obtained through an acknowledgment provided by the responsible party. Such an acknowledgment also establishes a basis for a common understanding of the responsibilities of the responsible party and the practitioner. A written acknowledgment is the most appropriate form of documenting the responsible party’s understanding. In the absence of a written acknowledgment of responsibility, it may still be appropriate for the practitioner to accept the engagement if, for example, other sources, such as legislation or a contract, indicate responsibility. In other cases, it may be appropriate to decline the engagement depending on the circumstances or disclose the circumstances in the attestation report.

[Paragraph .A36 is renumbered to paragraph .A38. The content is unchanged.]

.A37-A39 An appropriate subject matter
a. is identifiable and, in an examination or review engagement, is capable of consistent measurement or evaluation against the criteria and

b. can be subjected to procedures for obtaining sufficient appropriate evidence to support an opinion, conclusion, or findings, as appropriate.

[Paragraph A38 is renumbered to paragraph A40. The content is unchanged.]

A39-A41 Different subject matters have different characteristics, including the degree to which information about them is qualitative versus quantitative, objective versus subjective, historical versus prospective, and relates to a point in time or covers a period. Such characteristics affect the following:

a. In an examination or review engagement, the precision with which the subject matter can be measured or evaluated against criteria

b. The persuasiveness of available evidence

[Paragraphs A40-A53 are renumbered to paragraphs A42-A55. The content is unchanged.]

A54-A56 The quantity or quality of available evidence is affected by both of the following:

a. The characteristics of the subject matter, for example, less objective evidence might be expected when the subject matter is future-oriented, rather than historical

b. Other circumstances, such as when evidence that could reasonably be expected to exist is not available, for example, because of the timing of the practitioner's appointment, an entity's document retention policy, inadequate information systems, or a restriction imposed by the responsible or engaging party

[Paragraphs A55-A74 are renumbered to paragraphs A57-A76. The content is unchanged.]