



Agenda Item 6C

Mapping of Application Paragraphs in AT-C Sections AT-C 105, *Concepts Common to All Attestation Engagements*; 205, *Examination Engagements*; and 210, *Review Engagements* to the Paragraphs in CSAE 3001, *Direct Engagements*

Application paragraphs in CSAE 3001 that are not included in AT-C sections 105, 205, or 210 are listed at the end of the document.

Concepts Common to All Direct Engagements

AT-C Section 105, <i>Concepts Common to All Attestation Engagements</i>	Proposed AT-C Section, <i>Concepts Common to All Direct Engagements</i> Marked from AT-C section 105	CSAE 3001, <i>Direct Engagements</i>
Introduction (Ref: par. .01 and .03)	Introduction (Ref: par. .01 and .03)	
<p>.A1 The subject matter of an attestation engagement may take many forms, including the following:</p> <ul style="list-style-type: none"> a. Historical or prospective performance or condition, for example, historical or prospective financial information, performance measurements, and backlog data b. Physical characteristics, for example, narrative descriptions or square footage of facilities c. Historical events, for example, the price of a market basket of goods on a certain date d. Analyses, for example, break-even analyses e. Systems and processes, for example, internal 	<p>CC A1. .A1 The subject matter of an attestation <u>a direct</u> engagement may take many forms, including the following:</p> <ul style="list-style-type: none"> a. Historical or prospective performance or condition, for example, historical or prospective financial information, performance measurements, and backlog data. <u>For example, using the responsible party's financial records, a practitioner performs agreed-upon procedures related to payments based on a royalty agreement.</u> b. Physical characteristics, for example, narrative descriptions or square footage of facilities c. Historical events, for example, the price of a 	<p><i>Examples of Direct Engagements</i> (Ref: Para. 14(a)(ii))</p> <p>A10. The underlying subject matter of a direct engagement may be similar to that of an attestation engagement. However, in an attestation engagement, the practitioner is reporting on a statement or report prepared by the entity, while this is not the case in a direct engagement. Examples of engagements that may be conducted under this CSAE include:</p> <p>(a) Sustainability – An engagement to obtain assurance on the sustainability performance of the entity.</p>

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<p>control f. Behavior, for example, corporate governance, compliance with laws and regulations, and human resource practices</p> <p>The subject matter may be as of a point in time or for a period of time.</p>	<p>market basket of goods on a certain date d. Analyses, for example, break-even analyses e. Systems and processes, for example, internal control<u>the effectiveness of an entity's controls over the privacy of information it processes for user entities based on the trust services criteria</u> f. Behavior, for example, corporate governance, compliance with laws and regulations, and human resource practices, <u>for example a report on an entity's sustainability practices based on occupational health and safety regulations.</u></p> <p>The subject matter may be as of a point in time or for a period of time.</p>	<p>(b) Compliance with law or regulation – An engagement to obtain assurance on whether the entity has complied with relevant laws or regulations. (c) Performance audit – An engagement to obtain assurance on any or all of the following:</p> <ul style="list-style-type: none"> • The adequacy of management systems controls and practices, including those intended to control and safeguard assets, to ensure due regard to economy, efficiency and effectiveness. • The extent to which resources have been managed with due regard to economy and efficiency. • The extent to which programs, operations or activities of an entity have been effective.
<p>.A2 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:</p> <p>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</p>	<p>CC A2. .A2 The attestation<u>direct engagement</u> 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 <u>direct</u> examination, <u>direct</u> review, or agreed-upon<u>specified</u> procedures report on subject matter or an assertion that is the responsibility of another party and any of the following circumstances exist:</p> <p>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</p>	

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challenge by each party to the dispute. <i>d.</i> 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.	proceedings is subject to detailed analysis and challenge by each party to the dispute. <i>d.</i> 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.	
.A3 Because performance audits performed pursuant to <i>Government Auditing Standards</i> 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.	CC A3. .A3 Because performance audits performed pursuant to <i>Government Auditing Standards</i> do not require a practitioner’s <u>direct examination</u> , <u>or direct review</u> , <u>or agreed-upon procedures</u> 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 <u>attestation engagement or issues such an direct examination</u> , <u>or direct review</u> , <u>or agreed-upon procedures report engagement</u> .	
Relationship of Attestation Standards to Quality Control Standards (Ref: par. .06) .A4 The nature and extent of a firm’s quality control policies and procedures depend on factors such as its size, the degree of operating autonomy allowed its personnel and its practice offices, the nature of its practice, its organization, and appropriate cost-benefit considerations.	Relationship of <u>Attestation Direct Engagement</u> Standards to Quality Control Standards (Ref: par. .06) CC A4. .A4 The nature and extent of a firm’s quality control policies and procedures depend on factors such as its size, the degree of operating autonomy allowed its personnel and its practice offices, the nature of its practice, its organization, and appropriate cost-benefit considerations.	
.A5 Within the context of the firm’s system of quality control, engagement teams have a responsibility to implement quality control procedures that are applicable to the attestation	CC A5. .A5 Within the context of the firm’s system of quality control, engagement teams have a responsibility to implement quality control procedures that are applicable to the	<i>Firm Level Quality Control</i> (Ref: Para. 5(b), 35(a)) A60. CSQC 1 deals with the firm's

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engagement and provide the firm with relevant information to enable the functioning of that part of the firm’s quality control relating to independence.	attestation direct engagement and provide the firm with relevant information to enable the functioning of that part of the firm’s quality control relating to independence.	responsibilities to establish and maintain its system of quality control for assurance engagements. It sets out the responsibilities of the firm for establishing policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements, including those pertaining to independence. Compliance with CSQC 1 requires, among other things, that the firm establish and maintain a system of quality control that includes policies and procedures addressing each of the following elements, and that it documents its policies and procedures and communicates them to the firm's personnel: (a) Leadership responsibilities for quality within the firm; (b) Relevant ethical requirements; (c) Acceptance and continuance of client relationships and specific engagements; (d) Human resources; (e) Engagement performance; and (f) Monitoring.
.A6 Engagement teams are entitled to rely on the firm’s system of quality control, unless the engagement partner determines that it is inappropriate to do so based on information provided by the firm or other parties.	CC A6. A6 Engagement teams are entitled to rely on the firm’s system of quality control, unless the engagement partner determines that it is inappropriate to do so based on information provided by the firm or other parties.	A64. Unless information provided by the firm or other parties suggests otherwise, the engagement team is entitled to rely on the firm's system of quality control. For example, the engagement team may rely on the firm's system of quality control in relation to: (a) Competence of personnel through their recruitment and formal training.

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		(b) Independence through the accumulation and communication of relevant independence information. (c) Maintenance of client relationships through acceptance and continuance systems. (d) Adherence to regulatory and legal requirements through the monitoring process. In considering deficiencies identified in the firm's system of quality control that may affect the assurance engagement, the engagement partner may consider measures taken by the firm to rectify those deficiencies.
Definitions	Definitions	
Examination Engagement (Ref: par. .10) .A7 The practitioner obtains the same level of assurance in an examination engagement as the practitioner does in a financial statement audit.	Direct Examination Engagement (Ref: par. .10) CC A7. A7 The practitioner obtains the same level of assurance in an <u>direct</u> examination engagement as the practitioner does in a financial statement audit.	
Review Engagement (Ref: par. .10) .A8 The practitioner obtains the same level of assurance in a review engagement as the practitioner does in a review of financial statements.	Direct Review Engagement (Ref: par. .10) A8 CC A8. The practitioner obtains the same level of assurance in a <u>direct</u> review engagement as the practitioner does in a review of financial statements.	
Attestation Risk (Ref: par. .10) .A9 Attestation risk does not refer to the practitioner's business risks, such as loss from litigation, adverse publicity, or other events arising in connection with the subject matter or assertion reported on.	Attestation Risk (Ref: par. .10) CC A9. A9 Attestation risk does not refer to the practitioner's business risks, such as loss from litigation, adverse publicity, or other events arising in connection with the subject matter or assertion reported on.	A13. Engagement risk does not refer to, or include, the practitioner's business risks, such as loss from litigation, adverse publicity, or other events arising in connection with the underlying subject matter.

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<p>.A10 In general, attestation risk can be represented by the following components, although not all of these components will necessarily be present or significant for all engagements:</p> <p><i>a.</i> Risks that the practitioner does not directly influence, which consist of</p> <p style="margin-left: 20px;">i. the susceptibility of the subject matter to a material misstatement before consideration of any related controls (inherent risk) and</p> <p style="margin-left: 20px;">ii. the risk that a material misstatement that could occur in the subject matter will not be prevented, or detected and corrected, on a timely basis by the appropriate party(ies)'s internal control (control risk)</p> <p><i>b.</i> Risk that the practitioner does directly influence, which consists of the risk that the procedures to be performed by the practitioner will not detect a material misstatement (detection risk)</p>	<p>CC A10. .A10 In general, attestation risk can be represented by the following components, although not all of these components will necessarily be present or significant for all engagements:</p> <p><i>a.</i> Risks that the practitioner does not directly influence, which consist of</p> <p style="margin-left: 20px;">i. the susceptibility of the subject matter to a material misstatement before consideration of any related controls (inherent risk) and</p> <p style="margin-left: 20px;">ii. the risk that a material misstatement that could occur in the subject matter will not be prevented, or detected and corrected, on a timely basis by the appropriate party(ies)'s internal control (control risk)</p> <p><i>b.</i> Risk that the practitioner does directly influence, which consists of the risk that the procedures to be performed by the practitioner will not detect a material misstatement (detection risk)</p>	<p>A14. In general, engagement risk can be represented by the following components, although not all of these components will necessarily be present or important for all assurance engagements:</p> <p>(a) Risks that the practitioner does not directly influence, which in turn consist of:</p> <p style="margin-left: 20px;">(i) The susceptibility of the underlying subject matter to a significant deviation before consideration of any related controls applied by the appropriate party(ies) (inherent risk); and</p> <p style="margin-left: 20px;">(ii) The risk that a significant deviation that occurs in the underlying subject matter will not be prevented, or detected and corrected, on a timely basis by the appropriate party(ies)'s internal control (control risk); and</p> <p>(b) The risk that the practitioner does directly influence, which is the risk that the procedures performed by the practitioner will not detect a significant deviation (detection risk).</p>
<p>.A11 The degree to which each of these components of attestation risk is relevant to the engagement is affected by the engagement circumstances, in particular</p> <ul style="list-style-type: none"> • the nature of the subject matter or assertion. (For example, the concept of control risk may be more 	<p>CC A11. .A11 The degree to which each of these components of attestation risk is relevant to the engagement is affected by the engagement circumstances, in particular</p> <ul style="list-style-type: none"> • the nature of the subject matter or assertion. (For example, the concept of control risk may 	<p>A15. The degree to which each of these components is relevant to the engagement is affected by the engagement circumstances, in particular:</p> <ul style="list-style-type: none"> • The nature of the underlying subject matter. For example, the concept of control risk may be more

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<p>useful when the subject matter or assertion relates to the preparation of information about an entity's performance than when it relates to information about the existence of a physical condition.)</p> <ul style="list-style-type: none"> the type of engagement being performed. (For example, in a review engagement, the practitioner may often decide to obtain evidence by means other than tests of controls, in which case, consideration of control risk may be less relevant than in an examination engagement on the same subject matter or assertion.) 	<p>be more useful when the subject matter or assertion relates to the preparation of information about an entity's performance than when it relates to information about the existence of a physical condition.)</p> <ul style="list-style-type: none"> the type of engagement being performed. (For example, in a <u>direct</u> review engagement, the practitioner may often decide to obtain evidence by means other than tests of controls, in which case, consideration of control risk may be less relevant than in an <u>direct</u> examination engagement on the same subject matter or assertion.) 	<p>useful when the underlying subject matter relates to an entity's performance than when it relates to information about the effectiveness of a control or the existence of a physical condition.</p> <ul style="list-style-type: none"> Whether a reasonable assurance or a limited assurance engagement is being performed. For example, in limited assurance engagements the practitioner may often decide to obtain evidence by means other than testing of controls, in which case consideration of control risk may be less relevant than in a reasonable assurance engagement on the same underlying subject matter...
.A12 The consideration of risks is a matter of professional judgment, rather than a matter capable of precise measurement.	CC A12. A12 The consideration of risks is a matter of professional judgment, rather than a matter capable of precise measurement.	A15. The consideration of risks is a matter of professional judgment, rather than a matter capable of precise measurement.
.A13 In an examination engagement, the practitioner reduces attestation risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's opinion. Reducing attestation risk to zero is not contemplated in an examination engagement and, therefore, reasonable assurance is less than absolute assurance as a result of factors such as the following: <ul style="list-style-type: none"> The use of selective testing The inherent limitations of internal control The fact that much of the evidence available to 	CC A13. A13 In an <u>direct</u> examination engagement, the practitioner reduces attestation risk to an acceptably low level in the circumstances of the engagement as the basis for the practitioner's opinion. Reducing attestation risk to zero is not contemplated in an <u>direct</u> examination engagement and, therefore, reasonable assurance is less than absolute assurance as a result of factors such as the following: <ul style="list-style-type: none"> The use of selective testing The inherent limitations of internal control The fact that much of the evidence available to 	A17. Reducing engagement risk to zero is very rarely attainable or cost beneficial and, therefore, "reasonable assurance" is less than absolute assurance, as a result of factors such as the following: <ul style="list-style-type: none"> The use of selective testing. The inherent limitations of internal control. The fact that much of the evidence available to the practitioner is persuasive rather than conclusive. The use of professional judgment in gathering and evaluating evidence and forming conclusions

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<p>the practitioner is persuasive, rather than conclusive</p> <ul style="list-style-type: none"> • The use of professional judgment in gathering and evaluating evidence and forming conclusions based on that evidence • In some cases, the characteristics of the subject matter when evaluated or measured against the criteria 	<p>the practitioner is persuasive, rather than conclusive</p> <ul style="list-style-type: none"> • The use of professional judgment in gathering and evaluating evidence and forming conclusions based on that evidence • In some cases, the characteristics of the subject matter when evaluated or measured against the criteria 	<p>based on that evidence.</p> <ul style="list-style-type: none"> • In some cases, the characteristics of the underlying subject matter when evaluated or measured against the criteria.
<p>.A14 In a review engagement, attestation risk is greater than it is in an examination engagement. Because the practitioner obtains limited assurance in a review engagement, the types of procedures performed are less extensive than they are in an examination engagement and generally are limited to inquiries and analytical procedures.</p>	<p>.A14 CC A14. In a <u>direct</u> review engagement, attestation risk is greater than it is in ana direct examination engagement. Because the practitioner obtains limited assurance in a <u>direct</u> review engagement, the types of procedures performed are less extensive than they are in ana direct examination engagement and generally are limited to inquiries and analytical procedures.</p>	<p>14 b. Limited assurance engagement – An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe: in an attestation engagement, the subject matter information is materially misstated; or in a direct engagement, that the underlying subject matter does not conform, in all significant respects, with the applicable criteria. <u>The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgment, meaningful.</u> To be meaningful, the level of</p>

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		assurance obtained by the practitioner is likely to enhance the intended users' confidence about the matters being reported on to a degree that is clearly more than inconsequential. A limited assurance engagement may be referred to as a review engagement
.A15 Attestation risk is not applicable to an agreed-upon procedures engagement because in such engagements, the practitioner performs specific procedures (the design of which is the responsibility of the specified parties) on subject matter or an assertion and reports the findings without providing an opinion or conclusion.	.A15 Attestation risk is not applicable to an agreed-upon procedures engagement because in such engagements, the practitioner performs specific procedures (the design of which is the responsibility of the specified parties) on subject matter or an assertion and reports the findings without providing an opinion or conclusion.	
<i>Criteria (Ref: par. .10)</i> .A16 Suitable criteria are required for reasonably consistent measurement or evaluation of subject matter within the context of professional judgment. Without the frame of reference provided by suitable criteria, any conclusion is open to individual interpretation and misunderstanding. The suitability of criteria is context-sensitive, that is, it is determined in the context of the engagement circumstances. Even for the same subject matter, there can be different criteria, which will yield a different measurement or evaluation. For example, one responsible party might select the number of customer complaints resolved to the acknowledged satisfaction of the customer for the subject matter of customer satisfaction; another responsible party might select the number of repeat	<i>Criteria (Ref: par. .10)</i> CC A15. .A16 Suitable criteria are required for reasonably consistent measurement or evaluation of subject matter within the context of professional judgment. Without the frame of reference provided by suitable criteria, any conclusion is open to individual interpretation and misunderstanding. The suitability of criteria is context-sensitive, that is, it is determined in the context of the engagement circumstances. Even for the same subject matter, there can be different criteria, which will yield a different measurement or evaluation. For example, one responsible party might select the number of customer complaints resolved to the acknowledged satisfaction of the customer for the subject matter of customer satisfaction; another responsible party might select the number of repeat	<i>Criteria (Ref: Para. 14(c), Appendix 1 and Appendix 2)</i> A12. Suitable criteria are required for reasonably consistent measurement or evaluation of an underlying subject matter within the context of professional judgment. Without the frame of reference provided by suitable criteria, any conclusion is open to individual interpretation and misunderstanding. The suitability of criteria is context-sensitive; that is, it is determined in the context of the engagement circumstances. Even for the same underlying subject matter there can be different criteria, which will yield a different measurement or evaluation. For example, a practitioner might select, as one of the criteria for the underlying subject matter of customer satisfaction, the number of customer complaints

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purchases in the three months following the initial purchase. The suitability of criteria is not affected by the level of assurance, that is, if criteria are unsuitable for an examination engagement, they are also unsuitable for a review engagement and vice versa.	purchases in the three months following the initial purchase. The suitability of criteria is not affected by the level of assurance, that is, if criteria are unsuitable for an direct examination engagement, they are also unsuitable for a direct review engagement and vice versa.	resolved to the acknowledged satisfaction of the customer; another practitioner might select the number of repeat purchases in the three months following the initial purchase. The suitability of criteria is not affected by the level of assurance; that is, if criteria are unsuitable for a reasonable assurance engagement, they are also unsuitable for a limited assurance engagement, and vice versa. Suitable criteria include, when relevant, criteria for presentation and disclosure.
<i>Engaging Party (Ref: par. .10)</i> .A17 The engaging party, depending on the circumstances, may be management or those charged with governance of the responsible party, a governmental body or agency, the intended users, or another third party.	<i>Engaging Party (Ref: par. .10)</i> CC A16. A17 The engaging party, depending on the circumstances, may be management or those charged with governance of the responsible party, a governmental body or agency, the intended users, or another third party.	<i>The Engaging Party</i> (Ref: Para. 14(h), Appendix 1) A18. The engaging party may be, under different circumstances, management or those charged with governance of the responsible party, a legislature, the intended users, or a different third party.
<i>Appropriate Party(ies) (Ref: par. .11)</i> .A18 Management and governance structures vary by entity, reflecting influences such as size and ownership characteristics. Such diversity means that it is not possible for the attestation standards to specify for all engagements the person(s) with whom the practitioner is to interact regarding particular matters. For example, an entity may be a segment of an organization and not a separate legal entity. In such cases, identifying the appropriate management personnel or those charged with governance with whom to communicate may require the exercise of professional judgment.	<i>Appropriate Party(ies) (Ref: par. .11)</i> CC A17. A18 Management and governance structures vary by entity, reflecting influences such as size and ownership characteristics. Such diversity means that it is not possible for the direct engagement attestation standards to specify for all engagements the person(s) with whom the practitioner is to interact regarding particular matters. For example, an entity may be a segment of an organization and not a separate legal entity. In such cases, identifying the appropriate management personnel or those charged with governance with whom to communicate may	<i>The Appropriate Party(ies)</i> (Ref: Para. 15, Appendix 1) A21. The roles played by the responsible party and the engaging party can vary (see paragraph A37). Also, management and governance structures vary by jurisdiction and by entity, reflecting influences such as different cultural and legal backgrounds, and size and ownership characteristics. Such diversity means that it is not possible for CSAEs to specify for all engagements the person(s) with whom the practitioner is to inquire of, request

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	require the exercise of professional judgment.	representations from, or otherwise communicate with in all circumstances. In some cases, for example, when the appropriate party(ies) is only part of a complete legal entity, identifying the appropriate management personnel or those charged with governance with whom to communicate will require the exercise of professional judgment to determine which person(s) have the appropriate responsibilities for, and knowledge of, the matters concerned.
Conduct of an Attestation Engagement in Accordance With the Attestation Standards	Conduct of an Attestation <u>Direct</u> Engagement in Accordance With the Attestation Standards	
<i>Complying With AT-C Sections That Are Relevant to the Engagement (Ref: par. .14)</i> .A19 A practitioner’s report that merely excludes the phrase “was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants” but is otherwise similar to a practitioner’s examination, review, or agreed-upon procedures attestation report is an example of a practitioner’s report that is not clearly distinguishable from, and could be confused with, a report issued under the attestation standards.	<i>Complying With AT-C Sections That Are Relevant to the Engagement (Ref: par. .14)</i> CC A18. .A19 A practitioner’s report that merely excludes the phrase “was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants” but is otherwise similar to a practitioner’s <u>direct</u> examination, <u>direct</u> review, or agreed-upon-procedures attestation report is an example of a practitioner’s report that is not clearly distinguishable from, and could be confused with, a report issued under the <u>direct engagement</u> attestation standards.	
.A20 Paragraph .14 does not prohibit combining reports issued by a practitioner under the attestation standards with reports issued under other professional standards.	CC A19. .A20 Paragraph .14 does not prohibit combining reports issued by a practitioner under the attestation standards with reports issued under other professional standards.	

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<p><i>Text of an AT-C Section (Ref: par. .15)</i> .A21 The AT-C sections contain the objectives of the practitioner and requirements designed to enable the practitioner to meet those objectives. In addition, they contain related guidance in the form of application and other explanatory material, introductory material that provides context relevant to a proper understanding of the section, and definitions.</p>	<p><i>Text of an AT-C Section (Ref: par. .15)</i> CC A20. A21 The AT-C sections contain the objectives of the practitioner and requirements designed to enable the practitioner to meet those objectives. In addition, they contain related guidance in the form of application and other explanatory material, introductory material that provides context relevant to a proper understanding of the section, and definitions.</p>	<p>A24. CSAEs contain the objectives of the practitioner in following the CSAEs, and requirements designed to enable the practitioner to meet those objectives. In addition, they contain related guidance in the form of application and other explanatory material, introductory material that provides context relevant to a proper understanding of the CSAE, and definitions.</p>
<p>.A22 Introductory material may include, as needed, such matters as an explanation of the following:</p> <ul style="list-style-type: none"> • The purpose and scope of the AT-C section, including how the AT-C section relates to other AT-C sections • The subject matter of the AT-C section • The respective responsibilities of the practitioner and others regarding the subject matter of the AT-C section • The context in which the AT-C section is set 	<p>CC A21. A22 Introductory material may include, as needed, such matters as an explanation of the following:</p> <ul style="list-style-type: none"> • The purpose and scope of the AT-C section, including how the AT-C section relates to other AT-C sections • The subject matter of the AT-C section • The respective responsibilities of the practitioner and others regarding the subject matter of the AT-C section • The context in which the AT-C section is set 	<p>A24. CSAEs contain the objectives of the practitioner in following the CSAEs, and requirements designed to enable the practitioner to meet those objectives. In addition, they contain related guidance in the form of application and other explanatory material, <u>introductory material that provides context relevant to a proper understanding of the CSAE,</u> and definitions.</p>
<p>.A23 The application and other explanatory material provides further explanation of the requirements of an AT-C section and guidance for carrying them out. In particular, it may</p> <p style="padding-left: 20px;">a. explain more precisely what a requirement means or is intended to cover and</p> <p style="padding-left: 20px;">b. include examples of procedures that may be appropriate in the circumstances.</p>	<p>CC A22. A23 The application and other explanatory material provides further explanation of the requirements of an AT-C section and guidance for carrying them out. In particular, it may</p> <p style="padding-left: 20px;">a. explain more precisely what a requirement means or is intended to cover and</p> <p style="padding-left: 20px;">b. include examples of procedures that may be</p>	<p>A27. Where necessary, the application and other explanatory material provides further explanation of the requirements and guidance for carrying them out. In particular, it may:</p> <p style="padding-left: 20px;">(a) Explain more precisely what a requirement means or is intended to cover; and</p> <p style="padding-left: 20px;">(b) Include examples that may be appropriate in the circumstances.</p>

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Although such guidance does not, in itself, impose a requirement, it may explain the proper application of the requirements of an AT-C section. The application and other explanatory material may also provide background information on matters addressed in an AT-C section. They do not, however, limit or reduce the responsibility of the practitioner to apply and comply with the requirements in applicable AT-C sections.	appropriate in the circumstances. Although such guidance does not, in itself, impose a requirement, it may explain the proper application of the requirements of an AT-C section. The application and other explanatory material may also provide background information on matters addressed in an AT-C section. They do not, however, limit or reduce the responsibility of the practitioner to apply and comply with the requirements in applicable AT-C sections.	While such guidance does not in itself impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also provide background information on matters addressed in a CSAE. Where appropriate, additional considerations specific to public sector audit organizations or smaller firms are included within the application and other explanatory material. These additional considerations assist in the application of the requirements in the CSAEs. They do not, however, limit or reduce the responsibility of the practitioner to apply and comply with the requirements in a CSAE.
.A24 The practitioner is required by paragraph .15 to understand the application and other explanatory material. How the practitioner applies the guidance in the engagement depends on the exercise of professional judgment in the circumstances consistent with the objective of the section. The words <i>may</i> , <i>might</i> , and <i>could</i> are used to describe these actions and procedures.	CC A23. A24 The practitioner is required by paragraph .15 to understand the application and other explanatory material. How the practitioner applies the guidance in the engagement depends on the exercise of professional judgment in the circumstances consistent with the objective of the section. The words <i>may</i> , <i>might</i> , and <i>could</i> are used to describe these actions and procedures.	
.A25 An AT-C section may include, in a separate section under the heading “Definition(s),” a description of the meanings attributed to certain terms for purposes of the AT-C section. These are provided to assist in the consistent application and interpretation of the AT-C section and are not intended to override definitions that may be	CC A24. A25 An AT-C section may include, in a separate section under the heading “Definition(s),” a description of the meanings attributed to certain terms for purposes of the AT-C section. These are provided to assist in the consistent application and interpretation of the AT-C section and are not intended to override definitions that may be	A28. Definitions are provided in the CSAEs to assist in the consistent application and interpretation of the CSAEs, and are not intended to override definitions that may be established for other purposes, whether by laws, regulations or otherwise.

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established for other purposes, whether in law, regulation, or otherwise. Unless otherwise indicated, those terms will carry the same meanings in all AT-C sections.	established for other purposes, whether in law, regulation, or otherwise. Unless otherwise indicated, those terms will carry the same meanings in all AT-C sections.	
.A26 Appendixes form part of the application and other explanatory material. The purpose and intended use of an appendix are explained in the body of the related AT-C section or within the title and introduction of the appendix itself.	CC A25. .A26 Appendixes form part of the application and other explanatory material. The purpose and intended use of an appendix are explained in the body of the related AT-C section or within the title and introduction of the appendix itself.	A29. Appendixes form part of the application and other explanatory material. The purpose and intended use of an appendix are explained in the body of the related CSAE or within the title and introduction of the appendix itself.
<i>Complying With Relevant Requirements (Ref: par. .17)</i> .A27 In certain attestation engagements, the practitioner also may be required to comply with other requirements in addition to the attestation standards. The attestation standards do not override law or regulation that governs the attestation engagement. In the event that such law or regulation differs from attestation standards, an attestation engagement conducted only in accordance with law or regulation will not necessarily comply with the attestation standards.	<i>Complying With Relevant Requirements (Ref: par. .17)</i> CC A26. .A27 In certain attestation engagements, the practitioner also may be required to comply with other requirements in addition to the attestation standards. The attestation standards do not override law or regulation that governs the attestation engagement. In the event that such law or regulation differs from attestation standards, an attestation engagement conducted only in accordance with law or regulation will not necessarily comply with the attestation standards.	
<i>Practitioner’s Report Prescribed by Law or Regulation (Ref: par. .18)</i> .A28 Some report forms can be made acceptable by inserting additional wording to include the elements required by sections 205, 210, and 215. 6 Some report forms required by law or regulation can be made acceptable only by complete revision	<i>Practitioner’s Report Prescribed by Law or Regulation (Ref: par. .18)</i> CC A27. .A28 Some report forms can be made acceptable by inserting additional wording to include the elements required by sections 205, 210, and 215. <u>insert sections for Direct Engagements or Specified Procedures</u> . 6 Some report forms	

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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.	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.	
<i>Departure From a Relevant Requirement (Ref: par. .20)</i> .A29 Paragraph .41 prescribes documentation requirements when the circumstances described in paragraph .20 occur.	<i>Departure From a Relevant Requirement (Ref: par. .20)</i> CC A28. A29 Paragraph .41 prescribes documentation requirements when the circumstances described in paragraph .20 occur.	
<i>Interpretive Publications (Ref: par. .21)</i> .A30 <i>Interpretive publications</i> are not attestation standards. Interpretive publications are recommendations on the application of the attestation standards in specific circumstances, including engagements for entities in specialized industries. An interpretive publication is issued under the authority of the relevant senior technical committee after all members of the committee have been provided an opportunity to consider and comment on whether the proposed interpretive publication is consistent with the attestation standards. Examples of interpretive publications are interpretations of the attestation standards, exhibits to the AT-C sections, and attestation guidance included in AICPA guides and attestation Statements of Position (SOPs). Interpretations of	<i>Interpretive Publications (Ref: par. .21)</i> CC A29. A30 <i>Interpretive publications</i> are not attestation standards. Interpretive publications are recommendations on the application of the attestation standards in specific circumstances, including engagements for entities in specialized industries. An interpretive publication is issued under the authority of the relevant senior technical committee after all members of the committee have been provided an opportunity to consider and comment on whether the proposed interpretive publication is consistent with the attestation standards. Examples of interpretive publications are interpretations of the attestation standards, exhibits to the AT-C sections, and attestation guidance included in AICPA guides and attestation Statements of Position (SOPs). Interpretations of	

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the AT-C sections and exhibits are included within the AT-C sections in AICPA <i>Professional Standards</i> . AICPA guides and attestation SOPs are listed in AT-C appendix A, “AICPA Guides and Statements of Position,” of AICPA <i>Professional Standards</i> .	the AT-C sections and exhibits are included within the AT-C sections in AICPA <i>Professional Standards</i> . AICPA guides and attestation SOPs are listed in AT-C appendix A, “AICPA Guides and Statements of Position,” of AICPA <i>Professional Standards</i> .	
Other Attestation Publications (Ref: par. .22) .A31 Other attestation publications are publications other than interpretive publications. These include AICPA attestation publications not defined as interpretive publications; attestation articles in the <i>Journal of Accountancy</i> and other professional journals; continuing professional education programs and other instruction materials, textbooks, guidebooks, attestation programs, and checklists; and other attestation publications from state CPA societies, other organizations, and individuals. Other attestation publications have no authoritative status; however, they may help the practitioner understand and apply the attestation standards. The practitioner is not expected to be aware of the full body of other attestation publications.	Other Attestation Publications (Ref: par. .22) CC A30. .A31 Other attestation publications are publications other than interpretive publications. These include AICPA attestation publications not defined as interpretive publications; attestation articles in the <i>Journal of Accountancy</i> and other professional journals; continuing professional education programs and other instruction materials, textbooks, guidebooks, attestation programs, and checklists; and other attestation publications from state CPA societies, other organizations, and individuals. Other attestation publications have no authoritative status; however, they may help the practitioner understand and apply the attestation standards. The practitioner is not expected to be aware of the full body of other attestation publications.	
.A32 Although the practitioner determines the relevance of these publications in accordance with paragraph .22, the practitioner may presume that other attestation publications published by the AICPA that have been reviewed by the AICPA Audit and Attest Standards staff are appropriate. These other attestation publications are listed in	CC A31. .A32 Although the practitioner determines the relevance of these publications in accordance with paragraph .22, the practitioner may presume that other attestation publications published by the AICPA that have been reviewed by the AICPA Audit and Attest Standards staff are appropriate. These other attestation publications	

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AT-C appendix B, “Other Attestation Publications,” of AICPA <i>Professional Standards</i> .	are listed in AT-C appendix B, “Other Attestation Publications,” of AICPA <i>Professional Standards</i> .	
.A33 In determining whether an other attestation publication that has not been reviewed by the AICPA Audit and Attest Standards staff is appropriate to the circumstances of the attestation engagement, the practitioner may wish to consider the degree to which the publication is recognized as being helpful in understanding and applying the attestation standards and the degree to which the issuer or author is recognized as an authority in attestation matters.	CC A32. .A33 In determining whether an other attestation publication that has not been reviewed by the AICPA Audit and Attest Standards staff is appropriate to the circumstances of the attestation engagement, the practitioner may wish to consider the degree to which the publication is recognized as being helpful in understanding and applying the attestation standards and the degree to which the issuer or author is recognized as an authority in attestation matters.	
Preconditions for an Attestation Engagement (Ref: par. .24-.25b[ii]) .A34 The “Independence Standards for Engagements Performed in Accordance With Statements on Standards for Attestation Engagements” interpretation (ET sec. 1.297), establishes special requirements for independence for services provided under the attestation standards. In addition, the “Conceptual Framework Approach” interpretation (ET sec. 1.210.010) discusses threats to independence not specifically detailed elsewhere, for example, when the practitioner has an interest in the subject matter.	Preconditions for an Attestation Engagement (Ref: par. .24-.25b[ii]) CC A33. .A34 The “Independence Standards for Engagements Performed in Accordance With Statements on Standards for Attestation Engagements” interpretation (ET sec. 1.297), establishes special requirements for independence for services provided under the attestation standards. In addition, the “Conceptual Framework Approach” interpretation (ET sec. 1.210.010) discusses threats to independence not specifically detailed elsewhere, for example, when the practitioner has an interest in the subject matter.	
.A35 The responsible party may acknowledge its responsibility for the subject matter or for the written assertion as it relates to the objective of the engagement in a number of ways, for example, in an engagement letter, a representation letter, or the	CC A34. .A35 The responsible party may acknowledge its responsibility for the subject matter or for the written assertion as it relates to the objective of the engagement in a number of ways, for example, in an engagement letter, a	A137. Other written representations requested may include the following: • That the appropriate party(ies) has communicated to the practitioner all deficiencies in internal control relevant to the engagement

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presentation of the subject matter, including the notes thereto, or the written assertion. Examples of other evidence of the responsible party's responsibility for the subject matter include reference to legislation, a regulation, or a contract.	representation letter, or the presentation of the subject matter, including the notes thereto, or the written assertion. Examples of other evidence of the responsible party's responsibility for the subject matter include reference to legislation, a regulation, or a contract.	that are not clearly trivial and inconsequential of which the appropriate party(ies) is aware; and • <u>That the responsible party acknowledges responsibility for the underlying subject matter.</u>
<i>Appropriateness of Subject Matter (Ref: par. .25b(i))</i> .A36 An element of the appropriateness of subject matter is the existence of a reasonable basis for measuring or evaluating the subject matter. The responsible party in an attestation engagement is responsible for having a reasonable basis for measuring or evaluating the subject matter. What constitutes a reasonable basis will depend on the nature of the subject matter and other engagement circumstances. In some cases, a formal process with extensive internal controls may be needed to provide the responsible party with a reasonable basis for concluding that the measurement or evaluation of the subject matter is free from material misstatement. The fact that the practitioner will report on the subject matter or assertion is not a substitute for the responsible party's own processes to have a reasonable basis for measuring or evaluating the subject matter or assertion.	<i>Appropriateness of Subject Matter (Ref: par. .25b(i))</i> CC A35. .A36 An element of the appropriateness of subject matter is the existence of a reasonable basis for measuring or evaluating the subject matter. The responsible party in an attestation engagement is responsible for having a reasonable basis for measuring or evaluating the subject matter. What constitutes a reasonable basis will depend on the nature of the subject matter and other engagement circumstances. In some cases, a formal process with extensive internal controls may be needed to provide the responsible party with a reasonable basis for concluding that the measurement or evaluation of the subject matter is free from material misstatement. The fact that the practitioner will report on the subject matter or assertion is not a substitute for the responsible party's own processes to have a reasonable basis for measuring or evaluating the subject matter or assertion .	
		Appropriateness of the Underlying Subject Matter (Ref: Para. 26(b)(i))
.A37 An appropriate subject matter	CC A36. .A37 An appropriate subject matter	

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<p><i>a.</i> is identifiable and capable of consistent measurement or evaluation against the criteria and <i>b.</i> can be subjected to procedures for obtaining sufficient appropriate evidence to support an opinion, conclusion, or findings, as appropriate.</p>	<p>a. is identifiable and 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.</p>	<p>A38. An appropriate underlying subject matter is identifiable and capable of consistent measurement or evaluation against the applicable criteria and can be subjected to procedures for obtaining sufficient appropriate evidence to support a reasonable assurance or limited assurance conclusion, as appropriate.</p>
<p>.A38 If the subject matter is not appropriate for an examination engagement, it also is not appropriate for a review engagement.</p>	<p>CC A37. A38 If the subject matter is not appropriate for an <u>direct</u> examination engagement, it also is not appropriate for a <u>direct</u> review engagement.</p>	<p>A39. The appropriateness of an underlying subject matter is not affected by the level of assurance; that is, if an underlying subject matter is not appropriate for a reasonable assurance engagement, it is also not appropriate for a limited assurance engagement, and vice versa.</p>
<p>.A39 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: <i>a.</i> Precision with which the subject matter can be measured or evaluated against criteria <i>b.</i> The persuasiveness of available evidence</p>	<p>CC A38. A39 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: <i>a.</i> Precision with which the subject matter can be measured or evaluated against criteria <i>b.</i> The persuasiveness of available evidence</p>	<p>A40. Different underlying 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: (a) Precision with which the underlying subject matter can be measured or evaluated against criteria; and (b) The persuasiveness of available evidence.</p>
<p>.A40 Identifying such characteristics and considering their effects assists the practitioner when assessing the appropriateness of the subject matter and also in determining the content of the practitioner’s report.</p>	<p>CC A39. A40 Identifying such characteristics and considering their effects assists the practitioner when assessing the appropriateness of the subject matter and also in determining the content of the practitioner’s report.</p>	<p>A41. Identifying such characteristics and considering their effects assist the practitioner when assessing the appropriateness of the underlying subject matter and also in determining the content of the assurance report</p>

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		(see paragraph A163).
	<p><u>Determining Whether to Perform an Attestation Engagement Under the Direct Engagements Attestation Standards</u></p> <p><u>CC A40. Most engagements performed under the assertion-based attestation standards may also be performed under the direct engagements attestation standards. However, factors such as the following are relevant to the practitioner’s decision about whether to perform the engagement under the direct engagements attestation standards:</u></p> <ul style="list-style-type: none"> • <u>Law or regulation may require that the engagement be performed under the assertion based attestation standards</u> • <u>The subject matter is internal control based on the COSO criteria. If management is unable to provide an assertion because it is unable to evaluate the subject matter against the criteria, the likelihood is that the opinion will be modified.</u> 	
.A41 In some cases, the attestation engagement may relate to only one part of a broader subject matter. For example, the practitioner may be engaged to examine one aspect of an entity’s	CC A40. CC A41. .A41 In some cases, the attestation engagement may relate to only one part of a broader subject matter. For example, the practitioner may be engaged to examine one aspect	A42. In some cases, the assurance engagement may relate to only one part of a broader underlying subject matter. For example, the practitioner may be engaged to report on one

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contribution to sustainable development, such as the programs run by the entity that have positive environmental outcomes, and may be aware that the practitioner has not been engaged to examine more significant programs with less favorable outcomes. In such cases, in determining whether the engagement exhibits the characteristic of having an appropriate subject matter, it may be appropriate for the practitioner to consider whether information about the aspect that the practitioner is asked to examine is likely to meet the information needs of intended users.	of an entity's contribution to sustainable development, such as the programs run by the entity that have positive environmental outcomes, and may be aware that the practitioner has not been engaged to examine more significant programs with less favorable outcomes. In such cases, in determining whether the engagement exhibits the characteristic of having an appropriate subject matter, it may be appropriate for the practitioner to consider whether information about the aspect that the practitioner is asked to examine is likely to meet the information needs of intended users.	aspect of an entity's contribution to sustainable development, such as a number of programs run by an entity that have positive environmental outcomes. In determining whether the engagement exhibits the characteristic of having an appropriate underlying subject matter in such cases, it may be appropriate for the practitioner to consider whether the practitioner's report is likely to meet the information needs of intended users as a group, and whether there are more significant programs with less favorable outcomes that the entity has not asked the practitioner to report upon.
<i>Suitable and Available Criteria (Ref: par. .25b(ii))</i> .A42 Suitable criteria exhibit all of the following characteristics: <ul style="list-style-type: none"> • <i>Relevance.</i> Criteria are relevant to the subject matter. • <i>Objectivity.</i> Criteria are free from bias. • <i>Measurability.</i> Criteria permit reasonably consistent measurements, qualitative or quantitative, of subject matter. • <i>Completeness.</i> Criteria are complete when subject matter prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of the intended users made on the basis of that subject matter. The relative importance of each characteristic to a particular engagement is a matter of professional judgment. 	<i>Suitable and Available Criteria (Ref: par. .25b(ii))</i> CC A41 . CC A42 . A42 Suitable criteria exhibit all of the following characteristics: <ul style="list-style-type: none"> • <i>Relevance.</i> Criteria are relevant to the subject matter. • <i>Objectivity.</i> Criteria are free from bias. • <i>Measurability.</i> Criteria permit reasonably consistent measurements, qualitative or quantitative, of subject matter. • <i>Completeness.</i> Criteria are complete when subject matter prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of the intended users made on the basis of that subject matter. The relative importance of each characteristic to a particular engagement is a matter of professional judgment. 	Suitability and Availability of the Criteria Suitability of the criteria (Ref: Para. 26(b)(ii)) A43. Suitable criteria exhibit the following characteristics: <ul style="list-style-type: none"> (a) <i>Relevance:</i> Relevant criteria result in a practitioner's report that assists decision-making by the intended users. (b) <i>Completeness:</i> Criteria are complete when they do not omit relevant factors that could reasonably be expected to affect decisions of the intended users. Complete criteria include, where relevant, benchmarks for presentation and disclosure. (c) <i>Reliability:</i> Reliable criteria allow reasonably consistent measurement or evaluation of the underlying subject matter when used in similar circumstances by different practitioners.

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		(d) Neutrality: Neutral criteria result in a practitioner's report that is free from bias as appropriate in the engagement circumstances. (e) Understandability: Understandable criteria result in a practitioner's report that can be understood by the intended users.
<p>.A43 Criteria can be developed in a variety of ways, for example, they may be</p> <ul style="list-style-type: none"> • embodied in laws or regulations. • issued by authorized or recognized bodies of experts that follow a transparent due process. • developed collectively by a group that does not follow a transparent due process. • published in scholarly journals or books. • developed for sale on a proprietary basis. • specifically designed for the purpose of measuring, evaluating, or disclosing the subject matter or assertion in the particular circumstances of the engagement. <p>How criteria are developed may affect the work that the practitioner carries out to assess their suitability.</p>	<p>CC-A42. CC A43. A43 Criteria can be developed in a variety of ways, for example, they may be</p> <ul style="list-style-type: none"> • embodied in laws or regulations. • issued by authorized or recognized bodies of experts that follow a transparent due process. • developed collectively by a group that does not follow a transparent due process. • published in scholarly journals or books. • developed for sale on a proprietary basis. • specifically designed for the purpose of measuring, evaluating, or disclosing the subject matter or assertion in the particular circumstances of the engagement. <p>How criteria are developed may affect the work that the practitioner carries out to assess their suitability.</p>	<p>A46. Criteria can be selected or developed in a variety of ways, for example, they may be:</p> <ul style="list-style-type: none"> • Embodied in law or regulation. • Issued by authorized or recognized bodies of experts that follow a transparent due process. • Developed collectively by a group that does not follow a transparent due process. • Published in scholarly journals or books. • Developed for sale on a proprietary basis. • Specifically designed for the purpose of measuring or evaluating the underlying subject matter in the particular circumstances of the engagement. <p>How criteria are developed may affect the work that the practitioner carries out to assess their suitability.</p>
<p>.A44 Criteria that are established or developed by groups composed of experts that follow due process procedures, including exposure of the proposed criteria for public comment, are ordinarily considered suitable. Criteria promulgated by a body designated by the Council of the AICPA under the AICPA Code of</p>	<p>CC-A43. CC A44. A44 Criteria that are established or developed by groups composed of experts that follow due process procedures, including exposure of the proposed criteria for public comment, are ordinarily considered suitable. Criteria promulgated by a body designated by the Council of the AICPA under the AICPA Code of</p>	<p>A47. In some cases, law or regulation prescribe the criteria to be used for the engagement. In the absence of indications to the contrary, such criteria are presumed to be suitable, as are criteria issued by authorized or recognized bodies of experts that follow a transparent due process if they are relevant to the intended users'</p>

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Professional Conduct are, by definition, considered to be suitable.	Professional Conduct are, by definition, considered to be suitable.	information needs. Such criteria are known as established criteria. Even when established criteria exist for an underlying subject matter, specific users may agree to other criteria for their specific purposes. For example, various frameworks can be used as established criteria for evaluating the effectiveness of internal control. Specific users may, however, develop a more detailed set of criteria that meet their specific information needs in relation to, for example, prudential supervision. In such cases, the assurance report may note, when it is relevant to the circumstances of the engagement, that the criteria are not embodied in law or regulation, or issued by authorized or recognized bodies of experts that follow a transparent due process.
.A45 In some cases, laws or regulations prescribe the criteria to be used for the engagement. In the absence of indications to the contrary, such criteria are presumed to be suitable.	CC A44 . CC A45 . .A45 In some cases, laws or regulations prescribe the criteria to be used for the engagement. In the absence of indications to the contrary, such criteria are presumed to be suitable.	A47. In some cases, law or regulation prescribe the criteria to be used for the engagement. In the absence of indications to the contrary, such criteria are presumed to be suitable, as are criteria issued by authorized or recognized bodies of experts that follow a transparent due process if they are relevant to the intended users' information needs.
.A46 Criteria may be established or developed by the engaging party, the responsible party, industry associations, or other groups that do not follow due process procedures or do not as clearly represent the public interest. The practitioner's determination of whether such criteria are suitable is based on the	CC A45 . CC A46 . .A46 Criteria may be established or developed by the engaging party, the responsible party, industry associations, or other groups that do not follow due process procedures or do not as clearly represent the public interest. The practitioner's determination of whether such	A46. Criteria can be selected or developed in a variety of ways, for example, they may be: <ul style="list-style-type: none"> • Embodied in law or regulation. • Issued by authorized or recognized bodies of experts that follow a transparent due process. • Developed collectively by a group that does not

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characteristics described in paragraph .A42.	criteria are suitable is based on the characteristics described in paragraph .A42.	follow a transparent due process. <ul style="list-style-type: none"> • Published in scholarly journals or books. • Developed for sale on a proprietary basis. • Specifically designed for the purpose of measuring or evaluating the underlying subject matter in the particular circumstances of the engagement. How criteria are developed may affect the work that the practitioner carries out to assess their suitability.
.A47 Regardless of who establishes or develops the criteria, the responsible party or the engaging party is responsible for selecting the criteria, and the engaging party is responsible for determining that such criteria are appropriate for its purposes.	CC A46 . CC A47 . A47 Regardless of who establishes or develops the criteria, the responsible party or the engaging party is responsible for selecting the criteria, <u>(unless an outside party specifies the criteria such as an industry group)</u> and the engaging party is responsible for determining that such criteria are appropriate for its purposes.	
.A48 Some criteria may be suitable for only a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria. For example, criteria set forth in a lease agreement for override payments may be suitable only for reporting to the parties to the agreement because of the likelihood that such criteria would be misunderstood or misinterpreted by parties other than those who have specifically agreed to the criteria. Such criteria can be agreed upon directly by the parties or through a designated representative.	CC A47 . CC A48 . A48 Some criteria may be suitable for only a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria. For example, criteria set forth in a lease agreement for override payments may be suitable only for reporting to the parties to the agreement because of the likelihood that such criteria would be misunderstood or misinterpreted by parties other than those who have specifically agreed to the criteria. Such criteria can be agreed upon directly by the parties or through a designated representative.	A45. The suitability of criteria for a particular engagement depends on whether they reflect the above characteristics. The relative importance of each characteristic to a particular engagement is a matter of professional judgment. Further, criteria may be suitable for a particular set of engagement circumstances, but may not be suitable for a different set of engagement circumstances. For example, reporting to governments or regulators may require the use of a particular set of criteria, but these criteria may not be suitable for a broader group of users.

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.A49 Even when established criteria exist for a subject matter, specific users may agree to other criteria for their specific purposes. For example, various frameworks can be used as established criteria for evaluating the effectiveness of internal control. Specific users may, however, develop a more detailed set of criteria that meet their specific information needs.	CC A48 . CC A49 . A49 Even when established criteria exist for a subject matter, specific users may agree to other criteria for their specific purposes. For example, various frameworks can be used as established criteria for evaluating the effectiveness of internal control. Specific users may, however, develop a more detailed set of criteria that meet their specific information needs.	A47... Even when established criteria exist for an underlying subject matter, specific users may agree to other criteria for their specific purposes. For example, various frameworks can be used as established criteria for evaluating the effectiveness of internal control. Specific users may, however, develop a more detailed set of criteria that meet their specific information needs in relation to, for example, prudential supervision...
.A50 If criteria are specifically designed for the purpose of measuring, evaluating, or disclosing the subject matter or assertion in the particular circumstances of the engagement, they are not suitable if they result in subject matter, an assertion, or a practitioner's report that is misleading to the intended users. It is desirable for the intended users or the engaging party to acknowledge that specifically developed criteria are suitable for the intended users' purposes. The absence of such an acknowledgement may affect what is to be done to assess the suitability of the criteria and the information provided about the criteria in the report.	CC A49 . CC A50 . A50 If criteria are specifically designed for the purpose of measuring, evaluating, or disclosing the subject matter or assertion in the particular circumstances of the engagement, they are not suitable if they result in subject matter, an assertion , or a practitioner's report that is misleading to the intended users. It is desirable for the intended users or the engaging party to acknowledge that specifically developed criteria are suitable for the intended users' purposes. The absence of such an acknowledgement may affect what is to be done to assess the suitability of the criteria and the information provided about the criteria in the report.	A48. If criteria are specifically designed for measuring and evaluating the underlying subject matter in the particular circumstances of the engagement, they are not suitable if they result in an assurance report that is misleading to the intended users.
.A51 Criteria need to be available to the intended users to allow them to understand how the subject matter has been measured or evaluated. Criteria are made available to the intended users in one or more of the following ways:	CC A50 . CC A51 . A51 Criteria need to be available to the intended users to allow them to understand how the subject matter has been measured or evaluated. Criteria are made available to the intended users in one or more of the	Availability of the criteria (Ref: Para. 26(b)(iii)) A49. Criteria need to be available to the intended users to allow them to understand how the underlying subject matter has been measured or evaluated. Criteria are made available to the

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<p>a. Publicly</p> <p>b. Through inclusion in a clear manner in the presentation of the subject matter</p> <p>c. Through inclusion in a clear manner in the practitioner’s report</p> <p>d. By general understanding, for example, the criterion for measuring time in hours and minutes</p> <p>e. Available only to specified parties, for example, terms of a contract or criteria issued by an industry association that are available only to those in the industry</p>	<p>following ways:</p> <p>a. Publicly</p> <p>b. Through inclusion in a clear manner in the presentation of the subject matter</p> <p>c. Through inclusion in a clear manner in the practitioner’s report</p> <p>d. By general understanding, for example, the criterion for measuring time in hours and minutes</p> <p>e. Available only to specified parties, for example, terms of a contract or criteria issued by an industry association that are available only to those in the industry</p>	<p>intended users in one or more of the following ways:</p> <p>(a) Publicly.</p> <p>(b) Through inclusion in a clear manner in the assurance report (see paragraph A164).</p> <p>(c) By general understanding, for example, the criterion for measuring time in hours and minutes.</p>
<p>.A52 When criteria are available only to specified parties, sections 205 and 210 require a statement restricting the use of the practitioner’s report.7</p>	<p>CC A51. CC A52. A52 When criteria are available only to specified parties, sections <u>205</u>[Insert sections for Direct Engagements] and <u>210</u>Specified Procedures] require a statement restricting the use of the practitioner’s report.7</p>	<p>A50. Criteria may also be available only to intended users, for example, the terms of a contract, or criteria issued by an industry association that are available only to those in the industry because they are relevant only to a specific purpose. The practitioner may consider it appropriate to indicate that the assurance report is intended solely for specific users.</p>
<p>Access to Evidence (Ref: par. .25b[iii])</p> <p>.A53 The nature of the relationship between the responsible party and, if different, the engaging party, may affect the practitioner’s ability to access records, documentation, and other information the practitioner may require as evidence to arrive at the practitioner’s opinion, conclusion, or findings. Therefore, the nature of that relationship may be a relevant consideration when determining whether</p>	<p>Access to Evidence (Ref: par. .25b[iii])</p> <p>CC A52. CC A53. A53 The nature of the relationship between the responsible party and, if different, the engaging party, may affect the practitioner’s ability to access records, documentation, and other information the practitioner may require as evidence to arrive at the practitioner’s opinion, conclusion, or findings. Therefore, the nature of that relationship may be a</p>	<p>A53. The nature of relationships between the responsible party and the engaging party may affect the practitioner's ability to access records, documentation and other information the practitioner may require as evidence to complete the engagement. The nature of such relationships may therefore be a relevant consideration when determining whether or not to accept the engagement. Examples of some circumstances in</p>

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or not to accept the engagement.	relevant consideration when determining whether or not to accept the engagement.	which the nature of these relationships may be problematic are included in paragraph A139.
<p>.A54 The quantity or quality of available evidence is affected by both of the following:</p> <p>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.</p> <p>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 party</p>	<p>CC A53. CC A54. .A54 The quantity or quality of available evidence is affected by both of the following:</p> <p>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.</p> <p>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 party</p>	<p>Access to Evidence (Ref: Para. 26(b)(iv))</p> <p>Quantity and quality of available evidence A51. The quantity or quality of available evidence is affected by:</p> <p>(a) The characteristics of the underlying subject matter. For example, less objective evidence might be expected when the underlying subject matter deals with matters that are future oriented rather than historical; and</p> <p>(b) Other circumstances, such as when evidence that could reasonably be expected to exist is not available because of, for example, the timing of the practitioner's appointment, an entity's document retention policy, inadequate information systems, or a restriction imposed by the responsible party.</p> <p>Ordinarily, evidence will be persuasive rather than conclusive</p>
<p>Acceptance of a Change in the Terms of the Engagement (Ref: par. .29)</p> <p>.A55 A change in circumstances that affects the requirements of the responsible party or, if different, the engaging party, or a misunderstanding concerning the nature of the engagement originally requested, may be considered reasonable justification for requesting a change in the engagement, for example, from an attestation engagement to a consulting engagement</p>	<p>Acceptance of a Change in the Terms of the Engagement (Ref: par. .29)</p> <p>CC A54. CC A55. .A55 A change in circumstances that affects the requirements of the responsible party or, if different, the engaging party, or a misunderstanding concerning the nature of the engagement originally requested, may be considered reasonable justification for requesting a change in the engagement, for example, from an attestation engagement to a consulting engagement</p>	<p><i>Acceptance of a Change in the Terms of the Engagement</i> (Ref: Para. 33)</p> <p>A58. A change in circumstances that affects the intended users' requirements, or a misunderstanding concerning the nature of the engagement, may justify a request for a change in the engagement, for example, from an assurance engagement to a non-assurance engagement, or from a reasonable assurance engagement to a limited assurance engagement.</p>

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<p>or from an examination engagement to a review engagement. A change may not be considered reasonable if 7 Paragraph .64b of section 205 and paragraph .47b of section 210. it appears that the change relates to information that is incorrect, incomplete, or otherwise unsatisfactory. An example of such a circumstance is a request to change the engagement from an examination to a review to avoid a modified opinion or a disclaimer of opinion in a situation in which the practitioner is unable to obtain sufficient appropriate evidence regarding the subject matter.</p>	<p>or from an <u>direct</u> examination engagement to a <u>direct</u> review engagement. A change may not be considered reasonable if 7 Paragraph .64b of section 205 and paragraph .47b of section 210. it appears that the change relates to information that is incorrect, incomplete, or otherwise unsatisfactory. An example of such a circumstance is a request to change the engagement from an <u>direct</u> examination to a <u>direct</u> review to avoid a modified opinion or a disclaimer of opinion in a situation in which the practitioner is unable to obtain sufficient appropriate evidence regarding the subject matter.</p>	<p>An inability to obtain sufficient appropriate evidence to form a reasonable assurance conclusion is not an acceptable reason to change from a reasonable assurance engagement to a limited assurance engagement.</p>
<p>.A56 If the practitioner and the engaging party are unable to agree to a change in the terms of the engagement and the practitioner is not permitted to continue the original engagement, the practitioner may withdraw from the engagement when possible under applicable laws and regulations.</p>	<p>CC A55. <u>CC A56.</u> .A56 If the practitioner and the engaging party are unable to agree to a change in the terms of the engagement and the practitioner is not permitted to continue the original engagement, the practitioner may withdraw from the engagement when possible under applicable laws and regulations.</p>	
	<p><u>Acceptance of a Change From an Assertion Based Engagement to a Direct Engagement (Ref: par.)</u></p> <p><u>CC A57.</u> <u>After being engaged to perform an attestation engagement under the assertion-based attestation standards, the responsible party might request that the practitioner change the engagement to a direct engagement. The following are some possible</u></p>	

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	<p><u>reasons for the request:</u></p> <ul style="list-style-type: none"> • <u>The responsible party states that it misunderstood the terms of the engagement, which the responsible party believes were not sufficiently specific with respect to the assertion.</u> • <u>During the course of the engagement, the practitioner identifies misstatements in the subject matter that the responsible party was not aware of. The responsible party is no longer confident in its assertion or does not wish to provide an assertion that identifies the misstatements.</u> 	
<p>Using the Work of an Other Practitioner (Ref: par. .31) .A57 The practitioner is responsible for (a) the direction, supervision, and performance of the engagement in compliance with professional standards; applicable regulatory and legal requirements; and the firm’s policies and procedures and (b) determining whether the practitioner’s report that is issued is appropriate in the circumstances. The practitioner may, however, use the work of other practitioners to obtain sufficient appropriate evidence to express an opinion, conclusion, or findings on the subject matter or assertion.</p>	<p>Using the Work of an Other Practitioner (Ref: par. .31) CC A56-CC A58. A57 The practitioner is responsible for (a) the direction, supervision, and performance of the engagement in compliance with professional standards; applicable regulatory and legal requirements; and the firm’s policies and procedures and (b) determining whether the practitioner’s report that is issued is appropriate in the circumstances. The practitioner may, however, use the work of other practitioners to obtain sufficient appropriate evidence to express an</p>	<p>. A72. The work of another practitioner may be used in relation to, for example, an underlying subject matter at a remote location or in a foreign jurisdiction. Such other practitioners are not part of the engagement team. Relevant considerations when the engagement team plans to use the work of another practitioner may include:</p>

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	opinion, conclusion, or findings on the subject matter of assertion.	<ul style="list-style-type: none"> • Whether the other practitioner understands and complies with the ethical requirements that are relevant to the engagement and, in particular, is independent. • The other practitioner's professional competence. • The extent of the engagement team's involvement in the work of the other practitioner. • Whether the other practitioner operates in a regulatory environment that actively oversees that practitioner.
.A58 The engagement partner may decide to assume responsibility for the work of the other practitioner or to make reference to the other practitioner in the practitioner's report. Regardless of whether the engagement partner decides to assume responsibility or make reference, the practitioner is required to communicate clearly with the other practitioner and evaluate whether the other practitioner's work is adequate for the purposes of the engagement. The nature, timing, and extent of this involvement are affected by the practitioner's understanding of the other practitioner, such as previous experience with, or knowledge of, the other practitioner and the degree to which the engagement team and the other practitioner are subject to common quality control policies and procedures.	CC A57 . CC A59 . .A58 The engagement partner may decide to assume responsibility for the work of the other practitioner or to make reference to the other practitioner in the practitioner's report. Regardless of whether the engagement partner decides to assume responsibility or make reference, the practitioner is required to communicate clearly with the other practitioner and evaluate whether the other practitioner's work is adequate for the purposes of the engagement. The nature, timing, and extent of this involvement are affected by the practitioner's understanding of the other practitioner, such as previous experience with, or knowledge of, the other practitioner and the degree to which the engagement team and the other practitioner are subject to common quality control policies and procedures.	
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<p>Assignment of the Engagement Team and the Practitioner’s Specialists (Ref: par. .32a–b[i]) .A59 The practitioner may obtain knowledge about the specific subject matter to which the procedures are to be applied through formal or continuing education, practical experience, or consultation with others.</p>	<p>Assignment of the Engagement Team and the Practitioner’s Specialists (Ref: par. .32a–b[i]) CC A58.CC A60. .A59 The practitioner may obtain knowledge about the specific subject matter to which the procedures are to be applied through formal or continuing education, practical experience, or consultation with others.</p>	
<p>.A60 When considering the appropriate competence and capabilities expected of those involved in the engagement, the engagement partner may take into consideration such matters as their</p> <ul style="list-style-type: none"> • understanding of, and practical experience with, engagements of a similar nature and complexity through appropriate training and participation. • understanding of professional standards and applicable legal and regulatory requirements. • technical expertise, including expertise with relevant IT and specialized areas relevant to the subject matter. • knowledge of relevant industries in which the entity operates. • ability to apply professional judgment. • understanding of the firm’s quality control policies and procedures. 	<p>CC A59.CC A61. .A60 When considering the appropriate competence and capabilities expected of those involved in the engagement, the engagement partner may take into consideration such matters as their</p> <ul style="list-style-type: none"> • understanding of, and practical experience with, engagements of a similar nature and complexity through appropriate training and participation. • understanding of professional standards and applicable legal and regulatory requirements. • technical expertise, including expertise with relevant IT and specialized areas relevant to the subject matter. • knowledge of relevant industries in which the entity operates. • ability to apply professional judgment. • understanding of the firm’s quality control policies and procedures. 	
<p>.A61 Some of the attestation work may be performed by a multidisciplinary team that includes one or more practitioner’s specialists. For example, in an examination engagement, a</p>	<p>CC A60.CC A62. .A61 Some of the attestation work may be performed by a multidisciplinary team that includes one or more practitioner’s specialists. For example, in an examination</p>	<p>A69. Some of the assurance work may be performed by a multi-disciplinary team that includes one or more practitioner's expert. For example, a practitioner's expert may be needed to</p>

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practitioner’s specialist may be needed to assist the practitioner in obtaining an understanding of the subject matter and other engagement circumstances or in assessing or responding to the risk of material misstatement.	engagement, a practitioner’s specialist may be needed to assist the practitioner in obtaining an understanding of the subject matter and other engagement circumstances or in assessing or responding to the risk of material misstatement.	assist the practitioner in obtaining an understanding of the underlying subject matter and other engagement circumstances or in one or more of the matters mentioned in paragraph 51R (in the case of a reasonable assurance engagement) or 51L (in the case of a limited assurance engagement).
<i>Leadership Responsibilities for Quality in Attestation Engagements (Ref: par. .33c)</i> .A62 Under QC section 10, the firm’s review responsibility policies and procedures are determined on the basis that suitably experienced team members review the work of other team members. The engagement partner may delegate part of the review responsibility to other members of the engagement team, in accordance with the firm’s system of quality control.	<i>Leadership Responsibilities for Quality in Attestation Engagements (Ref: par. .33c)</i> CC A61 . CC A63 . .A62 Under QC section 10, the firm’s review responsibility policies and procedures are determined on the basis that suitably experienced team members review the work of other team members. The engagement partner may delegate part of the review responsibility to other members of the engagement team, in accordance with the firm’s system of quality control.	<i>Responsibilities of the Engagement Partner 37.</i> The engagement partner shall take responsibility for the overall quality on the engagement. This includes responsibility for: <u>(c) Reviews being performed in accordance with the firm's review policies and procedures, and reviewing the engagement documentation on or before the date of the assurance report; (Ref: Para. A73)</u>
<i>Engagement Documentation (Ref: par. .34-.35)</i> .A63 Documentation prepared at the time work is performed or shortly thereafter is likely to be more accurate than documentation prepared at a much later time.	<i>Engagement Documentation (Ref: par. .34-.35)</i> CC A62 . CC A64 . .A63 Documentation prepared at the time work is performed or shortly thereafter is likely to be more accurate than documentation prepared at a much later time.	
.A64 The completion of the assembly of the final engagement file is an administrative process that does not involve the performance of new procedures or the drawing of new conclusions. Changes may, however, be made to the documentation during the final assembly process if they are administrative in nature. Examples of such	CC A63 . CC A65 . .A64 The completion of the assembly of the final engagement file is an administrative process that does not involve the performance of new procedures or the drawing of new conclusions. Changes may, however, be made to the documentation during the final assembly process if they are administrative in nature.	A197. The completion of the assembly of the final engagement file after the date of the assurance report is an administrative process that does not involve the performance of new procedures or the drawing of new conclusions. Changes may, however, be made to the documentation during the final assembly process

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<p>changes include the following:</p> <ul style="list-style-type: none"> • Deleting or discarding superseded documentation • Sorting, collating, and cross-referencing working papers • Signing off on completion checklists relating to the file assembly process • Documenting evidence that the practitioner has obtained, discussed, and agreed with the relevant members of the engagement team before the date of the practitioner’s report • Adding information received after the date of the report, for example, an original confirmation that was previously faxed. 	<p>Examples of such changes include the following:</p> <ul style="list-style-type: none"> • Deleting or discarding superseded documentation • Sorting, collating, and cross-referencing working papers • Signing off on completion checklists relating to the file assembly process • Documenting evidence that the practitioner has obtained, discussed, and agreed with the relevant members of the engagement team before the date of the practitioner’s report • Adding information received after the date of the report, for example, an original confirmation that was previously faxed. 	<p>if they are administrative in nature. Examples of such changes include:</p> <ul style="list-style-type: none"> • Deleting or discarding superseded documentation. • Sorting, collating and cross-referencing working papers. • Signing off on completion checklists relating to the file assembly process. • Documenting evidence that the practitioner has obtained, discussed and agreed with the relevant members of the engagement team before the date of the assurance report.
<p>Engagement Quality Control Review (Ref: par. .42) .A65 Other matters that may be considered in an engagement quality control review include the following:</p> <p><i>a.</i> The engagement team’s evaluation of the firm’s independence in relation to the engagement <i>b.</i> Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters and the conclusions arising from those consultations <i>c.</i> Whether engagement documentation selected for review reflects the work performed in relation to the significant judgments and supports the conclusions reached</p>	<p>Engagement Quality Control Review (Ref: par. .42) CC A64. CC A66. A65 Other matters that may be considered in an engagement quality control review include the following:</p> <p><i>a.</i> The engagement team’s evaluation of the firm’s independence in relation to the engagement <i>b.</i> Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters and the conclusions arising from those consultations <i>c.</i> Whether engagement documentation selected for review reflects the work performed in relation to the significant judgments and supports the conclusions reached</p>	<p><i>Engagement Quality Control Review</i> (Ref: Para. 40(b)) A74. Other matters that may be considered in an engagement quality control review include:</p> <p>(a) The engagement team's evaluation of the firm's independence in relation to the engagement; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether engagement documentation selected for review reflects the work performed in relation to the significant judgments and supports the conclusions reached.</p>
<p>Professional Skepticism and Professional Judgment</p>	<p>Professional Skepticism and Professional Judgment</p>	<p>Professional Skepticism and Professional Judgment</p>

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<p>Professional Skepticism (Ref: par. .43) .A66 Professional skepticism includes being alert to matters such as the following:</p> <ul style="list-style-type: none"> • Evidence that contradicts other evidence obtained • Information that brings into question the reliability of documents and responses to inquiries to be used as evidence • Circumstances that may indicate fraud • Circumstances that suggest the need for procedures in addition to those required by relevant AT-C sections 	<p>Professional Skepticism (Ref: par. .43) CC A65. CC A67. A66 Professional skepticism includes being alert to matters such as the following:</p> <ul style="list-style-type: none"> • Evidence that contradicts other evidence obtained • Information that brings into question the reliability of documents and responses to inquiries to be used as evidence • Circumstances that may indicate fraud • Circumstances that suggest the need for procedures in addition to those required by relevant AT-C sections 	<p>Professional Skepticism (Ref: Para. 41) A75. Professional skepticism is an attitude that includes being alert to, for example:</p> <ul style="list-style-type: none"> • Evidence that is inconsistent with other evidence obtained. • Information that calls into question the reliability of documents and responses to inquiries to be used as evidence. • Circumstances that suggest the need for procedures in addition to those required by relevant CSAEs. • Conditions that may indicate likely deviation.
<p>.A67 Professional skepticism is necessary to the critical assessment of evidence. This includes questioning contradictory evidence and the reliability of documents and responses to inquiries and other information obtained from the appropriate party. It also includes consideration of the sufficiency and appropriateness of evidence obtained in light of the circumstances.</p>	<p>CC A66. CC A68. A67 Professional skepticism is necessary to the critical assessment of evidence. This includes questioning contradictory evidence and the reliability of documents and responses to inquiries and other information obtained from the appropriate party. It also includes consideration of the sufficiency and appropriateness of evidence obtained in light of the circumstances.</p>	<p>A77. Professional skepticism is necessary to the critical assessment of evidence. This includes questioning inconsistent evidence and the reliability of documents and responses to inquiries. It also includes consideration of the sufficiency and appropriateness of evidence obtained in the light of the circumstances.</p>
<p>.A68 The practitioner neither assumes that the appropriate party is dishonest nor assumes unquestioned honesty. The practitioner cannot be expected to disregard past experience of the honesty and integrity of those who provide evidence. Nevertheless, a belief that those who provide evidence are honest and have integrity does not relieve the practitioner of the need to maintain professional skepticism or allow the</p>	<p>CC A67. CC A69. A68 The practitioner neither assumes that the appropriate party is dishonest nor assumes unquestioned honesty. The practitioner cannot be expected to disregard past experience of the honesty and integrity of those who provide evidence. Nevertheless, a belief that those who provide evidence are honest and have integrity does not relieve the practitioner of the need to maintain professional skepticism or allow the</p>	<p>A79. The practitioner cannot be expected to disregard past experience of the honesty and integrity of those who provide evidence. Nevertheless, a belief that those who provide evidence are honest and have integrity does not relieve the practitioner of the need to maintain professional skepticism.</p>

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practitioner to be satisfied with less than sufficient appropriate evidence for the service being provided.	practitioner to be satisfied with less than sufficient appropriate evidence for the service being provided.	
<p>Professional Judgment (Ref: par. .45) .A69 Professional judgment is essential to the proper conduct of an attestation engagement. This is because interpretation of relevant ethical requirements and relevant AT-C sections and the informed decisions required throughout the engagement cannot be made without the application of relevant knowledge and experience to the facts and circumstances.</p>	<p>Professional Judgment (Ref: par. .45) CC A68.CC A70. A69 Professional judgment is essential to the proper conduct of an attestation engagement. This is because interpretation of relevant ethical requirements and relevant AT-C sections and the informed decisions required throughout the engagement cannot be made without the application of relevant knowledge and experience to the facts and circumstances.</p>	<p><i>Professional Judgment</i> (Ref: Para. 42) A80. Professional judgment is essential to the proper conduct of an assurance engagement. This is because interpretation of relevant ethical requirements and relevant CSAEs and the informed decisions required throughout the engagement cannot be made without the application of relevant training, knowledge, and experience to the facts and circumstances.</p>
<p>.A70 For examination and review engagements, professional judgment is necessary regarding decisions about the following matters:</p> <ul style="list-style-type: none"> • Materiality and attestation risk • The nature, timing, and extent of procedures used to meet the requirements of relevant AT-C sections and gather evidence • Evaluating whether sufficient appropriate evidence for the service being provided has been obtained and whether more needs to be done to achieve the objectives of this section, section 205, or section 210, and any relevant subject-matter-specific AT-C sections and thereby the overall 	<p>CC A69.CC A71. A70 For <u>direct</u> examination and <u>direct</u> review engagements, professional judgment is necessary regarding decisions about the following matters:</p> <ul style="list-style-type: none"> • Materiality and attestation risk • The nature, timing, and extent of procedures used to meet the requirements of relevant AT-C sections and gather evidence • Evaluating whether sufficient appropriate evidence for the service being provided has been obtained and whether more needs to be done to achieve the objectives of this section, section 205, or section 210; <u>[Insert sections for Direct</u> 	<p>...A80 Professional judgment is necessary in particular regarding decisions about:</p> <ul style="list-style-type: none"> • Significance and engagement risk. • The nature, timing and extent of procedures used to meet the requirements of relevant CSAEs and obtain evidence. • Evaluating whether sufficient appropriate evidence has been obtained, and whether more needs to be done to achieve the objectives of this CSAE and any relevant subject-matter-specific CSAE. In particular, in the case of a limited assurance engagement, professional judgment is required in evaluating whether a meaningful

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<p>objectives of the practitioner</p> <ul style="list-style-type: none"> • The evaluation of the responsible party’s judgments in applying the criteria • The drawing of conclusions based on the evidence obtained, for example, assessing the reasonableness of the evaluation or measurement of subject matter or an assertion 	<p><u>Engagements and Specified Parties</u>], and any relevant subject-matter-specific AT-C sections and thereby the overall objectives of the practitioner</p> <ul style="list-style-type: none"> • The evaluation of the responsible party’s judgments in applying the criteria • The drawing of conclusions based on the evidence obtained, for example, assessing the reasonableness of the evaluation or measurement of subject matter or an assertion 	<p>level of assurance has been obtained.</p> <ul style="list-style-type: none"> • The appropriate conclusions to draw based on the evidence obtained.
<p>.A71 The distinguishing feature of professional judgment expected of a practitioner is that such judgment is exercised based on competencies necessary to achieve reasonable judgments developed by the practitioner through relevant training, knowledge, and experience.</p>	<p>CC A70. CC A72. .A71 The distinguishing feature of professional judgment expected of a practitioner is that such judgment is exercised based on competencies necessary to achieve reasonable judgments developed by the practitioner through relevant training, knowledge, and experience.</p>	<p>A81. The distinguishing feature of the professional judgment expected of a practitioner is that it is exercised by a practitioner whose training, knowledge and experience have assisted in developing the necessary competencies to achieve reasonable judgments</p>
<p>.A72 The exercise of professional judgment in any particular case is based on the facts and circumstances that are known by the practitioner. Consultation on difficult or contentious matters during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm, assist the practitioner in making informed and reasonable judgments.</p>	<p>CC A71. CC A73. .A72 The exercise of professional judgment in any particular case is based on the facts and circumstances that are known by the practitioner. Consultation on difficult or contentious matters during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm, assist the practitioner in making informed and reasonable judgments.</p>	<p>A82. The exercise of professional judgment in any particular case is based on the facts and circumstances that are known by the practitioner. Consultation on difficult or contentious matters during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm assist the practitioner in making informed and reasonable judgments.</p>
<p>.A73 Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of the attestation standards and measurement or evaluation principles and is appropriate in light of, and consistent with, the</p>	<p>CC A72. CC A74. .A73 Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of the attestation standards and measurement or evaluation principles and is appropriate in light of,</p>	<p>A83. Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of assurance and measurement or evaluation principles and is appropriate in the light of, and consistent with,</p>

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facts and circumstances that were known to the practitioner up to the date of the practitioner's report.	and consistent with, the facts and circumstances that were known to the practitioner up to the date of the practitioner's report.	the facts and circumstances that were known to the practitioner up to the date of the practitioner's assurance report.
.A74 The requirement to exercise professional judgment applies throughout the engagement. Professional judgment also needs to be appropriately documented as required by sections 205 and 210.	CC A73-CC A75. .A74 The requirement to exercise professional judgment applies throughout the engagement. Professional judgment also needs to be appropriately documented as required by sections EX and R205 and 210.	A84. Professional judgment needs to be exercised throughout the engagement. It also needs to be appropriately documented. In this regard, paragraph 82 requires the practitioner to prepare documentation sufficient to enable an experienced practitioner, having no previous connection with the engagement, to understand the significant professional judgments made in reaching conclusions on significant matters arising during the engagement. Professional judgment is not to be used as the justification for decisions that are not otherwise supported by the facts and circumstances of the engagement or sufficient appropriate evidence.

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Conduct of an Examination Engagement (Ref: par. .05)	Conduct of an Direct Examination Engagement (Ref: par. .05)	
.A1 For example, if a practitioner were examining prospective financial information, section 105, this section, and section 305, <i>Prospective Financial Information</i> , would be relevant.	EX A1. .A1 For example, if a practitioner were examining prospective financial information <u>performing a direct examination</u> , section 105, CC and this section, and section 305, <i>Prospective Financial Information</i> , would be relevant.	
Agreeing on the Terms of the Engagement (Ref: par. .07, .08b, and .08e)	Agreeing on the Terms of the Engagement (Ref: par. .07, .08b, and .08e)	
.A2 It is in the interests of both the engaging party and the practitioner to document the agreed upon terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the engagement letter or other suitable form of written agreement will vary with the engagement circumstances.	EX A2. .A2 It is in the interests of both the engaging party and the practitioner to document the agreed upon terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the engagement letter or other suitable form of written agreement will vary with the engagement circumstances. ¹	<i>Agreeing on the Terms of the Engagement</i> (Ref: Para. 29) A55. It is in the interests of both the engaging party and the practitioner that the practitioner communicates in writing the agreed 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

¹ Shaded paragraphs are included in both the examination and review sections of SSAE No 18, *Attestation Standards, Clarification and Recodification*, and in the examination and review sections of the proposed direct engagements attestation standard. These paragraphs could be moved to the common concepts section unless it also covers specified procedures engagements.

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		engagement, the practitioner need not record them in a written 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.
<p>A3 A practitioner may further describe the responsibilities of the practitioner by adding the following items to the engagement letter or other suitable form of written agreement:</p> <p><i>a.</i> A statement that an examination is designed to obtain reasonable assurance about whether the subject matter as measured or evaluated against the criteria is free from material misstatement</p> <p><i>b</i> A statement that the objective of an examination is the expression of an opinion in a written practitioner’s report about whether the subject matter is in accordance with (or based on) the criteria, in all material respects, or whether the responsible party’s assertion is fairly stated, in all material respects</p>	<p>EX A3. A3 A practitioner may further describe the responsibilities of the practitioner by adding the following items to the engagement letter or other suitable form of written agreement:</p> <p><i>a.</i> A statement that an <u>ana direct</u> examination is designed to obtain reasonable assurance about whether the subject matter as measured or evaluated against the criteria is free from material misstatement</p> <p><i>b</i> A statement that the objective of an <u>ana direct</u> examination is the expression of an opinion in a written practitioner’s report about whether the subject matter is in accordance with (or based on) the criteria, in all material respects, or whether the responsible party’s assertion is fairly stated, in all material respects</p>	
<p>A4 If relevant, a statement about the inherent limitations of an examination engagement may indicate that “because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly</p>	<p>EX A4. A4 If relevant, a statement about the inherent limitations of an <u>ana direct</u> examination engagement may indicate that “because of the inherent limitations of an <u>ana direct</u> examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some</p>	A165. While in some cases, inherent limitations can be expected to be well-understood by the intended users of an assurance report, in other cases, it may be appropriate to make explicit reference to them in the assurance report. For example, in an assurance report related to the effectiveness of internal control, it may be

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planned and performed in accordance with the attestation standards.”	material misstatements may not be detected, even though the <u>direct</u> examination is properly planned and performed in accordance with the attestation standards.”	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>Requesting a Written Assertion (Ref: par. .10) .A5 The language of the responsible party’s written assertion in paragraph .10 may need to be tailored to reflect the nature of the subject matter and criteria for the engagement. Examples of language that meet the requirements in paragraph .10 include the following:</p> <ul style="list-style-type: none"> • The entity maintained effective internal control over the subject matter based on the criteria. • The subject matter is presented in accordance with (or based on) the criteria. • The subject matter achieved the objectives, for example, when the objectives are the criteria. • The subject matter is presented fairly, based on the criteria. 	<p>Requesting a Written Assertion (Ref: par. .10) .A5 The language of the responsible party’s written assertion in paragraph .10 may need to be tailored to reflect the nature of the subject matter and criteria for the engagement. Examples of language that meet the requirements in paragraph .10 include the following:</p> <ul style="list-style-type: none"> • The entity maintained effective internal control over the subject matter based on the criteria. • The subject matter is presented in accordance with (or based on) the criteria. • The subject matter achieved the objectives, for example, when the objectives are the criteria. • The subject matter is presented fairly, based on the criteria. 	
<p>.A6 Situations may arise in which the current responsible party was not present during some or all of the period covered by the practitioner’s report. Such persons may contend that they are not in a position to provide a written assertion that covers the entire period because they were not in place during some or all of the period. This fact, however, does not diminish such persons’ responsibilities for the subject matter as a whole. Accordingly, the requirement for</p>	<p>.A6 Situations may arise in which the current responsible party was not present during some or all of the period covered by the practitioner’s report. Such persons may contend that they are not in a position to provide a written assertion that covers the entire period because they were not in place during some or all of the period. This fact, however, does not diminish such persons’ responsibilities for the subject matter as a whole. Accordingly, the</p>	

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the practitioner to request a written assertion from the responsible party that covers the entire relevant period(s) still applies.	requirement for the practitioner to request a written assertion from the responsible party that covers the entire relevant period(s) still applies.	
.A7 Paragraph .50a requires the practitioner to request a written representation from the responsible party that is the same as the responsible party's assertion. If the responsible party provides the practitioner with the written representation in paragraph .50a, the practitioner need not request a separate written assertion unless a separate written assertion is called for by the engagement circumstances.	.A7 Paragraph .50a requires the practitioner to request a written representation from the responsible party that is the same as the responsible party's assertion. If the responsible party provides the practitioner with the written representation in paragraph .50a, the practitioner need not request a separate written assertion unless a separate written assertion is called for by the engagement circumstances.	
.A8 A practitioner may also be engaged to assist the responsible party in measuring or evaluating the subject matter against the criteria in connection with the responsible party providing a written assertion. Regardless of the procedures performed by the practitioner, the responsible party is required to accept responsibility for its assertion and the subject matter and may not base its assertion solely on the practitioner's procedures.³ Fn.3 The "Nonattest Services" interpretation (ET sec. 1.295), of the AICPA Code of Professional Conduct addresses the practitioner's provision of nonattest services for an attest client.	.A8 A practitioner may also be engaged to assist the responsible party in measuring or evaluating the subject matter against the criteria in connection with the responsible party providing a written assertion. Regardless of the procedures performed by the practitioner, the responsible party is required to accept responsibility for its assertion and the subject matter and may not base its assertion solely on the practitioner's procedures.³ Fn.3 The "Nonattest Services" interpretation (ET sec. 1.295), of the AICPA Code of Professional Conduct addresses the practitioner's provision of nonattest services for an attest client.	14a(ii)(b). Direct engagement – An assurance engagement in which the practitioner measures or evaluates the underlying subject matter against the applicable criteria. In a direct engagement, the practitioner's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria.
Planning and Performing the Engagement (Ref: par. .11) .A9 Planning involves the engagement partner and	Planning and Performing the Engagement (Ref: par. .11)	Planning and Performing the Engagement <i>Planning</i> (Ref: Para. 44, 48) A85. Planning involves the engagement partner,

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<p>other key members of the engagement team and may involve the practitioner’s specialists in developing</p> <ul style="list-style-type: none"> • an overall strategy for the scope, 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. <p>Adequate planning helps the practitioner 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 in properly assigning work to engagement team members and facilitates the direction, supervision, and review of their work. Further, it assists, when applicable, the coordination of work performed by other practitioners and practitioner’s specialists. The nature and extent of planning activities will vary with the engagement circumstances, for example, the complexity of the assessment or evaluation of the subject matter and the practitioner’s previous experience with it. Examples of relevant matters that may be considered include the following:</p> <ul style="list-style-type: none"> • The characteristics of the engagement that define its scope, including the terms of the engagement, the characteristics of the underlying subject matter, and the criteria 	<p>EX A5. A9 Planning involves the engagement partner and other key members of the engagement team and may involve the practitioner’s specialists in developing</p> <ul style="list-style-type: none"> • an overall strategy for the scope, 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. <p>Adequate planning helps the practitioner 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 in properly assigning work to engagement team members and facilitates the direction, supervision, and review of their work. Further, it assists, when applicable, the coordination of work performed by other practitioners and practitioner’s specialists. The nature and extent of planning activities will vary with the engagement circumstances, for example, the complexity of the assessment or evaluation of the subject matter and the practitioner’s previous experience with it. Examples of relevant matters that may be considered include the following:</p> <ul style="list-style-type: none"> • The characteristics of the engagement that define its scope, including the terms of the engagement, the 	<p>other key members of the engagement team, and any key practitioner's external experts 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.</p> <p>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 experts. The nature and extent of planning activities will vary with the engagement circumstances, for example the complexity of the underlying subject matter and criteria. Examples of the main matters that may be considered include:</p> <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 underlying subject matter and the criteria.

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<ul style="list-style-type: none"> • The expected timing and the nature of the communications required • The results of preliminary engagement activities, such as client acceptance, and, when 3 and, when applicable, whether knowledge gained on other engagements performed by the engagement partner for the appropriate party(ies) is relevant • The engagement process, including possible sources of evidence, and choices among alternative measurement or evaluation methods • The practitioner’s understanding of the appropriate party(ies) and its (their) environment, including the risks that the subject matter may be materially misstated • Identification of intended users and their information needs and consideration of materiality and the components of attestation risk • The risk of fraud relevant to the engagement • The effect on the engagement of using the internal audit function 	<p>characteristics of the underlying subject matter, and the criteria</p> <ul style="list-style-type: none"> • The expected timing and the nature of the communications required • The results of preliminary engagement activities, such as client acceptance, and, when 3 and, when applicable, whether knowledge gained on other engagements performed by the engagement partner for the appropriate party(ies) is relevant • The engagement process, including possible sources of evidence, and choices among alternative measurement or evaluation methods • The practitioner’s understanding of the appropriate party(ies) and its (their) environment, including the risks that the subject matter may be materially misstated • Identification of intended users and their information needs and consideration of materiality and the components of attestation risk • The risk of fraud relevant to the engagement • The effect on the engagement of using the internal audit function 	<ul style="list-style-type: none"> • 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 significant 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 experts' involvement. • The impact of the internal audit function on the engagement.
<p>.A10 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 responsible party’s personnel). Although these discussions often occur,</p>	<p>EX A6. .A10 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 responsible party’s personnel). Although these discussions often</p>	<p>A86. 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</p>

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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 needed to avoid compromising the effectiveness of the engagement. For example, discussing the nature and timing of detailed procedures with the responsible party may compromise the effectiveness of the engagement by making the procedures too predictable.	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 needed to avoid compromising the effectiveness of the engagement. For example, discussing the nature and timing of detailed procedures with the responsible party may compromise the effectiveness of the engagement by making the procedures too predictable.	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 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.
A 11 Planning is not a discrete phase but, rather, a cumulative 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 nature, timing, and extent of planned procedures.	EX A7. A11 Planning is not a discrete phase but, rather, a cumulative 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 nature, timing, and extent of planned procedures.	A87. 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.
A 12 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 among, team members is easier. In such cases, establishing the overall engagement strategy need not be a complex or time-consuming exercise; it varies according to the size of the entity, complexity of the engagement, and size of the engagement team.	EX A8. A12 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 among, team members is easier. In such cases, establishing the overall engagement strategy need not be a complex or time-consuming exercise; it varies according to the size of the entity, complexity of the	A88. 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, co-ordination 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

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	engagement, and size of the engagement team.	of the engagement, including the underlying 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.
Risk Assessment Procedures (Ref: par. .14)	Risk Assessment Procedures (Ref: par. .14)	
<p>A13 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 significant in directing the engagement team’s efforts, including situations in which special consideration may be necessary (for example, when there is a need for specialized skills or the work of a specialist); • establishing and evaluating the continued appropriateness of quantitative materiality levels (when appropriate) and considering qualitative materiality factors; • developing expectations when performing analytical 	<p>EX A9. A13 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 significant in directing the engagement team’s efforts, including situations in which special consideration may be necessary (for example, when there is a need for specialized skills or the work of a specialist); • establishing and evaluating the continued appropriateness of quantitative materiality levels (when appropriate) and considering qualitative materiality factors; 	<p>A100. Obtaining an understanding of the underlying 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 underlying 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 an expert); • Establishing and evaluating the continued appropriateness of quantitative and qualitative factors that are significant;

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<p>procedures;</p> <ul style="list-style-type: none"> • designing and performing procedures; • evaluating evidence, including the reasonableness of the written representations received by the practitioner. 	<ul style="list-style-type: none"> • developing expectations when performing analytical procedures; • designing and performing procedures; • evaluating evidence, including the reasonableness of the written representations received by the practitioner. 	<ul style="list-style-type: none"> • 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>A14 In assessing inherent risk, the practitioner may consider factors relevant to examination engagements, such as the following:</p> <ul style="list-style-type: none"> • The complexity of the subject matter or assertion • The length of time during which the entity has had experience with the subject matter or assertion • Prior experience with the entity's assessment of the subject matter or assertion 	<p>EX A10. A14 In assessing inherent risk, the practitioner may consider factors relevant to <u>direct</u> examination engagements, such as the following:</p> <ul style="list-style-type: none"> • The complexity of the subject matter or assertion • The length of time during which the entity has had experience with the subject matter or assertion • Prior experience with the entity's assessment of the subject matter or assertion 	
<p>Materiality in Planning and Performing the Engagement (Ref: par. .16)</p>	<p>Materiality in Planning and Performing the Engagement (Ref: par. .16)</p>	
<p>A15 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.</p>	<p>EX A11. A15 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.</p>	<p>A93. Significance is considered in the context of qualitative factors and, when applicable, quantitative factors. The relative importance of qualitative factors and quantitative factors when considering significance 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 CSAE.</p>
<p>A16 Professional judgments about materiality are made in light of surrounding circumstances, but they are not affected by the level of assurance, that is, for the same intended users, materiality for an</p>	<p>EX A12. A16 Professional judgments about materiality are made in light of surrounding circumstances, but they are not affected by the level of assurance, that is, for the same intended users,</p>	<p><i>Significance</i> (Ref: Para. 14(v), 49) A90. Professional judgments about significance are made in light of surrounding circumstances, but are not affected by the level of assurance; that</p>

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examination engagement is the same as it is for a review engagement because materiality is based on the information needs of intended users and not the level of assurance.	materiality for an <u>a</u> direct examination engagement is the same as it is for a <u>direct</u> review engagement because materiality is based on the information needs of intended users and not the level of assurance.	is, for the same intended users and purpose, significance for a reasonable assurance engagement is the same as for a limited assurance engagement because significance is based on the information needs of intended users
<p>A17 In general, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of intended users that are made based on the subject matter. 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> <p>a. have a reasonable knowledge of the subject matter and a willingness to study the subject matter with reasonable diligence.</p> <p>b. understand that the subject matter is measured or evaluated and examined to appropriate levels of materiality and have an understanding of any materiality concepts included in the criteria.</p> <p>c. understand any inherent uncertainties involved in measuring or evaluating the subject matter.</p> <p>d. make reasonable decisions on the basis of the subject matter taken as a whole. Unless the engagement has been designed to meet the particular information needs of specific users, the possible effect</p>	<p>EX A13. A17 In general, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of intended users that are made based on the subject matter. 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> <p>a. have a reasonable knowledge of the subject matter and a willingness to study the subject matter with reasonable diligence.</p> <p>b. understand that the subject matter is measured or evaluated and examined to appropriate levels of materiality and have an understanding of any materiality concepts included in the criteria.</p> <p>c. understand any inherent uncertainties involved in measuring or evaluating the subject matter.</p> <p>d. make reasonable decisions on the basis of the subject matter taken as a whole. Unless the engagement has been designed to meet the</p>	<p>A92. Deviations, including omissions, are considered to be significant 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 significance 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> <p>(a) Have a reasonable knowledge of the underlying subject matter, and a willingness to study the underlying subject matter with reasonable diligence;</p> <p>(b) Understand that the practitioner has applied the concept of significance in measuring or evaluating and obtaining assurance regarding the underlying subject matter, and have an understanding of any significance concepts included in the applicable criteria;</p> <p>(c) Understand any inherent uncertainties involved in the measuring or evaluating the underlying subject matter; and</p> <p>(d) Make reasonable decisions on the basis of the</p>

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of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered.	particular information needs of specific users, the possible effect of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered.	underlying subject matter taken as a whole. 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 (see also paragraphs A19-A20).
<p>A18 Qualitative factors may include the following:</p> <ul style="list-style-type: none"> • The interaction between, and relative importance of, various aspects of the subject matter, such as numerous performance indicators • The wording chosen with respect to subject matter that is expressed in narrative form, for example, the wording chosen does not omit or distort the information • The characteristics of the presentation adopted for the subject matter when the criteria allow for variations in that presentation • The nature of a misstatement, for example, the nature of observed deviations in the operation of a control when the responsible party asserts that the control is effective • Whether a misstatement affects compliance with laws or regulations • In the case of periodic reporting on a subject matter, whether the effect of an adjustment affects past or current information about the subject matter or is likely to affect future information about the subject matter • Whether a misstatement is the result of an intentional 	<p>EX A14. A18 Qualitative factors may include the following:</p> <ul style="list-style-type: none"> • The interaction between, and relative importance of, various aspects of the subject matter, such as numerous performance indicators • The wording chosen with respect to subject matter that is expressed in narrative form, for example, the wording chosen does not omit or distort the information • The characteristics of the presentation adopted for the subject matter when the criteria allow for variations in that presentation • The nature of a misstatement, for example, the nature of observed deviations in the operation of a control when the responsible party asserts that the control is effective • Whether a misstatement affects compliance with laws or regulations • In the case of periodic reporting on a subject matter, whether the effect of an adjustment affects past or current information about the subject matter or is likely to affect future information about the subject matter 	<p>A94. Qualitative factors may include such things as:</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 underlying 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 underlying 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 underlying

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<p>act or is unintentional</p> <ul style="list-style-type: none"> • Whether a misstatement is significant with 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 misstatement relates to the relationship between the responsible party, and if different, the engaging party or its relationship with other parties 	<ul style="list-style-type: none"> • Whether a misstatement is the result of an intentional act or is unintentional • Whether a misstatement is significant with 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 misstatement relates to the relationship between the responsible party, and if different, the engaging party or its relationship with other parties 	<p>subject matter.</p> <ul style="list-style-type: none"> • 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 underlying subject matter is a governmental program or public 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. • When the engagement is intended to provide a conclusion on compliance with law or regulation, the seriousness of the consequences of non-compliance.
<p>A19 Quantitative factors relate to the magnitude of misstatements relative to reported amounts for those aspects of the subject matter, 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 in the operation of a control when the examination involves the effectiveness of the control. 	<p>EX A15. A19 Quantitative factors relate to the magnitude of misstatements relative to reported amounts for those aspects of the subject matter, if any, that are</p> <ul style="list-style-type: none"> • expressed numerically or <p>EX A16. • otherwise related to numerical values, for example, the number of observed deviations in the operation of a control when the direct examination involves the effectiveness of the control.</p>	<p>A95. Quantitative 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>A20 When quantitative factors are applicable, planning the engagement solely to detect individually</p>	<p>EX A17. A20 When quantitative factors are applicable, planning the engagement solely to detect</p>	<p>A96. When quantitative factors are applicable, planning the engagement solely to detect</p>

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material misstatements overlooks the fact that the aggregate of individually immaterial misstatements may cause the subject matter to be materially misstated. Applying materiality to elements of the subject matter ordinarily is not a simple mechanical calculation but involves the exercise of professional judgment. It is affected by the practitioner’s understanding of the subject matter and the responsible party, updated during the performance of the risk assessment procedures, and consideration of the nature and extent of misstatements identified in previous attestation engagements.	individually material misstatements overlooks the fact that the aggregate of individually immaterial misstatements may cause the subject matter to be materially misstated. Applying materiality to elements of the subject matter ordinarily is not a simple mechanical calculation but involves the exercise of professional judgment. It is affected by the practitioner’s understanding of the subject matter and the responsible party, updated during the performance of the risk assessment procedures, and consideration of the nature and extent of misstatements identified in previous attestation engagements.	individually significant deviations overlooks the aggregate effect of detected individually insignificant 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 significance as a basis for determining the nature, timing and extent of procedures.
A 21 The criteria may discuss the concept of materiality in the context of the preparation and presentation of the subject matter 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 .A15–.A20. If the criteria do not include a discussion of the concept of materiality, these paragraphs provide the practitioner with a frame of reference.	EX A18. A 21 The criteria may discuss the concept of materiality in the context of the preparation and presentation of the subject matter 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 .A15–.A20. If the criteria do not include a discussion of the concept of materiality, these paragraphs provide the practitioner with a frame of reference.	A91. The applicable criteria may discuss the concept of significance and thereby provide a frame of reference for the practitioner in considering significance for the engagement. Although applicable criteria may discuss significance in different terms, the concept of significance generally includes the matters discussed in paragraphs A90-A98. If the applicable criteria do not include a discussion of the concept of significance, these paragraphs provide the practitioner with a frame of reference.
Identifying Risks of Material Misstatement (Ref: par. .18) A 22 Most of the practitioner’s work in forming an opinion consists of obtaining and evaluating evidence. Procedures to obtain evidence can include inspection, observation, confirmation, recalculation,	Identifying Risks of Material Misstatement (Ref: par. .18) EX A19. A 22 Most of the practitioner’s work in forming an opinion consists of obtaining and evaluating evidence. Procedures to obtain evidence	<i>The Nature, Timing and Extent of Procedures</i> (Ref: Para. 53(L)-54(R)) A109. 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

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reperformance, and analytical procedures, often in some combination, in addition to inquiry.	can include inspection, observation, confirmation, recalculation, reperformance, and analytical procedures, often in some combination, in addition to inquiry.	planning or performing the engagement, depending on the context in which they are applied by the practitioner: <ul style="list-style-type: none"> • Inspection; • Observation; • Confirmation; • Recalculation; • Reperformance; • Analytical procedures; and • Inquiry.
.A23 In some cases, a subject-matter-specific section may include requirements that affect the nature, timing, and extent of procedures. For example, a subject-matter-specific section may describe the nature or extent of particular procedures to be performed in a particular type of engagement. Even in such cases, determining the exact nature, timing, and extent of procedures is a matter of professional judgment and will vary from one engagement to the next.	.A23 In some cases, a subject-matter-specific section may include requirements that affect the nature, timing, and extent of procedures. For example, a subject-matter-specific section may describe the nature or extent of particular procedures to be performed in a particular type of engagement. Even in such cases, determining the exact nature, timing, and extent of procedures is a matter of professional judgment and will vary from one engagement to the next.	A111. In some cases, a subject-matter-specific CSAE may include requirements that affect the nature, timing and extent of procedures. For example, a subject-matter-specific CSAE may describe the nature or extent of particular procedures to be performed or the level of assurance expected to be obtained in a particular type of engagement. Even in such cases, determining the exact nature, timing and extent of procedures is a matter of professional judgment and will vary from one engagement to the next.
Responding to Assessed Risks and Obtaining Evidence (Ref: par. .20) .A24 Overall responses to address the assessed risks of material misstatement of the subject matter or assertion may include <ul style="list-style-type: none"> • emphasizing to the engagement team the need to maintain professional skepticism; • assigning more experienced staff or those with specialized skills or using specialists; 	Responding to Assessed Risks and Obtaining Evidence (Ref: par. .20) EX A20. .A24 Overall responses to address the assessed risks of material misstatement of the subject matter or assertion may include <ul style="list-style-type: none"> • emphasizing to the engagement team the need to maintain professional skepticism; • assigning more experienced staff or those with 	

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<ul style="list-style-type: none"> • providing more supervision; • incorporating additional elements of unpredictability in the selection of further procedures to be performed; and • making changes to the nature, timing, or extent of procedures (for example, performing procedures at period-end instead of at an interim date or modifying the nature of procedures to obtain more persuasive evidence). 	<p>specialized skills or using specialists;</p> <ul style="list-style-type: none"> • providing more supervision; • incorporating additional elements of unpredictability in the selection of further procedures to be performed; and • making changes to the nature, timing, or extent of procedures (for example, performing procedures at period-end instead of at an interim date or modifying the nature of procedures to obtain more persuasive evidence). 	
<p>A25 The assessment of the risks of material misstatement of the subject matter or assertion is affected by the practitioner’s understanding of the control environment. An effective control environment may allow the practitioner to have more confidence in internal control and the reliability of evidence generated internally within the entity and, thus, for example, may allow the practitioner to conduct some procedures at an interim date, rather than at the period-end. Deficiencies in the control environment, however, have the opposite effect, for example, the practitioner may respond to an ineffective control environment by</p> <ul style="list-style-type: none"> • conducting more procedures as of the period-end, rather than at an interim date, • obtaining more extensive evidence from procedures other than tests of controls, and • increasing the number of locations to be included in the examination scope. 	<p>EX A21. A25 The assessment of the risks of material misstatement of the subject matter or assertion is affected by the practitioner’s understanding of the control environment. An effective control environment may allow the practitioner to have more confidence in internal control and the reliability of evidence generated internally within the entity and, thus, for example, may allow the practitioner to conduct some procedures at an interim date, rather than at the period-end. Deficiencies in the control environment, however, have the opposite effect, for example, the practitioner may respond to an ineffective control environment by</p> <ul style="list-style-type: none"> • conducting more procedures as of the period-end, rather than at an interim date, • obtaining more extensive evidence from procedures other than tests of controls, and • increasing the number of locations to be included 	

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	in the examination scope.	
Further Procedures	Further Procedures	
<i>Analytical Procedures Performed in Response to Assessed Risks (Ref: par. .27)</i> .A26 An understanding of the purposes of analytical procedures and the limitations of those procedures is important. Accordingly, the identification of the relationships and types of data used, as well as conclusions reached when recorded amounts are compared to expectations, requires professional judgment by the practitioner.	<i>Analytical Procedures Performed in Response to Assessed Risks (Ref: par. .27)</i> EX A22. A26 An understanding of the purposes of analytical procedures and the limitations of those procedures is important. Accordingly, the identification of the relationships and types of data used, as well as conclusions reached when recorded amounts are compared to expectations, requires professional judgment by the practitioner.	
.A27 Analytical procedures involve comparisons of expectations developed by the practitioner to recorded amounts or ratios developed from recorded amounts. The practitioner develops such expectations by identifying and using plausible relationships that are reasonably expected to exist based on the practitioner's understanding of the subject matter; the practices used by the responsible party to measure, recognize, and record the subject matter; and, if applicable, the industry in which the entity operates.	EX A23. A27 Analytical procedures involve comparisons of expectations developed by the practitioner to recorded amounts or ratios developed from recorded amounts. The practitioner develops such expectations by identifying and using plausible relationships that are reasonably expected to exist based on the practitioner's understanding of the subject matter; the practices used by the responsible party to measure, recognize, and record the subject matter; and, if applicable, the industry in which the entity operates.	
<i>Sampling (Ref: par. .31)</i> .A28 The AICPA Audit Guide <i>Audit Sampling</i> provides guidance that may be useful to a practitioner who has decided to use sampling in performing attestation procedures.	<i>Sampling (Ref: par. .31)</i> EX A24. A28 The AICPA Audit Guide <i>Audit Sampling</i> provides guidance that may be useful to a practitioner who has decided to use sampling in performing attestation procedures.	
<i>Fraud, Laws, and Regulations (Ref: par. .33)</i>	<i>Fraud, Laws, and Regulations (Ref: par. .33)</i>	
.A29 In responding to fraud or suspected fraud	EX A25. A29 In responding to fraud or suspected	A190. Matters that may be appropriate to

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<p>identified during the engagement, it may be appropriate, unless prohibited by law, regulation, or ethics standards, for the practitioner to, for example,</p> <ul style="list-style-type: none"> • discuss the matter with the appropriate party(ies). • request that the responsible party consult with an appropriately qualified third party, such as the entity’s legal counsel or a regulator. • consider the implications of the matter in relation to other aspects of the engagement, including the practitioner’s risk assessment and the reliability of written representations from the responsible party. • obtain legal advice about the consequences of different courses of action. • communicate with third parties (for example, a regulator). • withdraw from the engagement. 	<p>fraud identified during the engagement, it may be appropriate, unless prohibited by law, regulation, or ethics standards, for the practitioner to, for example,</p> <ul style="list-style-type: none"> • discuss the matter with the appropriate party(ies). • request that the responsible party consult with an appropriately qualified third party, such as the entity’s legal counsel or a regulator. • consider the implications of the matter in relation to other aspects of the engagement, including the practitioner’s risk assessment and the reliability of written representations from the responsible party. • obtain legal advice about the consequences of different courses of action. • communicate with third parties (for example, a regulator). • withdraw from the engagement. 	<p>communicate with the responsible party, the engaging party or others include fraud or suspected fraud</p>
<p>A30 The actions noted in paragraph .A29 also may be appropriate in responding to noncompliance or suspected noncompliance with laws or regulations identified during the engagement. It may be appropriate to describe the matter in a separate paragraph in the practitioner’s report, unless the practitioner</p> <p><i>a.</i> is precluded by the responsible party from obtaining sufficient appropriate evidence to evaluate whether noncompliance that may be material to the subject matter has, or is likely to have, occurred, in which case, paragraphs .68<i>a</i> and .77 apply, or</p> <p><i>b.</i> concludes that the noncompliance results in a</p>	<p>EX A26. A30 The actions noted in paragraph .A29 also may be appropriate in responding to noncompliance or suspected noncompliance with laws or regulations identified during the engagement. It may be appropriate to describe the matter in a separate paragraph in the practitioner’s report, unless the practitioner</p> <p><i>a.</i> is precluded by the responsible party from obtaining sufficient appropriate evidence to evaluate whether noncompliance that may be material to the subject matter has, or is likely to have, occurred, in which case, paragraphs .68<i>a</i> and .77 apply, or</p>	

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material misstatement of the subject matter, in which case, paragraph .68b applies.	b. concludes that the noncompliance results in a material misstatement of the subject matter, in which case, paragraph .68b applies.	
Revision of Risk Assessment (Ref: par. .34) A 31 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. Such procedures may include asking the responsible party to examine the matter identified by the practitioner and to make adjustments to the subject matter if appropriate.	Revision of Risk Assessment (Ref: par. .34) EX A27. A 31 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. Such procedures may include asking the responsible party to examine the matter identified by the practitioner and to make adjustments to the subject matter if appropriate.	A113. An assurance 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.
A 32 The practitioner may become aware of a matter(s) that causes the practitioner to believe the subject matter may be materially misstated, for example, when performing analytical procedures the practitioner identifies a fluctuation or relationship that is inconsistent with other relevant information or that differs significantly from expectations.	EX A28. A 32 The practitioner may become aware of a matter(s) that causes the practitioner to believe the subject matter may be materially misstated, for example, when <u>the practitioner</u> <ul style="list-style-type: none"> • <u>is performing analytical procedures the practitioner and identifies a fluctuation or relationship that is inconsistent with other relevant information or that differs significantly from expectations-expected amounts or ratios.</u> • <u>becomes aware of a potential material misstatement from reviewing external sources.</u> • <u>discovers a 5% error rate in the results of tests</u> 	A115. The practitioner may become aware of a matter(s) that causes the practitioner to believe that a significant deviation exists. The following examples illustrate when additional procedures may be needed as the identified deviations indicate the existence of significant deviations in the underlying subject matter: <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 significant deviation from reviewing external sources.

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	<p><u>for which the applicable criteria permit a 4% error rate and, determines that additional procedures may be needed because the risk of a material misstatement may not be acceptable in the engagement circumstances.</u></p> <ul style="list-style-type: none"> <u>determines that the results of analytical procedures are within expectations but are, nevertheless, close to exceeding the expected value, and that additional procedures may be needed because the risk of a material misstatement may not be acceptable in the engagement circumstances.</u> 	<ul style="list-style-type: none"> If the applicable criteria permit a 10% error rate and, based on a particular test, the practitioner discovered a 9% error rate, then additional procedures may be needed because the risk of a significant deviation may not be acceptable in the engagement circumstances. 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 significant deviation may not be acceptable in the engagement circumstances.
Evaluating the Reliability of Information Produced by the Entity (Ref: par. .35)	Evaluating the Reliability of Information Produced by the Entity (Ref: par. .35)	
A 33 Reliable information is sufficiently accurate and complete.	EX A28; EX A29. A 33 Reliable information is sufficiently accurate and complete.	
A 34 Obtaining evidence about the accuracy and completeness of information produced by the entity may be accomplished concurrently with the actual procedure applied to the information when obtaining such evidence is an integral part of the procedure itself. In other situations, the practitioner may have obtained evidence of the accuracy and completeness of such information by testing controls over the preparation and maintenance of the information. In some situations, however, the practitioner may determine that additional procedures are needed.	EX A29; EX A30. A 34 Obtaining evidence about the accuracy and completeness of information produced by the entity may be accomplished concurrently with the actual procedure applied to the information when obtaining such evidence is an integral part of the procedure itself. In other situations, the practitioner may have obtained evidence of the accuracy and completeness of such information by testing controls over the preparation and maintenance of the information. In some situations, however, the practitioner may determine that additional procedures are needed.	

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Using the Work of a Practitioner’s Specialist	Using the Work of a Practitioner’s Specialist	
<i>Integrating the Work of a Practitioner’s Specialist (Ref: par. .38a)</i>	<i>Integrating the Work of a Practitioner’s Specialist (Ref: par. .38a)</i>	Integrating the work of a practitioner's expert
A 35 Examination engagements may be performed on a wide range of subject matters that require specialized skills and knowledge beyond those possessed by the practitioner 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 significance of the work of the practitioner’s specialist in the context of the engagement, the more likely it is that the specialist will work as part of a multidisciplinary team comprising subject-matter specialists and other attestation personnel. The more that specialist’s work 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.	EX A30 EX A31 . A35 Examination Direct examination engagements may be performed on a wide range of subject matters that require specialized skills and knowledge beyond those possessed by the practitioner 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 significance of the work of the practitioner’s specialist in the context of the engagement, the more likely it is that the specialist will work as part of a multidisciplinary team comprising subject-matter specialists and other attestation personnel. The more that specialist’s work 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.	A121. Assurance engagements may be performed on a wide range of underlying 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 expert is used. In some situations, the practitioner's expert will be consulted to provide advice on an individual matter, but the greater the importance of the practitioner's expert's work in the context of the engagement, the more likely it is that expert will work as part of a multi-disciplinary team comprising subject matter experts and other assurance personnel. The more that expert's work is integrated in nature, timing and extent with the overall work effort, the more important effective two-way communication is between the practitioner's expert and other assurance personnel. Effective two-way communication facilitates the proper integration of the expert's work with the work of others on the engagement
A 36 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 .36 at the engagement acceptance or continuance stage. This is particularly so when the work of the practitioner’s	EX A31 EX A32 . A36 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 .36 at the engagement acceptance or continuance stage. This is particularly	A70. When the work of a practitioner's expert is to be used, it may be appropriate to perform some of the procedures required by paragraph 57 at the engagement acceptance or continuance stage.

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<p>specialist is to be used in the early stages of the engagement, for example, during initial planning and risk assessment.</p>	<p>so 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.</p>	<p>. A122. As noted in paragraph A70, when the work of a practitioner's expert is to be used, it may be appropriate to perform some of the procedures required by paragraph 57 at the engagement acceptance or continuance stage. This is particularly so when the work of the practitioner's expert will be fully integrated with the work of other assurance personnel and when the work of the practitioner's expert is to be used in the early stages of the engagement, for example, during initial planning and risk assessment.</p>
<p><i>The Practitioner’s Firm’s Quality Control Policies and Procedures (Ref: par. .38e)</i> .A37 Engagement teams are entitled to rely on their own 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 matters, such as the following:</p> <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 internal specialist (The practitioner’s internal specialists are subject to relevant ethical requirements, including those pertaining to independence.) • The practitioner’s evaluation of the adequacy of the 	<p><i>The Practitioner’s Firm’s Quality Control Policies and Procedures (Ref: par. .38e)</i> <u>EX A32-EX A33</u>. .A37 Engagement teams are entitled to rely on their own 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 matters, such as the following:</p> <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 internal specialist (The practitioner’s internal specialists are subject to relevant ethical requirements, including those pertaining to independence.) 	<p>A124. 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:</p> <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 expert. Practitioner's internal experts are subject to relevant ethical requirements, including those pertaining to independence. • The practitioner's evaluation of the adequacy of the practitioner's expert's work. For example, the firm's training programs may provide the

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<p>practitioner’s internal 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 specialist’s work.)</p> <ul style="list-style-type: none"> • Adherence to regulatory and legal requirements through monitoring processes • Agreement with the practitioner’s specialist <p>Such reliance does not reduce the practitioner’s responsibility to meet the requirements of this section.</p>	<ul style="list-style-type: none"> • The practitioner’s evaluation of the adequacy of the practitioner’s internal 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 specialist’s work.) • Adherence to regulatory and legal requirements through monitoring processes • Agreement with the practitioner’s specialist <p>Such reliance does not reduce the practitioner’s responsibility to meet the requirements of this section.</p>	<p>practitioner's internal experts 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 experts, may affect the nature, timing and extent of the practitioner's procedures to evaluate the adequacy of the practitioner's expert's work.</p> <ul style="list-style-type: none"> • 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 CSAE.</p>
<p><i>The Competence, Capabilities, and Objectivity of a Practitioner’s Specialist (Ref: par. .36a)</i></p> <p>A38 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, 	<p><i>The Competence, Capabilities, and Objectivity of a Practitioner’s Specialist (Ref: par. .36a)</i></p> <p>EX A33, EX A34, A38 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, 	<p>The Competence, Capabilities and Objectivity of the Practitioner's Expert (Ref: Para. 57(a)) A125. Information regarding the competence, capabilities and objectivity of a practitioner's expert may come from a variety of sources, such as:</p> <ul style="list-style-type: none"> • Personal experience with previous work of that expert. • Discussions with that expert. • Discussions with other practitioners or others who are familiar with that expert's work. • Knowledge of that expert's qualifications,

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<p>membership of a 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 	<p>membership of a 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 	<p>membership of a 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 expert. • The firm's quality control policies and procedures (see also paragraphs A123-A124).
<p>A39 Although a practitioner’s specialist does not require the same proficiency as the practitioner in performing all aspects of an examination 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 that specialist to the engagement objective.</p>	<p>EX A34EX A35. A39 Although a practitioner’s specialist does not require the same proficiency as the practitioner in performing all aspects of an direct examination 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 that specialist to the engagement objective.</p>	<p>A126. While practitioner's experts do not require the same proficiency as the practitioner in performing all aspects of an assurance engagement, a practitioner's expert whose work is used may need a sufficient understanding of relevant CSAEs to enable that expert to relate the work assigned to them to the engagement objective.</p>
<p>A40 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 significance 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 in an examination engagement a practitioner’s specialist is an individual who has played a significant role in measuring, evaluating, or disclosing the subject matter.</p>	<p>EX A35EX A36. A40 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 significance 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 in an examination engagement a practitioner’s specialist is an individual who has played a significant role in measuring, evaluating, or disclosing the subject matter.</p>	<p>A127. 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 expert and the importance of the expert'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 expert is an individual who has played an important role in assisting the responsible party in making decisions regarding aspects of the underlying subject matter.</p>
<p>A41 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 	<p>EX A36EX A37. A41 When evaluating the objectivity of a practitioner’s external specialist, it may be relevant to</p>	<p>A128. When evaluating the objectivity of a practitioner's external expert, it may be relevant to:</p>

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<p>known interests or relationships that the appropriate party(ies) has with the practitioner’s external specialist that may affect that specialist’s objectivity.</p> <ul style="list-style-type: none"> • 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 may be relevant to discuss with the practitioner’s specialist include <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>	<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 may be relevant to discuss with the practitioner’s specialist include <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>	<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 expert that may affect that expert's objectivity. • Discuss with that expert any applicable safeguards, including any professional requirements that apply to that expert, 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 expert include: <ul style="list-style-type: none"> o Financial interests. o Business and personal relationships. o Provision of other services by the expert, including by the organization in the case of an external expert 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 expert about any interests or relationships with the appropriate party(ies) of which that expert is aware</p>
<i>Obtaining an Understanding of the Field of Expertise of a Practitioner’s Specialist (Ref: par. .36b)</i>	<i>Obtaining an Understanding of the Field of Expertise of a Practitioner’s Specialist (Ref: par. .36b)</i>	
<p>A42 Aspects of a practitioner’s specialist’s field of expertise 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 	<p>EX A37EX A38. A42 Aspects of a practitioner’s specialist’s field of expertise relevant to the practitioner’s understanding may include the following:</p>	<p>. A130. Aspects of the practitioner's expert's field relevant to the practitioner's understanding may include:</p> <ul style="list-style-type: none"> • Whether that expert's field has areas of specialty

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<p>within it that are relevant to the engagement</p> <ul style="list-style-type: none"> • Whether any professional or other standards and regulatory or legal requirements apply • What assumptions and methods, including models, when applicable, are used by the practitioner’s specialist and whether they are generally accepted within that specialist’s field and appropriate in the circumstances of the engagement • The nature of internal and external data or information the practitioner’s specialist uses 	<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, when applicable, are used by the practitioner’s specialist and whether they are generally accepted within that specialist’s field and appropriate in the circumstances of the engagement • The nature of internal and external data or information the practitioner’s specialist uses 	<p>within it that are relevant to the engagement.</p> <ul style="list-style-type: none"> • 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 expert, and whether they are generally accepted within that expert's field and appropriate in the circumstances of the engagement. • The nature of internal and external data or information the practitioner's expert uses.
<p><i>Agreement With a Practitioner’s Specialist (Ref: par. .36c)</i></p> <p>A43 The matters noted in paragraph .A37 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><i>Agreement With a Practitioner’s Specialist (Ref: par. .36c)</i></p> <p>EX A38EX A39. A43 The matters noted in paragraph .A37 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>A132. The matters noted in paragraph A124 may affect the level of detail and formality of the agreement between the practitioner and the practitioner's expert, including whether it is appropriate that the agreement be in writing. The agreement between the practitioner and a practitioner's external expert is often in the form of an engagement letter.</p>
<p><i>Using the Work of Internal Auditors (Ref: par. .39)</i></p>	<p><i>Using the Work of Internal Auditors (Ref: par. .39)</i></p>	
<p>A44 Activities similar to those performed by an internal audit function may be conducted by functions with other titles within an entity. Some or all of the activities of an internal audit function may also be</p>	<p>EX A39EX A40. A44 Activities similar to those performed by an internal audit function may be conducted by functions with other titles within an entity. Some or all of the activities of an internal</p>	

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outsourced to a third-party service provider. Neither the title of the function nor whether it is performed by the entity or a third-party service provider are sole determinants of whether or not the practitioner can use the work of internal auditors. Rather, it is the nature of the activities, the extent to which the internal audit function’s organizational status and relevant policies and procedures support the objectivity of the internal auditors, the competence of the internal auditors, and the systematic and disciplined approach of the function that are relevant. References in this section to the work of the internal audit function include relevant activities of other functions or third-party providers that have these characteristics.	audit function may also be outsourced to a third-party service provider. Neither the title of the function nor whether it is performed by the entity or a third-party service provider are sole determinants of whether or not the practitioner can use the work of internal auditors. Rather, it is the nature of the activities, the extent to which the internal audit function’s organizational status and relevant policies and procedures support the objectivity of the internal auditors, the competence of the internal auditors, and the systematic and disciplined approach of the function that are relevant. References in this section to the work of the internal audit function include relevant activities of other functions or third-party providers that have these characteristics.	
A 45 A practitioner planning to use the work of the internal audit function to obtain evidence may find it effective and efficient to discuss the planned use of the work with the internal audit function as a basis for coordinating activities.	EX A40; EX A41. A 45 A practitioner planning to use the work of the internal audit function to obtain evidence may find it effective and efficient to discuss the planned use of the work with the internal audit function as a basis for coordinating activities.	
A 46 The practitioner has sole responsibility for the opinion expressed, and that responsibility is not reduced by the practitioner’s use of the work of internal auditors on the engagement. The objectivity and competence of internal auditors are important in determining whether to use their work and, if so, the nature and extent of the use of their work. However, a high degree of objectivity cannot compensate for a low degree of competence, nor can a high degree of competence compensate for a low degree of	EX A41; EX A42. A 46 The practitioner has sole responsibility for the opinion expressed, and that responsibility is not reduced by the practitioner’s use of the work of internal auditors on the engagement. The objectivity and competence of internal auditors are important in determining whether to use their work and, if so, the nature and extent of the use of their work. However, a high degree of objectivity cannot compensate for a low degree of competence,	A135. While paragraphs A120-A134 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. A67. The relevant rules of professional conduct / code of ethics require the professional accountant in public practice to agree to provide only those

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objectivity. Additionally, neither a high level of competence nor strong support for the objectivity of the internal auditors compensates for the lack of a systematic and disciplined approach when using the work of the internal audit function.	nor can a high degree of competence compensate for a low degree of objectivity. Additionally, neither a high level of competence nor strong support for the objectivity of the internal auditors compensates for the lack of a systematic and disciplined approach when using the work of the internal audit function.	<p>services that the professional accountant in public practice is competent to perform. The practitioner has sole responsibility for the assurance conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's expert. Nonetheless, if the practitioner using the work of a practitioner's expert, having followed this CSAE, concludes that the work of that expert is adequate for the practitioner's purposes, the practitioner may accept that expert's findings or conclusions in the expert's field as appropriate evidence.</p> <p><i>Assignment of the Team</i> Collective Competence A184. Nonetheless, the practitioner has sole responsibility for the conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's expert. It is important, therefore, that if the assurance report refers to a practitioner's expert, that the wording of that report does not imply that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of that expert.</p>
Evaluating the Results of Procedures (Ref: par. .45-.46)	Evaluating the Results of Procedures (Ref: par. .45-.46)	
A 47 Uncorrected misstatements are accumulated during the engagement for the purpose of evaluating whether, individually or in aggregate, they	EX A42 EX A43. A 47 Uncorrected misstatements are accumulated during the	

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are material when forming the practitioner’s opinion. (See also paragraph .59b)	engagement for the purpose of evaluating whether, individually or in aggregate, they are material when forming the practitioner’s opinion. (See also paragraph .59b)	
.A48 “Clearly trivial” is not another expression for “not material.” Matters that are clearly trivial will be of a wholly different (smaller) order of magnitude than materiality and will be matters that are clearly inconsequential, whether taken individually or in the 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.	EX A43 .EX A44. .A48 “Clearly trivial” is not another expression for “not material.” Matters that are clearly trivial will be of a wholly different (smaller) order of magnitude than materiality and will be matters that are clearly inconsequential, whether taken individually or in the 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.	A119. "Clearly trivial" is not another expression for "not significant." Matters that are clearly trivial will be of a wholly different (smaller) order of importance than significance determined in accordance with paragraph 49, 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.
.A49 Sufficient appropriate evidence is necessary to support the practitioner’s opinion and 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 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	EX A44 .EX A45. .A49 Sufficient appropriate evidence is necessary to support the practitioner’s opinion and 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 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	A146. Evidence is necessary to support the practitioner's conclusion and assurance 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 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 an expert

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party(ies). <i>Evidence</i> 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 considered by the practitioner and, therefore, also constitutes evidence.	may be used as evidence may have been prepared by a specialist employed or engaged by the appropriate party(ies). <i>Evidence</i> 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 considered by the practitioner and, therefore, also constitutes evidence.	employed or engaged by the appropriate party(ies). Evidence comprises both information that supports and corroborates aspects of the underlying subject matter, and any information that contradicts aspects of the underlying 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 assurance conclusion consists of obtaining and evaluating evidence.
A50 The sufficiency and appropriateness of evidence are interrelated. Sufficiency of evidence is the measure of the quantity of evidence. The quantity of the evidence needed is affected by the risks of material misstatement and also by the quality of such evidence.	EX A45; EX A46. A50 The sufficiency and appropriateness of evidence are interrelated. Sufficiency of evidence is the measure of the quantity of evidence. The quantity of the evidence needed is affected by the risks of material misstatement and also by the quality of such evidence.	A147. 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 underlying subject matter containing a significant deviation (the higher the risks, the more evidence is likely to be required) and also by the quality of such evidence (the higher the quality, the less may be required). For certain types of direct engagements such as performance audits, there may also be a higher risk of concluding that there is a significant deviation when that is not the case. The appropriateness of the practitioner's decision regarding whether a matter identified is a significant deviation is affected by the quantity and quality of evidence obtained.
A51 <i>Appropriateness of evidence</i> is the measure of	EX A46; EX A47. A51 <i>Appropriateness of evidence</i>	A148. <i>Appropriateness</i> is the measure of the

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<p>the quality of evidence, that is, its relevance and reliability in providing support for the practitioner’s opinion. The reliability of evidence is influenced by its source and 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 sources external to the responsible party, circumstances may exist that could affect its reliability. For example, evidence obtained from an independent external source may not be reliable if the source is not knowledgeable. 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 independent 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>is the measure of the quality of evidence, that is, its relevance and reliability in providing support for the practitioner’s opinion. The reliability of evidence is influenced by its source and 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 sources external to the responsible party, circumstances may exist that could affect its reliability. For example, evidence obtained from an independent external source may not be reliable if the source is not knowledgeable. 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 independent 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 	<p>quality of evidence; that is, its relevance and its reliability in providing support for the practitioner's 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 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

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<ul style="list-style-type: none"> Evidence provided by original documents is more reliable than evidence provided by photocopies, facsimiles, or documents that have been filmed, digitized, or otherwise transformed into electronic form, the reliability of which may depend on the controls over their preparation and maintenance. 	<p>reliable than a subsequent oral representation of what was discussed).</p> <ul style="list-style-type: none"> Evidence provided by original documents is more reliable than evidence provided by photocopies, facsimiles, or documents that have been filmed, digitized, or otherwise transformed into electronic form, the reliability of which may depend on the controls over their preparation and maintenance. 	written record of a meeting is ordinarily more reliable than a subsequent oral representation of what was discussed).
.A52 Evidence obtained from different sources or of a different nature ordinarily provides more assurance than evidence from items 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 responsible party may increase the assurance the practitioner obtains from a representation from the responsible party. 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.	EX A47 :EX A48. A52 Evidence obtained from different sources or of a different nature ordinarily provides more assurance than evidence from items 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 responsible party may increase the assurance the practitioner obtains from a representation from the responsible party. 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.	A149. 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
.A53 Whether sufficient appropriate evidence has been obtained on which to base the practitioner's opinion is a matter of professional judgment.	EX A48 :EX A49. A53 Whether sufficient appropriate evidence has been obtained on which to base the practitioner's opinion is a matter of professional judgment.	A151. Whether sufficient appropriate evidence has been obtained on which to base the practitioner's conclusion is a matter of professional judgment
Considering Subsequent Events and Subsequently	Considering Subsequent Events and	

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Discovered Facts (Ref: par. .48–.49) A54 For certain subject-matter AT-C sections, specific subsequent events requirements and related application guidance have been developed for engagement performance and reporting.	Subsequently Discovered Facts (Ref: par. .48–.49) A54 For certain subject-matter AT-C sections, specific subsequent events requirements and related application guidance have been developed for engagement performance and reporting.	
A55 Procedures that a practitioner may perform to identify subsequent events include inquiring about and considering information <ul style="list-style-type: none"> • contained in relevant reports issued during the subsequent period by internal auditors, other practitioners, or regulatory agencies. • obtained through other professional engagements for that entity. 	EX A49 EX A50 . A55 Procedures that a practitioner may perform to identify subsequent events include inquiring about and considering information <ul style="list-style-type: none"> • contained in relevant reports issued during the subsequent period by internal auditors, other practitioners, or regulatory agencies. • obtained through other professional engagements for that entity. 	
A56 If the responsible party refuses to disclose a subsequent event for which disclosure is necessary to prevent users of the practitioner’s report from being misled, appropriate actions the practitioner may take include <ul style="list-style-type: none"> • disclosing the event in the practitioner’s report and modifying the practitioner’s opinion. • withdrawing from the engagement. 	EX A50 EX A51 . A56 If the responsible party refuses to disclose a subsequent event for which disclosure is necessary to prevent users of the practitioner’s report from being misled, appropriate actions the practitioner may take include <ul style="list-style-type: none"> • disclosing the event in the practitioner’s report and modifying the practitioner’s opinion. • withdrawing from the engagement. 	
A57 Subsequent to the date of the practitioner’s report, the practitioner may become aware of facts that, had they been known to the practitioner at that date, may have caused the practitioner to revise the report. In such circumstances, the practitioner	EX A51 EX A52 . A57 Subsequent to the date of the practitioner’s report, the practitioner may become aware of facts that, had they been known to the practitioner at that date, may have caused the practitioner to revise the report. In such	A141. As noted in paragraph 66, the practitioner has no responsibility to perform any procedures regarding the underlying subject matter after the date of the practitioner's report. However, if, after the date of the practitioner's report, a fact becomes

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<p>undertakes to determine whether the facts existed at the date of the report and, if so, whether persons who would attach importance to these facts are currently using, or are likely to use, the report and related subject matter or assertion. This may include discussing the matter with the appropriate party(ies) and requesting the appropriate party(ies)'s cooperation in whatever investigation or further action that may be necessary. The specific actions to be taken in a particular case by the appropriate party(ies) and the practitioner may vary with the circumstances. Consideration may be given to, among other things, the time elapsed since the date of the report and whether issuance of a subsequent report is imminent. The practitioner may need to perform additional procedures deemed necessary to determine whether the subject matter or assertion needs revision and whether the previously issued report continues to be appropriate.</p>	<p>circumstances, the practitioner undertakes to determine whether the facts existed at the date of the report and, if so, whether persons who would attach importance to these facts are currently using, or are likely to use, the report and related subject matter or assertion. This may include discussing the matter with the appropriate party(ies) and requesting the appropriate party(ies)'s cooperation in whatever investigation or further action that may be necessary. The specific actions to be taken in a particular case by the appropriate party(ies) and the practitioner may vary with the circumstances. Consideration may be given to, among other things, the time elapsed since the date of the report and whether issuance of a subsequent report is imminent. The practitioner may need to perform additional procedures deemed necessary to determine whether the subject matter or assertion needs revision and whether the previously issued report continues to be appropriate.</p>	<p>known to the practitioner that, had it been known to the practitioner at the date of the practitioner's 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.</p>
<p>A58 Depending on the circumstances, the practitioner may determine that notification of the situation by the appropriate party(ies) to persons who would attach importance to the facts and who are currently using, or are likely to use, the practitioner's report is necessary. This may be the case, for example, when</p> <p>a. the report is not to be relied upon because the subject matter or assertion needs revision or the practitioner is unable to determine whether revision is necessary, and</p>	<p>EX A52EX A53. A58 Depending on the circumstances, the practitioner may determine that notification of the situation by the appropriate party(ies) to persons who would attach importance to the facts and who are currently using, or are likely to use, the practitioner's report is necessary. This may be the case, for example, when</p> <p>a. the report is not to be relied upon because the subject matter or assertion needs revision or the practitioner is unable to determine whether revision</p>	

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<p><i>b.</i> issuance of a subsequent report is not imminent.</p> <p>If the appropriate party(ies) failed to take the necessary steps to prevent reliance on the report, the practitioner’s course of action depends upon the practitioner’s legal and ethical rights and obligations. Consequently, the practitioner may consider it appropriate to seek legal advice prior to making any disclosure of the situation. Disclosure of the situation directly by the practitioner may include a description of the nature of the matter and its effect on the subject matter or assertion and the report, avoiding comments concerning the conduct or motives of any person.</p>	<p>is necessary, and <i>b.</i> issuance of a subsequent report is not imminent.</p> <p>If the appropriate party(ies) failed to take the necessary steps to prevent reliance on the report, the practitioner’s course of action depends upon the practitioner’s legal and ethical rights and obligations. Consequently, the practitioner may consider it appropriate to seek legal advice prior to making any disclosure of the situation. Disclosure of the situation directly by the practitioner may include a description of the nature of the matter and its effect on the subject matter or assertion and the report, avoiding comments concerning the conduct or motives of any person.</p>	
<p>Written Representations (Ref: par. .50–.51, .52e, and .56a) A.59 Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the responsible party. The person(s) from whom the practitioner requests written representations is ordinarily a member of senior management or those charged with governance depending on, for example, the management and governance structure of the responsible party(ies), which may vary by entity, reflecting influences such as size and ownership characteristics.</p>	<p>Written Representations (Ref: par. .50–.51, .52e, and .56a) EX A53EX A54. A59 Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the responsible party. The person(s) from whom the practitioner requests written representations is ordinarily a member of senior management or those charged with governance depending on, for example, the management and governance structure of the responsible party(ies), which may vary by entity, reflecting influences such as size and ownership characteristics.</p>	<p><i>Written Representations</i> (Ref: Para. 61) A136. 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>A.60 Representations by the responsible party cannot</p>	<p>EX A54EX A55. A60 Representations by the</p>	<p>A138. Representations by the appropriate</p>

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replace other evidence the practitioner could reasonably expect to be available. Although written representations provide 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.	responsible party cannot replace other evidence the practitioner could reasonably expect to be available. Although written representations provide 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.	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.
.A61 A discussion of what is considered a material effect on the subject matter or assertion may be included explicitly in the representation letter in qualitative or quantitative terms.	EX A55. EX A56. .A61 A discussion of what is considered a material effect on the subject matter or assertion may be included explicitly in the representation letter in qualitative or quantitative terms.	
.A62 A summary of uncorrected misstatements ordinarily is included in or attached to the written representation.	EX A56. EX A57. .A62 A summary of uncorrected misstatements ordinarily is included in or attached to the written representation.	
.A63 Certain subject-matter AT-C sections do not permit the practitioner to perform the alternative procedures described in paragraphs .51 and .56a (making inquiries of the responsible party and restricting the use of the practitioner’s report).	.A63 Certain subject-matter AT-C sections do not permit the practitioner to perform the alternative procedures described in paragraphs .51 and .56a (making inquiries of the responsible party and restricting the use of the practitioner’s report).	
Requested Written Representations Not Provided or Not Reliable (Ref: par. .55–.56)	Requested Written Representations Not Provided or Not Reliable (Ref: par. .55–.56)	
.A64 In the situation discussed in paragraph .55, the refusal to furnish such evidence in the form of written representations constitutes a limitation on the scope of an examination sufficient to preclude an unmodified	EX A57. EX A58. .A64 In the situation discussed in paragraph .55, the refusal to furnish such evidence in the form of written representations constitutes a limitation on the scope of an examination sufficient	65. 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

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opinion and may be sufficient to cause the practitioner to withdraw from the engagement.	to preclude an unmodified opinion and may be sufficient to cause the practitioner to withdraw from the engagement.	values, or diligence of those providing the written representations, or that the written representations are otherwise not reliable, the practitioner shall: (Ref: Para. A139) (a) Discuss the matter with the appropriate party(ies); (b) Reevaluate the integrity of those from whom the representations were requested or received and evaluate the effect that this may have on the reliability of representations (oral or written) and evidence in general; and (c) Take appropriate actions, including determining the possible effect on the conclusion in the assurance report.
A65 Even when the responsible party provides oral responses to the matters in paragraph .50, the practitioner may find it appropriate to consider whether there are significant concerns about the competence, integrity, ethical values, or diligence of those providing the oral responses or whether the oral responses are otherwise not reliable and the potential effect, if any, on the practitioner's report.	EX A58; EX A59. A65 Even when the responsible party provides oral responses to the matters in paragraph .50, the practitioner may find it appropriate to consider whether there are significant concerns about the competence, integrity, ethical values, or diligence of those providing the oral responses or whether the oral responses are otherwise not reliable and the potential effect, if any, on the practitioner's report.	
A66 Paragraph .10 provides an exception to the requirement for a written assertion when the engaging party is not the responsible party. Nonetheless, because the assertion is the representation called for by paragraph .50a, application of paragraph .56a requires the practitioner to obtain an oral assertion when a written assertion is not obtained. Paragraph	A66 Paragraph .10 provides an exception to the requirement for a written assertion when the engaging party is not the responsible party. Nonetheless, because the assertion is the representation called for by paragraph .50a, application of paragraph .56a requires the practitioner to obtain an oral assertion when a	

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.56b applies when the responsible party provides neither a written nor an oral assertion.	written assertion is not obtained. Paragraph .56b applies when the responsible party provides neither a written nor an oral assertion.	
Other Information (Ref: par. .57)	Other Information (Ref: par. .57)	
.A67 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: <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 • If required or permissible, communicating with third parties (for example, a regulator) • Describing the material inconsistency in the practitioner's report • Withdrawing from the engagement, when withdrawal is possible under applicable laws and regulations 	EX A59. EX A60. A67 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: <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 • If required or permissible, communicating with third parties (for example, a regulator) • Describing the material inconsistency in the practitioner's report • Withdrawing from the engagement, when withdrawal is possible under applicable laws and regulations 	A142. Further actions that may be appropriate if the practitioner identifies a significant inconsistency or becomes aware of a significant misstatement of fact include, for example: <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). • Withholding the assurance report. • Withdrawing from the engagement, where withdrawal is possible under applicable law or regulation. • Describing the significant inconsistency in the assurance report.
.A68 Other information does not include information contained on the appropriate party(ies)'s website. Websites are a means of distributing information and are not, themselves, documents for the purposes of paragraph .57.	EX A60. EX A61. A68 Other information does not include information contained on the appropriate party(ies)'s website. Websites are a means of distributing information and are not, themselves, documents for the purposes of paragraph .57.	
Description of Criteria (Ref: par. .58) .A69 The description of the criteria on which the subject matter or assertion is based is particularly	Description of Criteria (Ref: par. .58) EX A61. EX A62. A69 The description of the criteria on which the subject matter or assertion is	Description of Applicable Criteria (Ref: Para. 73(e)) A143. The description of the applicable criteria

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important when there are significant differences among various criteria regarding how particular matters may be treated in the subject matter.	based is particularly important when there are significant differences among various criteria regarding how particular matters may be treated in the subject matter.	advises intended users of the framework on which the underlying subject matter is being evaluated, and is particularly important when there are significant differences between various criteria regarding how particular matters may be evaluated.
.A70 A description of the criteria that states that the subject matter is prepared in accordance with (or based on) particular criteria is appropriate only if the subject matter complies with all relevant requirements of those criteria that are effective.	EX A62 .EX A63. .A70 A description of the criteria that states that the subject matter is prepared in accordance with (or based on) particular criteria is appropriate only if the subject matter complies with all relevant requirements of those criteria that are effective.	A144. A description that the underlying subject matter complies with particular applicable criteria is appropriate only if the underlying subject matter complies with all relevant requirements of those applicable criteria that are effective.
Forming the Opinion (Ref: par. .59–.60) .A71 The practitioner’s professional judgment regarding what constitutes sufficient appropriate evidence is influenced by such factors as the following: <ul style="list-style-type: none"> • The significance of a potential misstatement and the likelihood that it will have a material effect, individually or aggregated with other potential misstatements, on the subject matter or assertion • The effectiveness of the responsible party’s responses to address the known risks • The experience gained during previous examination or review engagements with respect to similar potential misstatements • The results of procedures performed, including whether such procedures identified specific misstatements 	Forming the Opinion (Ref: par. .59–.60) EX A63 .EX A64. .A71 The practitioner’s professional judgment regarding what constitutes sufficient appropriate evidence is influenced by such factors as the following: <ul style="list-style-type: none"> • The significance of a potential misstatement and the likelihood that it will have a material effect, individually or aggregated with other potential misstatements, on the subject matter or assertion • The effectiveness of the responsible party’s responses to address the known risks • The experience gained during previous examination or review engagements with respect to similar potential misstatements • The results of procedures performed, including whether such procedures identified specific 	A154. The practitioner's professional judgment as to what constitutes sufficient appropriate evidence is influenced by such factors as the following: <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 significant deviation • Experience gained during previous assurance engagements with respect to similar potential deviations. • Results of procedures performed, including whether such procedures identified specific deviations. • Source and reliability of the available

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<ul style="list-style-type: none"> • The source and reliability of the available information • The persuasiveness of the evidence • The practitioner’s understanding of the responsible party and its environment 	<p>misstatements</p> <ul style="list-style-type: none"> • The source and reliability of the available information • The persuasiveness of the evidence • The practitioner’s understanding of the responsible party and its environment 	<p>information.</p> <ul style="list-style-type: none"> • Persuasiveness of the evidence. • Understanding of the appropriate party(ies) and its environment.
<p>A⁷² An examination 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 that differs significantly from the information on which the risk assessments and planned procedures were based may come to the practitioner’s attention, for example</p> <ul style="list-style-type: none"> • the extent of the misstatements that the practitioner detects is greater than expected. <p>(This may alter the practitioner’s professional judgment about the reliability of particular sources of information.)</p> <ul style="list-style-type: none"> • the practitioner may become aware of discrepancies in relevant information or conflicting or missing evidence. • procedures performed toward the end of the engagement may indicate a previously unrecognized risk of material misstatement. In such circumstances, the practitioner may need to reevaluate the planned procedures. 	<p>EX A64EX A65. A72⁷² An A direct examination 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 that differs significantly from the information on which the risk assessments and planned procedures were based may come to the practitioner’s attention, for example</p> <ul style="list-style-type: none"> • the extent of the misstatements that the practitioner detects is greater than expected. <p>(This may alter the practitioner’s professional judgment about the reliability of particular sources of information.)</p> <ul style="list-style-type: none"> • the practitioner may become aware of discrepancies in relevant information or conflicting or missing evidence. • procedures performed toward the end of the engagement may indicate a previously unrecognized risk of material misstatement. In such circumstances, the practitioner may need to reevaluate the planned procedures. 	<p><i>Evaluating the Sufficiency and Appropriateness of Evidence</i> (Ref: Para. 69)</p> <p>A153. An assurance 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. For example:</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 particular sources of information. • The practitioner may become aware of discrepancies in relevant information, or inconsistent or missing evidence. • If analytical procedures were performed towards the end of the engagement, the results of those procedures may indicate a previously unrecognized risk of significant deviation. In such circumstances, the practitioner may need

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		to reevaluate the planned procedures
.A73 In making the evaluation required by paragraph .60, the practitioner may consider whether additional disclosures are necessary to describe the subject matter, assertion, or criteria. Additional disclosures may, for example, include <ul style="list-style-type: none"> • the measurement or evaluation methods used when the criteria allow for choice among methods; • significant interpretations made in applying the criteria in the engagement circumstances; • subsequent events, depending on their nature and significance; and • whether there have been any changes in the measurement or evaluation methods used. 	EX A65 .EX A66. .A73 In making the evaluation required by paragraph .60, the practitioner may consider whether additional disclosures are necessary to describe the subject matter assertion , or criteria. Additional disclosures may, for example, include <ul style="list-style-type: none"> • the measurement or evaluation methods used when the criteria allow for choice among methods; • significant interpretations made in applying the criteria in the engagement circumstances; • subsequent events, depending on their nature and significance; and • whether there have been any changes in the measurement or evaluation methods used. 	
.A74 Paragraph .60 does not require the practitioner to determine whether the presentation discloses all matters related to the subject matter, assertion, or criteria or all matters intended users may consider in making decisions based on the presentation.	EX A66 .EX A67. .A74 Paragraph .60 does not require the practitioner to determine whether the presentation discloses all matters related to the subject matter assertion , or criteria or all matters intended users may consider in making decisions based on the presentation.	
Preparing the Practitioner’s Report (Ref: par. .61–.62)	Preparing the Practitioner’s Report (Ref: par. .61–.62)	
.A75 Oral and other forms of expressing an opinion can be misunderstood without the support of a written practitioner’s report. For this reason, the practitioner may not report orally or by use of symbols (such as a web seal) under the attestation standards without also providing a written report that is readily available	EX A67 .EX A68. .A75 Oral and other forms of expressing an opinion can be misunderstood without the support of a written practitioner’s report. For this reason, the practitioner may not report orally or by use of symbols (such as a web seal) under the attestation standards without also providing a written	A158. Oral and other forms of expressing conclusions 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 assurance report that is readily available whenever

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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.	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.	the oral report is provided or the symbol is used. For example, a symbol could be hyperlinked to a written assurance report on the Internet.
A76 This section does not require a standardized format for reporting on all examination engagements. Instead, it identifies the basic elements that the practitioner’s report is to include. The report is tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the report.	EX A68; EX A69. A76 This section does not require a standardized format for reporting on all <u>direct</u> examination engagements. Instead, it identifies the basic elements that the practitioner’s report is to include. The report is tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the report.	A159. This CSAE does not require a standardized format for reporting on all assurance engagements. Instead it identifies the basic elements the assurance report is to include. Assurance 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 assurance report.
A77 All of the following reporting options are available to a practitioner, except when the circumstances described in paragraph .79 exist:	A77 All of the following reporting options are available to a practitioner, except when the circumstances described in paragraph .79 exist:	
<i>The practitioner’s report may state that the practitioner examined</i>		<i>Express an opinion on</i>
the subject matter		the subject matter
the responsible party’s assertion		the responsible party’s assertion
the responsible party’s assertion		the subject matter

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Content of the Practitioner’s Report	Content of the Practitioner’s Report	<i>Assurance Report Content</i>
<p>Title (Ref: par. .63a) .A78 A title indicating that the practitioner’s report is the report of an independent practitioner (for example, “Independent Practitioner’s Report,” “Report of Independent Certified Public Accountant,” or “Independent Accountant’s Report”) affirms that the practitioner has met all the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner’s report from reports issued by others.</p>	<p>Title (Ref: par. .63a) EX A69.EX A70. A78 A title indicating that the practitioner’s report is the report of an independent practitioner (for example, “Independent Practitioner’s Report,” “Report of Independent Certified Public Accountant,” or “Independent Accountant’s Report”) affirms that the practitioner has met all the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner’s report from reports issued by others.</p>	<p>Title (Ref: Para. 73(a)) A161. An appropriate title helps to identify the nature of the assurance 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.</p>
<p>Criteria (Ref: par. .63d) .A79 The practitioner’s report may include the criteria or refer to them if they are included in the subject matter presentation, in the assertion, or are otherwise readily available. It may be relevant in the circumstances to disclose the source of the criteria or the relevant matters discussed in paragraph .A73.</p>	<p>Criteria (Ref: par. .63d) EX A70.EX A71. A79 The practitioner’s report may include the criteria or refer to them if they are included in the subject matter presentation, in the assertion, or are otherwise readily available. It may be relevant in the circumstances to disclose the source of the criteria or the relevant matters discussed in paragraph .A73.</p>	<p>Applicable Criteria (Ref: Para. 73(e)) A164. The assurance report identifies the applicable criteria against which the underlying subject matter was measured or evaluated so the intended users can understand the basis for the practitioner’s conclusion. The assurance report may include the applicable criteria, or refer to them if they are otherwise available from a readily accessible source. It may be relevant in the circumstances, to disclose:</p> <ul style="list-style-type: none"> • The source of the applicable criteria, and whether or not the applicable 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 underlying subject matter (and if they are not, a

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		description of why they are considered suitable). <ul style="list-style-type: none"> • A statement that the responsible party agreed with the suitability of criteria or that the acknowledgement has not been obtained. • Measurement or evaluation methods used when the applicable criteria allow for choice between a number of methods. • Any significant interpretations made in applying the applicable criteria in the engagement circumstances. • Whether there have been any changes in the measurement or evaluation methods used.
<p>Relevant Responsibilities (Ref: par. .63e) .A80 Identifying relative responsibilities informs the intended users that the responsible party is responsible for the subject matter, and the practitioner’s role is to independently express an opinion about it.</p>	<p>Relevant Responsibilities (Ref: par. .63e) EX A71, EX A72. .A80 Identifying relative responsibilities informs the intended users that the responsible party is responsible for the subject matter, and the practitioner’s role is to independently express an opinion about it.</p>	Relative Responsibilities (Ref: Para. 17, 73(g)) A166. Identifying relative responsibilities informs the intended users that the responsible party is responsible for the underlying subject matter, and that the practitioner's role is to independently express a conclusion about the whether the underlying subject matter complies in all significant respects with the applicable criteria. The assurance report may include a statement that the responsible party acknowledged responsibility for the underlying subject matter or that the acknowledgement has not been obtained.
<p>.A81 The practitioner may wish to expand the discussion of the responsible party’s responsibility, for example, to indicate that the responsible party is responsible for the preparation and presentation of the subject matter in accordance with (or based on) the criteria, including the design, implementation, and</p>	<p>.A81 The practitioner may wish to expand the discussion of the responsible party’s responsibility, for example, to indicate that the responsible party is responsible for the preparation and presentation of the subject matter in accordance with (or based on) the criteria, including the design, implementation,</p>	

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maintenance of internal control to prevent, or detect and correct, misstatement of the subject matter, due to fraud or error.	and maintenance of internal control to prevent, or detect and correct, misstatement of the subject matter, due to fraud or error.	
<p>Statement About the Subject Matter and the Criteria (Ref: par. .63f(ii)1)</p> <p>A82 The language in paragraph .63f(ii)(1) may need to be tailored to reflect the nature of the subject matter and criteria for the engagement. Examples of language that meet the requirements in paragraph .63f(ii)(1) include, “to obtain reasonable assurance about whether</p> <ul style="list-style-type: none"> <input type="checkbox"/> the entity maintained effective internal control over the subject matter, based on the criteria, in all material respects.” <input type="checkbox"/> the subject matter is presented in accordance with (or based on) the criteria, in all material respects.” <input type="checkbox"/> the subject matter achieves the objectives, in all material respects.” (For example, when the objectives are the criteria.) <input type="checkbox"/> the subject matter is presented fairly, in all material respects, based on the criteria.” (The practitioner’s professional judgment concerning the fairness of the presentation of the subject matter relates to whether the measurement, recognition, presentation, and disclosure of all material items in the presentation of the subject matter achieve fair presentation.) 	<p>Statement About the Subject Matter and the Criteria (Ref: par. .63f(ii)1)</p> <p>EX A72EX A73. A82 The language in paragraph .63f(ii)(1) may need to be tailored to reflect the nature of the subject matter and criteria for the engagement. Examples of language that meet the requirements in paragraph .63f(ii)(1) include, “to obtain reasonable assurance about whether</p> <ul style="list-style-type: none"> <input type="checkbox"/> the entity maintained effective internal control over the subject matter, based on the criteria, in all material respects.” <input type="checkbox"/> the subject matter is presented in accordance with (or based on) the criteria, in all material respects.” <input type="checkbox"/> the subject matter achieves the objectives, in all material respects.” (For example, when the objectives are the criteria.) <input type="checkbox"/> the subject matter is presented fairly, in all material respects, based on the criteria.” (The practitioner’s professional judgment concerning the fairness of the presentation of the subject matter relates to whether the measurement, recognition, presentation, and disclosure of all material items in the presentation of the subject matter achieve fair presentation.) 	
<p>Description of the Nature of an Examination Engagement (Ref: par. .63g)</p> <p>A83 A description of the nature of an examination</p>	<p>Description of the Nature of an Examination Engagement (Ref: par. .63g)</p>	

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<p>engagement may state, for example, that</p> <ul style="list-style-type: none"> <input type="checkbox"/> an examination involves performing procedures to obtain evidence about the subject matter and that the nature, timing, and extent of the procedures selected depend on the practitioner’s judgment, including an assessment of the risks of material misstatement of the subject matter, whether due to fraud or error. <input type="checkbox"/> an examination also involves examining evidence about the subject matter or assertion. <input type="checkbox"/> in making an assessment of the risks of material misstatement, the practitioner considered and obtained an understanding of internal control relevant to the subject matter in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed. 	<p>EX A73.EX A74. A83 A description of the nature of an <i>direct</i> examination engagement may state, for example, that</p> <ul style="list-style-type: none"> <input type="checkbox"/> <i>direct</i> examination involves performing procedures to obtain evidence about the subject matter and that the nature, timing, and extent of the procedures selected depend on the practitioner’s judgment, including an assessment of the risks of material misstatement of the subject matter, whether due to fraud or error. <input type="checkbox"/> an examination also involves examining evidence about the subject matter or assertion. <input type="checkbox"/> in making an assessment of the risks of material misstatement, the practitioner considered and obtained an understanding of internal control relevant to the subject matter in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed. 	
<p>A84 The practitioner may decide to more fully describe the practitioner’s responsibility, for example, to</p> <ul style="list-style-type: none"> <input type="checkbox"/> perform procedures to obtain evidence based on the practitioner’s assessment of the risk of material misstatement about whether the subject matter is presented in accordance with (or based on) the criteria. <input type="checkbox"/> obtain an understanding of internal control over the 	<p>EX A74.EX A75. A84 The practitioner may decide to more fully describe the practitioner’s responsibility, for example, to</p> <ul style="list-style-type: none"> <input type="checkbox"/> perform procedures to obtain evidence based on the practitioner’s assessment of the risk of material misstatement about whether the subject matter is presented in accordance with (or based on) the criteria. <input checked="" type="checkbox"/> obtain an understanding of internal control over 	

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subject matter.	the subject matter.	
<p>A85 A practitioner may be requested to provide in a separate section of the practitioner’s report a description of the procedures performed and the results thereof in support of the practitioner’s opinion. The following factors are relevant when determining whether to include such a description in the report:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Whether such a description is likely to overshadow the practitioner’s overall opinion or cause report users to misunderstand the opinion <input type="checkbox"/> Whether the parties making the request have an appropriate business need or reasonable basis for requesting the information (for example, the specified parties are required to maintain and monitor controls that either encompass or are dependent on controls that are the subject of an examination and, therefore, need information about the tests of controls to enable them to have a basis for concluding that they have met the requirements applicable to them) <input type="checkbox"/> Whether the parties have an understanding of the nature and subject matter of the engagement and experience in using the information in such reports <input type="checkbox"/> Whether the practitioner’s procedures performed directly relate to the subject matter of the engagement <p>The addition of procedures performed and the results thereof in a separate section of an examination report may increase the potential for the report to be misunderstood when taken out of the context of the knowledge of the requesting parties. This potential for</p>	<p>EX A75EX A76. A85 A practitioner may be requested to provide in a separate section of the practitioner’s report a description of the procedures performed and the results thereof in support of the practitioner’s opinion. The following factors are relevant when determining whether to include such a description in the report:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Whether such a description is likely to overshadow the practitioner’s overall opinion or cause report users to misunderstand the opinion <input type="checkbox"/> Whether the parties making the request have an appropriate business need or reasonable basis for requesting the information (for example, the specified parties are required to maintain and monitor controls that either encompass or are dependent on controls that are the subject of ana direct examination and, therefore, need information about the tests of controls to enable them to have a basis for concluding that they have met the requirements applicable to them) <input type="checkbox"/> Whether the parties have an understanding of the nature and subject matter of the engagement and experience in using the information in such reports <input type="checkbox"/> Whether the practitioner’s procedures performed directly relate to the subject matter of the engagement <p>The addition of procedures performed and the</p>	

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<p>an increase in the risk of misunderstanding may lead the practitioner to add a restricted-use paragraph to the practitioner’s report.</p>	<p>results thereof in a separate section of an <u>direct</u> examination report may increase the potential for the report to be misunderstood when taken out of the context of the knowledge of the requesting parties. This potential for an increase in the risk of misunderstanding may lead the practitioner to add a restricted-use paragraph to the practitioner’s report.</p>	
<p><i>Inherent Limitations (Ref: par. .63h)</i> .A86 In some cases, identification of specific inherent limitations is required by an AT-C section. For example, section 305, <i>Prospective Financial Information</i>, requires that the practitioner’s report include a statement indicating that the prospective results may not be achieved.⁴ To implement that requirement, the illustrative practitioner’s examination report on a forecast in section 305 states, “There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.”⁵ When not explicitly required by an AT-C section, identification in the report of inherent limitations is based on the practitioner’s judgment</p>	<p><i>Inherent Limitations (Ref: par. .63h)</i> EX A77. .A86 <u>In some cases, identification of specific inherent limitations is required by an AT-C section. For example, section 305, <i>Prospective Financial Information</i>, requires that the practitioner’s report include a statement indicating that the prospective results may not be achieved.⁴ To implement that requirement, the illustrative practitioner’s examination report on a forecast in section 305 states, “There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.”⁵ When not explicitly required by an AT-C section, identification in the report of inherent limitations is based on the practitioner’s judgment</u> <u>While in some cases, inherent limitations can be expected to be well-understood by the intended users of an attestation report, in other cases, it may be appropriate to make explicit reference to them in the</u></p>	<p>Inherent Limitations (Ref: Para. 73(f)) A165. While in some cases, inherent limitations can be expected to be well-understood by the intended users of an assurance report, in other cases, it may be appropriate to make explicit reference to them in the assurance report. For example, in an assurance 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>

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	<u>attestation report. For example, in an attestation 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.</u>	
<p>Opinion (Ref: par. .63i) A87 The practitioner’s opinion can be worded either in terms of the subject matter and the criteria (for example, “In our opinion, the schedule of investment returns of XYZ Company for the year ended December 31, 20XX, is in accordance with [or based on] the ABC criteria set, or in terms of an assertion made by the responsible party (for example, “In our opinion, management’s assertion that the accompanying schedule of investment returns of XYZ Company for the year ended December 31, 20XX, is presented in accordance with [or based on] the ABC criteria set forth in Note 1 is fairly stated, in all material respects.”).</p> <p>4 Paragraph .32i of section 305, <i>Prospective Financial Information</i>.</p> <p>5 Example 1 in paragraph .A43 of section 305. forth in Note 1, in all material respects.”)</p> <p>A88 The language of the practitioner’s opinion in</p>	<p>Opinion (Ref: par. .63i) A87 The practitioner’s opinion can be worded either in terms of the subject matter and the criteria (for example, “In our opinion, the schedule of investment returns of XYZ Company for the year ended December 31, 20XX, is in accordance with [or based on] the ABC criteria set, or in terms of an assertion made by the responsible party (for example, “In our opinion, management’s assertion that the accompanying schedule of investment returns of XYZ Company for the year ended December 31, 20XX, is presented in accordance with [or based on] the ABC criteria set forth in Note 1 is fairly stated, in all material respects.”).</p> <p>4 Paragraph .32i of section 305, <i>Prospective Financial Information</i>.</p> <p>5 Example 1 in paragraph .A43 of section 305. forth in Note 1, in all material respects.”)</p> <p>EX A76. EX A78. A88 The language of the</p>	

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<p>paragraph .63i(i) may need to be tailored to reflect the nature of the subject matter and criteria for the engagement. Examples of language that meet the requirements in paragraph .63i(i) include the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The entity maintained effective internal control over the subject matter, in all material respects, based on the criteria. <input type="checkbox"/> The subject matter is presented in accordance with (or based on) the criteria, in all material respects. <input type="checkbox"/> The subject matter achieved the objectives, in all material respects (when the objectives are the criteria). <input type="checkbox"/> The subject matter is free from material misstatement based on the criteria. <input type="checkbox"/> The subject matter is presented fairly, in all material respects, based on the criteria. <p>(The practitioner’s professional judgment concerning the fairness of the presentation of the subject matter relates to whether the measurement, recognition, presentation, and disclosure of all material items in the presentation of the subject matter achieve fair presentation.)</p>	<p>practitioner’s opinion in paragraph .63i(i) may need to be tailored to reflect the nature of the subject matter and criteria for the engagement. Examples of language that meet the requirements in paragraph .63i(i) include the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The entity maintained effective internal control over the subject matter, in all material respects, based on the criteria. <input type="checkbox"/> The subject matter is presented in accordance with (or based on) the criteria, in all material respects. <input type="checkbox"/> The subject matter achieved the objectives, in all material respects (when the objectives are the criteria). <input type="checkbox"/> The subject matter is free from material misstatement based on the criteria. <input type="checkbox"/> The subject matter is presented fairly, in all material respects, based on the criteria. <p>(The practitioner’s professional judgment concerning the fairness of the presentation of the subject matter relates to whether the measurement, recognition, presentation, and disclosure of all material items in the presentation of the subject matter achieve fair presentation.)</p>	
<p>A89 A single practitioner’s report may cover more than one aspect of a subject matter or an assertion about the subject matter. When that is the case, the report may contain separate opinions or conclusions on each aspect of the subject matter or assertion (for example, examination level related to some aspects or assertions and review level related to others, or an</p>	<p>EX A77EX A79. A89 A single practitioner’s report may cover more than one aspect of a subject matter or an assertion about the subject matter. When that is the case, the report may contain separate opinions or conclusions on each aspect of the subject matter or assertion (for example, examination level related</p>	<p>A4. Where the underlying subject matter is made up of a number of aspects, separate conclusions may be provided on each aspect. All such separate conclusions do not need to relate to the same level of assurance. Rather, each conclusion is expressed in the form that is appropriate to either a reasonable assurance engagement or a limited</p>

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unmodified opinion on some aspects or assertions and a modified opinion on others).	to some aspects or assertions and review level related to others, or an unmodified opinion on some aspects or assertions and a modified opinion on others).	assurance engagement. References in this CSAE to the conclusion in the assurance report include each conclusion when separate conclusions are provided.
.A90 A practitioner may report on subject matter or an assertion at multiple dates or covering multiple periods during which criteria have changed (for example, a practitioner’s report on comparative information). Criteria are clearly described when they identify the criteria for each period and how the criteria have changed from one period to the next. If the criteria for the current date or period have changed from the criteria for a preceding date or period, changes in the criteria may be significant to users of the report. If so, the criteria and the fact that they have changed may be disclosed in the presentation of the subject matter, in the written assertion, or in the report, even if the subject matter for the preceding date or period is not presented.	EX A78 .EX A80. A90 A practitioner may report on subject matter or an assertion at multiple dates or covering multiple periods during which criteria have changed (for example, a practitioner’s report on comparative information). Criteria are clearly described when they identify the criteria for each period and how the criteria have changed from one period to the next. If the criteria for the current date or period have changed from the criteria for a preceding date or period, changes in the criteria may be significant to users of the report. If so, the criteria and the fact that they have changed may be disclosed in the presentation of the subject matter, in the written assertion , or in the report, even if the subject matter for the preceding date or period is not presented.	
<i>Location (Ref: par. .63k)</i> .A91 In the United States, the location of the issuing office is the city and state. In another country, it may be the city and country.	<i>Location (Ref: par. .63k)</i> EX A79 .EX A81. A91 In the United States, the location of the issuing office is the city and state. In another country, it may be the city and country.	
<i>Date (Ref: par. .63l)</i> .A92 Including the date of the practitioner’s report informs the intended users that the practitioner has considered the effect of the events that occurred up to that date on the subject matter and the report.	<i>Date (Ref: par. .63l)</i> EX A80 .EX A82. A92 Including the date of the practitioner’s report informs the intended users that the practitioner has considered the effect of the events that occurred up to that date on the	Date (Ref: Para. 73(n)) A182. Including the assurance report date informs the intended users that the practitioner has considered the effect on the assurance report of events that occurred up to that date.

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	subject matter and the report.	
.A93 Because the practitioner expresses an opinion on the subject matter or assertion and the subject matter or assertion is the responsibility of the responsible party, the practitioner is not in a position to conclude that sufficient appropriate evidence has been obtained until evidence is obtained that all the elements that the subject matter or assertion comprises, including any related notes, when applicable, have been prepared, and the responsible party has accepted responsibility for them.	EX A81 .EX A83. .A93 Because the practitioner expresses an opinion on the subject matter or assertion and the subject matter or assertion is the responsibility of the responsible party, the practitioner is not in a position to conclude that sufficient appropriate evidence has been obtained until evidence is obtained that all the elements that the subject matter or assertion comprises, including any related notes, when applicable, have been prepared, and the responsible party has accepted responsibility for them.	
Restricted-Use Paragraph (Ref: par. .10, .50, .64, and .65b–c) .A94 A practitioner’s report for which the conditions in paragraph .64 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.	Restricted-Use Paragraph (Ref: par. .10, .50, .64, and .65b–c) EX A82 .EX A84. .A94 A practitioner’s report for which the conditions in paragraph .64 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.	
.A95 A practitioner’s report that is required by paragraph .64 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.	EX A83 .EX A85. .A95 A practitioner’s report that is required by paragraph .64 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.	
.A96 A practitioner may also issue a single combined practitioner’s report that includes	EX A84 .EX A86. .A96 A practitioner may also issue a single combined practitioner’s report that includes	

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<p>(a) a practitioner’s report that is required by paragraph .64 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 headings, the alert that restricts the use of the report may be limited to the report required by paragraph .64 to include such an alert. In such circumstances, the use of the general use report is not affected.</p>	<p>(a) a practitioner’s report that is required by paragraph .64 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 headings, the alert that restricts the use of the report may be limited to the report required by paragraph .64 to include such an alert. In such circumstances, the use of the general use report is not affected.</p>	
<p>.A97 The written representations required by paragraph .50 include an assertion. If the engaging party is not the responsible party and the responsible party provides an oral assertion rather than a written assertion, paragraph .64c calls for an alert that restricts the use of the practitioner’s report to the engaging party.</p>	<p>.A97 The written representations required by paragraph .50 include an assertion. If the engaging party is not the responsible party and the responsible party provides an oral assertion rather than a written assertion, paragraph .64c calls for an alert that restricts the use of the practitioner’s report to the engaging party.</p>	
<p>.A98 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>	<p>EX A85 EX A87. .A98 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>	<p>A19. In some cases, there may be intended users other than those to whom the assurance report is addressed. The practitioner may not be able to identify all those who will read the assurance report, particularly where a large number of people have access to it. In such cases, particularly where possible users are likely to have a broad range of interests in the underlying subject matter, intended users may be limited to major stakeholders with significant and common</p>

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		interests. <u>Intended users may be identified in different ways, for example, by agreement between the practitioner and the responsible party or engaging party, or by law or regulation.</u>
A 99 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.	EX A86 . EX A88 . A 99 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.	A3. There may be circumstances when the practitioner determines that there is a likelihood that the assurance report will be used for purposes not consistent with the purpose of the engagement and the objective it is meant to achieve. In such circumstances, to avoid misunderstandings, the assurance report may be used to alert readers that the report may not be suitable for another purpose. In some cases, the practitioner might also consider indicating in the assurance report that it is intended solely for specific users. Depending on the engagement circumstances including, for example, the law or regulation of the particular jurisdiction, this may be achieved by restricting the distribution or use of the assurance report. While an assurance report may be restricted in this way, the absence of a restriction regarding a particular user or purpose does not itself indicate that a legal responsibility is owed by the practitioner in relation to that user or for that purpose. Whether a legal responsibility is owed will depend on the legal circumstances of each case and the relevant jurisdiction.
A 100 The alert that restricts the use of the practitioner’s report is designed to avoid misunderstandings related to the use of the report,	EX A87 . EX A89 . A 100 The alert that restricts the use of the practitioner’s report is designed to avoid misunderstandings related to the use of the report,	

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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.	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.	
.A101 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 a restricted-use report in which it is not named as a specified party.	EX A88 EX A90 . A101 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 a restricted-use report in which it is not named as a specified party.	
Reference to the Practitioner's Specialist (Ref: par. .67) .A102 The practitioner has sole responsibility for the opinion expressed, and that responsibility is not reduced by the practitioner's use of the work of a	Reference to the Practitioner's Specialist (Ref: par. .67) EX A89 EX A91 . A102 The practitioner has sole responsibility for the opinion expressed, and that	A184. Nonetheless, the practitioner has sole responsibility for the conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's expert. It is important, therefore, that if the

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practitioner's specialist.	responsibility is not reduced by the practitioner's use of the work of a practitioner's specialist.	assurance report refers to a practitioner's expert, that the wording of that report does not imply that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of that expert.
<p>Modified Opinions (Ref: par. .68, .70, and .74) A103 The three types of modified opinions are a qualified opinion, an adverse opinion, and a disclaimer of opinion. The decision regarding which type of modified opinion is appropriate depends upon the following:</p> <p><i>a.</i> The nature of the matter giving rise to the modification (that is, whether the subject matter of the engagement is in accordance with [or based on] the criteria, in all material respects or, in the case of an inability to obtain sufficient appropriate evidence, may be materially misstated)</p> <p><i>b.</i> The practitioner's professional judgment about the pervasiveness of the effects or possible effects of the matter on the subject matter of the engagement</p>	<p>Modified Opinions (Ref: par. .68, .70, and .74) EX A90EX A92. A103 The three types of modified opinions are a qualified opinion, an adverse opinion, and a disclaimer of opinion. The decision regarding which type of modified opinion is appropriate depends upon the following:</p> <p><i>a.</i> The nature of the matter giving rise to the modification (that is, whether the subject matter of the engagement is in accordance with [or based on] the criteria, in all material respects or, in the case of an inability to obtain sufficient appropriate evidence, may be materially misstated)</p> <p><i>b.</i> The practitioner's professional judgment about the pervasiveness of the effects or possible effects of the matter on the subject matter of the engagement</p>	<p>A188. The nature of the matter, and the practitioner's judgment about the pervasiveness of the effects or possible effects on the underlying subject matter, affects the type of conclusion to be expressed</p>
<p>A104 A practitioner may express an unmodified opinion only when the engagement has been conducted in accordance with the attestation standards. Such standards will not have been complied with if the practitioner has been unable to apply all the procedures that the practitioner considers necessary in the circumstances.</p>	<p>EX A91EX A93. A104 A practitioner may express an unmodified opinion only when the engagement has been conducted in accordance with the attestation standards. Such standards will not have been complied with if the practitioner has been unable to apply all the procedures that the practitioner considers necessary in the circumstances.</p>	

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<p>A105 The term <i>pervasive</i> describes the effects on the subject matter of misstatements or the possible effects on the subject matter of misstatements, 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>a. are not confined to specific aspects of the subject matter;</p> <p>b. if so confined, represent or could represent a substantial proportion of the subject matter; or</p> <p>c. in relation to disclosures, are fundamental to the intended users’ understanding of the subject matter.</p>		<p>EX A92<u>EX A94</u>. A105 The term <i>pervasive</i> describes the effects on the subject matter of misstatements or the possible effects on the subject matter of misstatements, 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>a. are not confined to specific aspects of the subject matter;</p> <p>b. if so confined, represent or could represent a substantial proportion of the subject matter; or</p> <p>c. in relation to disclosures, are fundamental to the intended users’ understanding of the subject matter.</p>		<p>A187. The term "pervasive" describes the effects on the underlying subject matter of deviations or the possible effects on the underlying subject matter of deviations, if any, that are undetected due to an inability to obtain sufficient appropriate evidence. Pervasive effects on the underlying subject matter are those that, in the practitioner's professional judgment:</p> <p>(a) Are not confined to specific aspects of the underlying subject matter; or</p> <p>(b) If so confined, represent or could represent a substantial proportion of the underlying subject matter.</p>	
<p>A106 The following table illustrates how the practitioner’s professional judgment about the nature of the matter giving rise to the modification and the pervasiveness of its effects or possible effects on the subject matter affects the type of practitioner’s report to be issued.</p>		<p>EX A93<u>EX A95</u>. A106 The following table illustrates how the practitioner’s professional judgment about the nature of the matter giving rise to the modification and the pervasiveness of its effects or possible effects on the subject matter affects the type of practitioner’s report to be issued.</p>			
Nature of Matter Giving Rise to the Modification	Practitioner’s Professional Judgment About the Pervasiveness of the Effects or Possible Effects on the Subject Matter		Nature of Matter Giving Rise to the Modification	Practitioner’s Professional Judgment About the Pervasiveness of the Effects or Possible Effects on the Subject Matter	
	<i>Material but</i>	<i>Material</i>		<i>Material but</i>	<i>Material and</i>

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	<i>Not Pervasive</i>	<i>and Pervasive</i>		<i>Not Pervasive</i>	<i>Pervasive</i>	
Scope limitation. An inability to obtain sufficient appropriate evidence.	Qualified opinion	Disclaimer of opinion	Scope limitation. An inability to obtain sufficient appropriate evidence.	Qualified opinion	Disclaimer of opinion	
Subject matter is materially misstated.	Qualified opinion	Adverse opinion	Subject matter is materially misstated.	Qualified opinion	Adverse opinion	
<p>A107 A scope limitation may arise from the following:</p> <p>a. Circumstances beyond the control of the appropriate party(ies). For example, documentation that the practitioner considers necessary to inspect may have been accidentally destroyed.</p> <p>b. Circumstances relating to the nature or timing of the practitioner’s work. For example, a physical process that the practitioner considers necessary to observe may have occurred before the practitioner’s engagement.</p> <p>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 that the practitioner considers necessary in the circumstances. Limitations of this kind may have other implications for the engagement, such as for the practitioner’s consideration of risks of material</p>			<p>EX A94; EX A96. A107 A scope limitation may arise from the following:</p> <p>a. Circumstances beyond the control of the appropriate party(ies). For example, documentation that the practitioner considers necessary to inspect may have been accidentally destroyed.</p> <p>b. Circumstances relating to the nature or timing of the practitioner’s work. For example, a physical process that the practitioner considers necessary to observe may have occurred before the practitioner’s engagement.</p> <p>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 that the practitioner considers necessary in the circumstances. Limitations of this kind may have other implications</p>			<p>Scope Limitations (Ref: Para. 28, 70) A155. A scope limitation may arise from:</p> <p>(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;</p> <p>(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</p> <p>(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</p>

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misstatement and engagement acceptance and continuance.	for the engagement, such as for the practitioner’s consideration of risks of material misstatement and engagement acceptance and continuance.	engagement, such as for the practitioner’s consideration of engagement risk and engagement acceptance and continuance.
A108 The inability to obtain written representations from the responsible party ordinarily would result in a scope limitation. However, when the engaging party is not the responsible party, paragraph .51 enables the practitioner to make inquiries of the responsible party and if the responsible party’s oral responses enable the practitioner to conclude that the practitioner has sufficient appropriate evidence to form an opinion about the subject matter, paragraph .56a indicates this would not cause a scope limitation. Further, paragraph .56a requires that the practitioner’s report in these circumstances contain an alert paragraph that restricts the use of the report to the engaging party.	EX A95 .EX A97. A108 The inability to obtain written representations from the responsible party ordinarily would result in a scope limitation. However, when the engaging party is not the responsible party, paragraph .51 enables the practitioner to make inquiries of the responsible party and if the responsible party’s oral responses enable the practitioner to conclude that the practitioner has sufficient appropriate evidence to form an opinion about the subject matter, paragraph .56a indicates this would not cause a scope limitation. Further, paragraph .56a requires that the practitioner’s report in these circumstances contain an alert paragraph that restricts the use of the report to the engaging party.	
A109 The practitioner’s decision to express a qualified opinion, disclaim an opinion, or withdraw from the engagement because of a scope limitation depends on an assessment of the effect of the omitted procedure(s) on the practitioner’s ability to express an opinion. This assessment will be affected by the nature and magnitude of the potential effects of the matters in question and by their significance to the subject matter or assertion.	EX A96 .EX A98. A109 The practitioner’s decision to express a qualified opinion, disclaim an opinion, or withdraw from the engagement because of a scope limitation depends on an assessment of the effect of the omitted procedure(s) on the practitioner’s ability to express an opinion. This assessment will be affected by the nature and magnitude of the potential effects of the matters in question and by their significance to the subject matter or assertion.	
A110 An inability to perform a specific procedure	EX A97 .EX A99. A110 An inability to perform a	A156. An inability to perform a specific

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does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate evidence by performing alternative procedures.	specific procedure does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate evidence by performing alternative procedures.	procedure does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate evidence by performing alternative procedures.
<p>Responsible Party Refuses to Provide a Written Assertion (Ref: par. .84)</p> <p>.A111 The following is an example of the disclosure required by paragraph .84:</p> <p>Attestation standards established by the American Institute of Certified Public Accountants require that we request a written statement from [<i>identify the responsible party</i>] stating that [<i>identify the subject matter</i>] that we examined has been accurately measured or evaluated. We requested that [<i>identify the responsible party</i>] provide such a written statement but [<i>identify the responsible party</i>] refused to do so.</p>	<p>Responsible Party Refuses to Provide a Written Assertion (Ref: par. .84)</p> <p>.A111 The following is an example of the disclosure required by paragraph .84:</p> <p>Attestation standards established by the American Institute of Certified Public Accountants require that we request a written statement from [<i>identify the responsible party</i>] stating that [<i>identify the subject matter</i>] that we examined has been accurately measured or evaluated. We requested that [<i>identify the responsible party</i>] provide such a written statement but [<i>identify the responsible party</i>] refused to do so.</p>	
.A112 The practitioner’s report discussed in paragraph .84 is appropriate only when the engagement is to report on the subject matter; it is not appropriate for a report on an assertion. When reporting on an assertion, the practitioner is required to obtain a written assertion from the responsible party.	.A112 The practitioner’s report discussed in paragraph .84 is appropriate only when the engagement is to report on the subject matter; it is not appropriate for a report on an assertion. When reporting on an assertion, the practitioner is required to obtain a written assertion from the responsible party.	
.A113 If the responsible party’s failure to provide the practitioner with written representations causes the practitioner to conclude that a scope limitation exists and, thus, qualify or disclaim an opinion, the practitioner need not restrict the use of the	EX A98-EX A100. .A113 If the responsible party’s failure to provide the practitioner with written representations causes the practitioner to conclude that a scope limitation exists and, thus, qualify or	

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practitioner’s report but is required by paragraph .69 to describe the matter that gave rise to the modified opinion. Paragraph .A94 notes, however, that the practitioner is not precluded from restricting the use of any report.	disclaim an opinion, the practitioner need not restrict the use of the practitioner’s report but is required by paragraph .69 to describe the matter that gave rise to the modified opinion. Paragraph .A94 notes, however, that the practitioner is not precluded from restricting the use of any report.	
Communication Responsibilities (Ref: par. .85–.86)	Communication Responsibilities (Ref: par. .85–.86)	
A 114 Other matters that may be appropriate to communicate to the responsible party or, if different, the engaging party, include bias in the measurement, evaluation, or disclosure of the subject matter. (Ref: par. .85)	EX A99 EX A101 . A114 Other matters that may be appropriate to communicate to the responsible party or, if different, the engaging party, include bias in the measurement, evaluation, or disclosure of the subject matter. (Ref: par. .85)	Other Communication Responsibilities (Ref: Para. 81) A190. Matters that may be appropriate to communicate with the responsible party, the engaging party or others include fraud or suspected fraud
A 115 The practitioner’s professional duty to maintain the confidentiality of client information may preclude the practitioner from reporting identified or suspected noncompliance with laws or regulations that is not relevant to the subject matter to a party other than the responsible party and, if different, the engaging party. However, the practitioner’s legal responsibilities may vary by jurisdiction, and in certain circumstances, the duty of confidentiality may be overridden by statute, the law, or courts of law. In the following circumstances, a duty to notify parties outside the entity may exist: <input type="checkbox"/> In response to a court order <input type="checkbox"/> In compliance with requirements for examinations of entities that receive financial assistance from a government agency	EX A100 EX A102 . A115 The practitioner’s professional duty to maintain the confidentiality of client information may preclude the practitioner from reporting identified or suspected noncompliance with laws or regulations that is not relevant to the subject matter to a party other than the responsible party and, if different, the engaging party. However, the practitioner’s legal responsibilities may vary by jurisdiction, and in certain circumstances, the duty of confidentiality may be overridden by statute, the law, or courts of law. In the following circumstances, a duty to notify parties outside the entity may exist: <input type="checkbox"/> In response to a court order <input type="checkbox"/> In compliance with requirements for examinations	A142. Further actions that may be appropriate if the practitioner identifies a significant inconsistency or becomes aware of a significant misstatement of fact include, for example: <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). • Withholding the assurance report. • Withdrawing from the engagement, where withdrawal is possible under applicable law or regulation. • Describing the significant inconsistency in the

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Because potential conflicts with the practitioner’s ethical and legal obligations for confidentiality may be complex, the practitioner may consult with legal counsel before discussing noncompliance with parties outside the entity. (Ref: par. .86)	of entities that receive financial assistance from a government agency Because potential conflicts with the practitioner’s ethical and legal obligations for confidentiality may be complex, the practitioner may consult with legal counsel before discussing noncompliance with parties outside the entity. (Ref: par. .86)	assurance report
A116 If the practitioner is performing an examination engagement in accordance with <i>Government Auditing Standards</i> , the practitioner may be required to report on compliance with laws, regulations, and provisions of contracts or grant agreements as part of the examination. The practitioner also may be required to communicate instances of noncompliance to appropriate oversight bodies and funding agencies. (Ref: par. .86)	EX A101 EX A103 . A116 If the practitioner is performing an <u>direct</u> examination engagement in accordance with <i>Government Auditing Standards</i> , the practitioner may be required to report on compliance with laws, regulations, and provisions of contracts or grant agreements as part of the <u>direct</u> examination. The practitioner also may be required to communicate instances of noncompliance to appropriate oversight bodies and funding agencies. (Ref: par. .86)	
Documentation (Ref: par. .87)	Documentation (Ref: par. .87)	
A117 Documentation includes a record of the practitioner’s reasoning on all significant findings or issues that require the exercise of professional judgment and related conclusions. The existence of difficult questions of principle or professional judgment calls for the documentation to include the relevant facts that were known by the practitioner at the time the conclusion was reached.	EX A102 EX A104 . A117 Documentation includes a record of the practitioner’s reasoning on all significant findings or issues that require the exercise of professional judgment and related conclusions. The existence of difficult questions of principle or professional judgment calls for the documentation to include the relevant facts that were known by the practitioner at the time the conclusion was reached.	A191. 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.
A118 It is neither necessary nor practical to document	EX A103 EX A105 . A118 It is neither necessary	A192. It is neither necessary nor practical to

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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 in 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.	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 in 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.	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.
.A119 In applying professional judgment to assess the extent of documentation to be prepared and retained, the practitioner may consider what is necessary to provide an experienced practitioner, having no previous connection with the engagement, with an understanding of the work performed and the basis of the principal decisions made.	EX A104 . EX A106 . A119 In applying professional judgment to assess the extent of documentation to be prepared and retained, the practitioner may consider what is necessary to provide an experienced practitioner, having no previous connection with the engagement, with an understanding of the work performed and the basis of the principal decisions made.	A193. 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 of the principal decisions taken (but not the 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
.A120 Documentation ordinarily includes a record of <input type="checkbox"/> issues identified with respect to compliance with relevant ethical requirements and how they were resolved.	EX A105 . EX A107 . A120 Documentation ordinarily includes a record of <input type="checkbox"/> issues identified with respect to compliance with relevant ethical requirements and how they were	A195. Documentation may include a record of, for example: • Issues identified with respect to compliance with relevant ethical requirements and how they were

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<ul style="list-style-type: none"> <input type="checkbox"/> conclusions on compliance with independence requirements that apply to the engagement and any relevant discussions with the firm that support these conclusions. <input type="checkbox"/> conclusions reached regarding the acceptance and continuance of client relationships and attestation engagements. <input type="checkbox"/> the nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagement. 	<p>resolved.</p> <ul style="list-style-type: none"> <input type="checkbox"/> conclusions on compliance with independence requirements that apply to the engagement and any relevant discussions with the firm that support these conclusions. <input type="checkbox"/> conclusions reached regarding the acceptance and continuance of client relationships and attestation engagements. <input type="checkbox"/> the nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagement. 	<p>resolved.</p> <ul style="list-style-type: none"> • 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.

Direct Review Engagements

AT-C Section 210, <i>Review Engagements</i>	Proposed AT-C Section, <i>Direct Review Engagements</i>	CSAE 3001, <i>Direct Engagements</i>
	Marked from AT-C section 210	
Conduct of a Review Engagement	Conduct of a <u>Direct</u> Review Engagement	
.A1 For example, if a practitioner was reviewing pro forma financial information, section 105, this section, and section 310, <i>Reporting on Pro Forma Financial Information</i> , would be relevant.	R.A1. .A1 For example, if a practitioner was <u>reviewing pro forma financial information performing a direct review engagement</u> , section 105, CC and this section, and section 310, Reporting on Pro Forma Financial Information , would be relevant.	
.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 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.	R.A2. .A2-Direct r 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 <u>direct</u> 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 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 <u>direct</u> review engagement may not be appropriate.	A5. Because the level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement, the procedures the practitioner performs in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The primary differences between the procedures for a reasonable assurance engagement and a limited assurance engagement include: (a) The emphasis placed on the nature of various procedures as a source of evidence will likely differ, depending on the engagement circumstances. <u>For example, the practitioner may judge it to be appropriate in the circumstances of a particular limited assurance engagement to place relatively greater emphasis on inquiries of the entity's personnel and analytical procedures, and relatively less emphasis, if any, on testing of controls and obtaining evidence from external sources than may be the case for a reasonable</u>

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		<u>assurance engagement.</u>
Agreeing on the Terms of the Engagement (Ref: par. .08 and.09b)	Agreeing on the Terms of the Engagement (Ref: par. .08 and.09b)	
.A3 It is in the interests of both the engaging party and the practitioner to document the agreed-upon terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the engagement letter or other suitable form of written agreement will vary with the engagement circumstances.	R.A3. A3 It is in the interests of both the engaging party and the practitioner to document the agreed-upon terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the engagement letter or other suitable form of written agreement will vary with the engagement circumstances.	
.A4 A practitioner may further describe the responsibilities of the practitioner by adding the following items to the engagement letter or other suitable form of written agreement: a. A statement that a review is designed to obtain limited assurance about whether any material modifications should be made to the subject matter in order for it to be in accordance with (or based on) the criteria b. A statement that the objective of a review is the expression of a conclusion in a written practitioner’s report about whether the practitioner is aware of any material modifications that should be made to i. the subject matter in order for it be in accordance with (or based on) the criteria or ii. the responsible party’s assertion in order for it to be fairly stated	R.A4. A4 A practitioner may further describe the responsibilities of the practitioner by adding the following items to the engagement letter or other suitable form of written agreement: a. A statement that a <u>direct</u> review is designed to obtain limited assurance about whether any material modifications should be made to the subject matter in order for it to be in accordance with (or based on) the criteria b. A statement that the objective of a review is the expression of a conclusion in a written practitioner’s report about whether the practitioner is aware of any material modifications that should be made to i. the subject matter in order for it be in accordance with (or based on) the criteria or ii. the responsible party’s assertion in order for it to be fairly stated	
Requesting a Written Assertion (Ref: par. .11)	Requesting a Written Assertion (Ref: par. .11)	
.A5 The language of the responsible party’s written assertion in paragraph .11 may need to be tailored to reflect the nature of the subject matter and criteria	.A5 The language of the responsible party’s written assertion in paragraph .11 may need to be tailored to reflect the nature of the subject matter and criteria for	

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	Marked from AT-C section 210	
for the engagement. Examples of language that meet the requirements in paragraph .11 include the following: <input type="checkbox"/> The subject matter is presented in accordance with (or based on) the criteria. <input type="checkbox"/> The subject matter achieved the objectives, for example, when the objectives are the criteria.	the engagement. Examples of language that meet the requirements in paragraph .11 include the following: <input type="checkbox"/> The subject matter is presented in accordance with (or based on) the criteria. <input type="checkbox"/> The subject matter achieved the objectives, for example, when the objectives are the criteria.	
.A6 Situations may arise in which the current responsible party was not present during some or all of the period covered by the practitioner’s report. Such persons may contend that they are not in a position to provide a written assertion that covers the entire period because they were not in place during some or all of the period. This fact, however, does not diminish such persons’ responsibilities for the subject matter as a whole. Accordingly, the requirement for the practitioner to request a written assertion from the responsible party that covers the entire relevant period(s) still applies.	.A6 Situations may arise in which the current responsible party was not present during some or all of the period covered by the practitioner’s report. Such persons may contend that they are not in a position to provide a written assertion that covers the entire period because they were not in place during some or all of the period. This fact, however, does not diminish such persons’ responsibilities for the subject matter as a whole. Accordingly, the requirement for the practitioner to request a written assertion from the responsible party that covers the entire relevant period(s) still applies	
.A7 Paragraph .33a requires the practitioner to request a written representation from the responsible party that is the same as the responsible party’s assertion. If the responsible party provides the practitioner with the written representation in paragraph .33a, the practitioner need not request a separate written assertion, unless a separate written assertion is called for by the engagement circumstances. (Ref: par. .11)	.A7 Paragraph .33a requires the practitioner to request a written representation from the responsible party that is the same as the responsible party’s assertion. If the responsible party provides the practitioner with the written representation in paragraph .33a, the practitioner need not request a separate written assertion, unless a separate written assertion is called for by the engagement circumstances. (Ref: par. .11)	
.A8 A practitioner may also be engaged to assist the responsible party in measuring or evaluating the subject matter against the criteria in connection with the responsible party providing a written assertion.	.A8 A practitioner may also be engaged to assist the responsible party in measuring or evaluating the subject matter against the criteria in connection with the responsible party providing a written assertion.	14a(ii)(b). Direct engagement – An assurance engagement in which the practitioner measures or evaluates the underlying subject matter against the applicable criteria. In a direct engagement,

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AT-C Section 210, <i>Review Engagements</i>	Proposed AT-C Section, <i>Direct Review Engagements</i>	CSAE 3001, <i>Direct Engagements</i>
<p>Regardless of the procedures performed by the practitioner, the responsible party is required to accept responsibility for its assertion and the subject matter and may not base its assertion solely on the practitioner's procedures.²</p> <p>² The "Nonattest Services" interpretation (ET sec.1.295) of the AICPA Code of Professional Conduct addresses the practitioner's provision of nonattest services for an attest client.</p>	<p style="text-align: center;">Marked from AT-C section 210</p> <p>Regardless of the procedures performed by the practitioner, the responsible party is required to accept responsibility for its assertion and the subject matter and may not base its assertion solely on the practitioner's procedures.²</p> <p>² The "Nonattest Services" interpretation (ET sec.1.295) of the AICPA Code of Professional Conduct addresses the practitioner's provision of nonattest services for an attest client.</p>	<p>the practitioner's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria.</p>
<p>Planning and Performing the Engagement (Ref: par. .12-.13)</p>	<p>Planning and Performing the Engagement (Ref: par. .12-.13)</p>	<p>Planning and Performing the Engagement <i>Planning</i> (Ref: Para. 44, 48)</p>
<p>A⁹ Planning involves the engagement partner and other key members of the engagement team and may involve the practitioner's specialists. Adequate planning helps the practitioner 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 in properly assigning work to engagement team members, and facilitates the direction, supervision, and the review of their work. Further, it assists, when applicable, the coordination of work performed by other practitioners and practitioner's specialists. The nature and extent of planning activities will vary with the engagement circumstances, for example, the complexity of the assessment or evaluation of the subject matter and the practitioner's previous experience with it.</p>	<p>R.A5. A⁹ Planning involves the engagement partner and other key members of the engagement team and may involve the practitioner's specialists. Adequate planning helps the practitioner 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 in properly assigning work to engagement team members, and facilitates the direction, supervision, and the review of their work. Further, it assists, when applicable, the coordination of work performed by other practitioners and practitioner's specialists. The nature and extent of planning activities will vary with the engagement circumstances, for example, the complexity of the assessment or evaluation of the subject matter and the practitioner's previous experience with it.</p>	<p>A85. Planning involves the engagement partner, other key members of the engagement team, and any key practitioner's external experts 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.</p> <p>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</p>

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<p>Examples of relevant matters that may be considered include the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The characteristics of the engagement that define its scope, including the terms of the engagement, the characteristics of the underlying subject matter, and the criteria <input type="checkbox"/> The expected timing and nature of the communications required <input type="checkbox"/> 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 appropriate party(ies) is relevant <input type="checkbox"/> The engagement process, including possible sources of review evidence, and choices among alternative measurement or evaluation methods <input type="checkbox"/> The practitioner’s understanding of the appropriate party(ies) and its (their) environment, including the risks that the subject matter may be materially misstated <input type="checkbox"/> Identification of intended users and their information needs and consideration of materiality and the components of attestation risk <input type="checkbox"/> The risk of fraud relevant to the engagement <input type="checkbox"/> The effect on the engagement of using the internal audit function 	<p>Examples of relevant matters that may be considered include the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The characteristics of the engagement that define its scope, including the terms of the engagement, the characteristics of the underlying subject matter, and the criteria <input type="checkbox"/> The expected timing and nature of the communications required <input type="checkbox"/> 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 appropriate party(ies) is relevant <input type="checkbox"/> The engagement process, including possible sources of review evidence, and choices among alternative measurement or evaluation methods <input type="checkbox"/> The practitioner’s understanding of the appropriate party(ies) and its (their) environment, including the risks that the subject matter may be materially misstated <input type="checkbox"/> Identification of intended users and their information needs and consideration of materiality and the components of attestation risk <input type="checkbox"/> The risk of fraud relevant to the engagement <input type="checkbox"/> The effect on the engagement of using the internal audit function 	<p>work. Further, it assists, where applicable, the coordination of work done by other practitioners and experts. The nature and extent of planning activities will vary with the engagement circumstances, for example the complexity of the underlying subject matter and criteria. Examples of the main matters that may be considered include:</p> <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 underlying 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 significant 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

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		the nature and extent of experts' involvement. • The impact of the internal audit function on the engagement.
.A10 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 responsible party's personnel). Although these discussions often occur, the elements of planning remain the practitioner's responsibility. When discussing planning matters, care is needed to avoid compromising the effectiveness of the engagement. For example, discussing the nature and timing of detailed procedures with the responsible party may compromise the effectiveness of the engagement by making the procedures too predictable.	R.A6. .A10 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 responsible party's personnel). Although these discussions often occur, the elements of planning remain the practitioner's responsibility. When discussing planning matters, care is needed to avoid compromising the effectiveness of the engagement. For example, discussing the nature and timing of detailed procedures with the responsible party may compromise the effectiveness of the engagement by making the procedures too predictable.	
.A11 Planning is not a discrete phase but, rather, a cumulative and iterative process throughout the engagement. As a result of unexpected events, changes in conditions, or review evidence obtained, the practitioner may need to revise the nature, timing, and extent of planned procedures.	R.A7. .A11 Planning is not a discrete phase but, rather, a cumulative and iterative process throughout the engagement. As a result of unexpected events, changes in conditions, or review evidence obtained, the practitioner may need to revise the nature, timing, and extent of planned procedures.	
.A12 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 among, team members is easier. In such cases, planning the engagement need not be a	R.A8. .A12 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 among, team members is easier. In such cases, planning the engagement need not be a	

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complex or time consuming exercise; it varies according to the size of the entity, the complexity of the engagement, and the size of the engagement team.	complex or time consuming exercise; it varies according to the size of the entity, the complexity of the engagement, and the size of the engagement team.	
<p>.A13 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"> <input type="checkbox"/> considering the characteristics of the subject matter; <input type="checkbox"/> assessing the suitability of the criteria; <input type="checkbox"/> considering the factors that, in the practitioner’s professional judgment, are significant in directing the engagement team’s efforts, including situations in which special consideration may be necessary (for example, when there is a need for specialized skills or the work of a specialist); <input type="checkbox"/> establishing and evaluating the continued appropriateness of quantitative materiality levels (when appropriate) and considering qualitative materiality factors; <input type="checkbox"/> developing expectations when performing analytical procedures; <input type="checkbox"/> designing and performing procedures; and <input type="checkbox"/> evaluating review evidence, including the reasonableness of the written representations received by the practitioner. In some review engagements, the practitioner may obtain an understanding of internal control over the measurement, evaluation, or disclosure of the subject matter. 	<p>R.A9. A13 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"> <input type="checkbox"/> considering the characteristics of the subject matter; <input type="checkbox"/> assessing the suitability of the criteria; <input type="checkbox"/> considering the factors that, in the practitioner’s professional judgment, are significant in directing the engagement team’s efforts, including situations in which special consideration may be necessary (for example, when there is a need for specialized skills or the work of a specialist); <input type="checkbox"/> establishing and evaluating the continued appropriateness of quantitative materiality levels (when appropriate) and considering qualitative materiality factors; <input type="checkbox"/> developing expectations when performing analytical procedures; <input type="checkbox"/> designing and performing procedures; and <input checked="" type="checkbox"/> evaluating review evidence, including the reasonableness of the written representations received by the practitioner. In some review engagements, the practitioner may obtain an understanding of internal control over the measurement, evaluation, or disclosure of the subject matter. 	

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Materiality in Planning and Performing the Engagement (Ref: par. .14)	Materiality in Planning and Performing the Engagement (Ref: par. .14)	
.A14 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.	R.A10. A14 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.	
.A15 Professional judgments about materiality are made in light of surrounding circumstances, but they are not affected by the level of assurance, that is, for the same intended users, materiality for a review engagement is the same as it is for an examination engagement because materiality is based on the information needs of intended users and not the level of assurance.	R.A11. A15 Professional judgments about materiality are made in light of surrounding circumstances, but they are not affected by the level of assurance, that is, for the same intended users, materiality for a review engagement is the same as it is for an examination engagement because materiality is based on the information needs of intended users and not the level of assurance.	
.A16 In general, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of intended users that are made based on the subject matter. 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 a. have a reasonable knowledge of the subject matter and a willingness to study the subject matter with reasonable diligence. b. understand that the subject matter is measured or	R.A12. A16 In general, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of intended users that are made based on the subject matter. 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 a. have a reasonable knowledge of the subject matter and a willingness to study the subject matter with reasonable diligence. b. understand that the subject matter is measured or	

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<p>evaluated and reviewed to appropriate levels of materiality and have an understanding of any materiality concepts included in the criteria.</p> <p>c. understand any inherent uncertainties involved in measuring or evaluating the subject matter.</p> <p>d. make reasonable decisions on the basis of the subject matter taken as a whole.</p> <p>Unless the engagement has been designed to meet the particular information needs of specific users, the possible effect of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered.</p>	<p>evaluated and reviewed to appropriate levels of materiality and have an understanding of any materiality concepts included in the criteria.</p> <p>c. understand any inherent uncertainties involved in measuring or evaluating the subject matter.</p> <p>d. make reasonable decisions on the basis of the subject matter taken as a whole.</p> <p>Unless the engagement has been designed to meet the particular information needs of specific users, the possible effect of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered.</p>	
<p>A17 Qualitative factors may include the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The interaction between, and relative importance of, various aspects of the subject matter, such as numerous performance indicators <input type="checkbox"/> The wording chosen with respect to subject matter that is expressed in narrative form, for example, the wording chosen does not omit or distort the information <input type="checkbox"/> The characteristics of the presentation adopted for the subject matter when the criteria allow for variations in that presentation <input type="checkbox"/> The nature of a misstatement <input type="checkbox"/> Whether a misstatement affects compliance with laws or regulations <input type="checkbox"/> In the case of periodic reporting on a subject matter, the effect of an adjustment that affects past or current information about the subject matter or is likely to affect future information about the subject matter <input type="checkbox"/> Whether a misstatement is the result of an 	<p>R.A13. A17 Qualitative factors may include the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> The interaction between, and relative importance of, various aspects of the subject matter, such as numerous performance indicators <input type="checkbox"/> The wording chosen with respect to subject matter that is expressed in narrative form, for example, the wording chosen does not omit or distort the information <input type="checkbox"/> The characteristics of the presentation adopted for the subject matter when the criteria allow for variations in that presentation <input type="checkbox"/> The nature of a misstatement <input type="checkbox"/> Whether a misstatement affects compliance with laws or regulations <input type="checkbox"/> In the case of periodic reporting on a subject matter, the effect of an adjustment that affects past or current information about the subject matter or is likely to affect future information about the subject matter <input type="checkbox"/> Whether a misstatement is the result of an 	<p>A94. Qualitative factors may include such things as:</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 underlying 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 underlying 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

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<p>intentional act or is unintentional</p> <ul style="list-style-type: none"> <input type="checkbox"/> Whether a misstatement is significant with 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 <input type="checkbox"/> Whether a misstatement relates to the relationship between the responsible party and, if different, the engaging party or its relationship with other parties 	<p>intentional act or is unintentional</p> <ul style="list-style-type: none"> <input type="checkbox"/> Whether a misstatement is significant with 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 <input type="checkbox"/> Whether a misstatement relates to the relationship between the responsible party and, if different, the engaging party or its relationship with other parties 	<p>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 underlying subject matter.</p> <ul style="list-style-type: none"> • 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 underlying subject matter is a governmental program or public 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. • When the engagement is intended to provide a conclusion on compliance with law or regulation, the seriousness of the consequences of non-compliance.
<p>A18 Quantitative factors relate to the magnitude of misstatements relative to reported amounts for those aspects of the subject matter, if any, that are</p> <ul style="list-style-type: none"> <input type="checkbox"/> expressed numerically or <input type="checkbox"/> otherwise related to numerical values. 	<p>R.A14. A18 Quantitative factors relate to the magnitude of misstatements relative to reported amounts for those aspects of the subject matter, if any, that are</p> <ul style="list-style-type: none"> <input type="checkbox"/> expressed numerically or <input type="checkbox"/> otherwise related to numerical values. 	<p>A95. Quantitative 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>A19 The criteria may discuss the concept of materiality in the context of the preparation and presentation of the subject matter and thereby provide a frame of reference for the practitioner in considering materiality for the engagement.</p>	<p>R.A15. A19 The criteria may discuss the concept of materiality in the context of the preparation and presentation of the subject matter and thereby provide a frame of reference for the practitioner in considering</p>	

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Although criteria may discuss materiality in different terms, the concept of materiality generally includes the matters discussed in paragraphs .A14–.A18. If the criteria do not include a discussion of the concept of materiality, these paragraphs provide the practitioner with a frame of reference.	materiality for the engagement. Although criteria may discuss materiality in different terms, the concept of materiality generally includes the matters discussed in paragraphs .A14–.A18. If the criteria do not include a discussion of the concept of materiality, these paragraphs provide the practitioner with a frame of reference.	
Procedures to Be Performed (Ref: par. .16–.18)	Procedures to Be Performed (Ref: par. .16–.18)	
.A20 Review evidence obtained through the performance of analytical procedures and inquiry will ordinarily provide the practitioner with a reasonable basis for obtaining limited assurance. However, the practitioner may determine it is appropriate to perform additional procedures if the practitioner determines such procedures to be necessary in order to meet the objectives of this section.	R.A16. .A20 Review <u>Direct review</u> evidence obtained through the performance of analytical procedures and inquiry will ordinarily provide the practitioner with a reasonable basis for obtaining limited assurance. However, the practitioner may determine it is appropriate to perform additional procedures if the practitioner determines such procedures to be necessary in order to meet the objectives of this section.	
.A21 The degree to which procedures beyond analytical procedures and inquiry may be performed may be influenced by factors specific to the engagement. The practitioner may substitute other procedures that provide equivalent levels of review evidence.	R.A17. .A21 The degree to which procedures beyond analytical procedures and inquiry may be performed may be influenced by factors specific to the engagement. The practitioner may substitute other procedures that provide equivalent levels of <u>direct</u> review evidence.	
.A22 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 review evidence obtained may cause the practitioner to perform additional procedures. Such procedures may include asking the responsible party to examine the matter identified by the	R.A18. .A22 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 review evidence obtained may cause the practitioner to perform additional procedures. Such procedures may include asking the responsible party to examine the matter identified by the practitioner and to	A113. An assurance 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.

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practitioner and to make adjustments to the subject matter, if appropriate.	make adjustments to the subject matter, if appropriate.	
A23 In some cases, a subject-matter AT-C section may include requirements that affect the nature, timing, and extent of procedures. For example, a subject-matter AT-C section may describe the nature or extent of particular procedures to be performed in a particular type of engagement. Even in such cases, determining the exact nature, timing, and extent of procedures is a matter of professional judgment and will vary from one engagement to the next.	A23 In some cases, a subject-matter AT-C section may include requirements that affect the nature, timing, and extent of procedures. For example, a subject-matter AT-C section may describe the nature or extent of particular procedures to be performed in a particular type of engagement. Even in such cases, determining the exact nature, timing, and extent of procedures is a matter of professional judgment and will vary from one engagement to the next.	A111. In some cases, a subject-matter-specific CSAE may include requirements that affect the nature, timing and extent of procedures. For example, a subject-matter-specific CSAE may describe the nature or extent of particular procedures to be performed or the level of assurance expected to be obtained in a particular type of engagement. Even in such cases, determining the exact nature, timing and extent of procedures is a matter of professional judgment and will vary from one engagement to the next.
A24 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 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.	R.A19. A24 Review <u>Direct review</u> 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 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 <u>direct</u> review evidence, a <u>direct</u> review engagement may not be appropriate.	
A25 The results of the practitioner’s analytical procedures and inquiries may modify the practitioner’s risk awareness.	R.A20. A25 The results of the practitioner’s analytical procedures and inquiries may modify the practitioner’s risk awareness.	

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<p>A26 The practitioner may become aware of a matter(s) that causes the practitioner to believe that the subject matter may be materially misstated when, for example, performing analytical procedures if the practitioner identifies a fluctuation or relationship that is inconsistent with other relevant information or that differs significantly from expected amounts or ratios. In such cases, the practitioner's investigation of such differences may include inquiring of the responsible party or performing other procedures as appropriate in the circumstances.</p>	<p>R.A21. A26 The practitioner may become aware of a matter(s) that causes the practitioner to believe that the subject matter may be materially misstated when, for example, <u>when the practitioner</u></p> <ul style="list-style-type: none"> • <u>is performing analytical procedures if the practitioner and identifies a fluctuation or relationship that is inconsistent with other relevant information or that differs significantly from expected amounts or ratios. In such cases, the practitioner's investigation</u> • <u>becomes aware of such differences may include inquiring a potential material misstatement from reviewing external sources.</u> • <u>discovers a 5% error rate in the results of tests for which the responsible party or performing other applicable criteria permit a 4% error rate and, determines that additional procedures as appropriate in the may be needed because the risk of a material misstatement may not be acceptable in the engagement circumstances.</u> • <u>determines that the results of analytical procedures are within expectations but are, nevertheless, close to exceeding the expected value, and that additional procedures may be needed because the risk of a material misstatement may not be acceptable in the engagement circumstances.</u> 	<p>A115. The practitioner may become aware of a matter(s) that causes the practitioner to believe that a significant deviation exists. The following examples illustrate when additional procedures may be needed as the identified deviations indicate the existence of significant deviations in the underlying 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 significant deviation from reviewing external sources. • If the applicable criteria permit a 10% error rate and, based on a particular test, the practitioner discovered a 9% error rate, then additional procedures may be needed because the risk of a significant deviation may not be acceptable in the engagement circumstances. • 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 significant deviation may not be acceptable in the engagement circumstances

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	<u>R.A22. A116. If, in the case of a review engagement, a matter(s) comes to the practitioner's attention that causes the practitioner to believe that a material misstatement exists, the practitioner is required by paragraph R22 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.</u>	<i>Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement</i> (Ref: Para. 54L) A116. If, in the case of a limited assurance engagement, a matter(s) comes to the practitioner's attention that causes the practitioner to believe that a significant deviation exists, the practitioner is required by paragraph 54L 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
Analytical Procedures (Ref: par. .19–.20)	Analytical Procedures (Ref: par. .19–.20)	
.A27 An understanding of the purposes of analytical procedures and the limitations of those procedures is important. Accordingly, the identification of the relationships and types of data used, as well as conclusions reached when recorded amounts are compared to expectations, requires professional judgment by the practitioner.	R.A21-R.A23. .A27 An understanding of the purposes of analytical procedures and the limitations of those procedures is important. Accordingly, the identification of the relationships and types of data used, as well as conclusions reached when recorded amounts are compared to expectations, requires professional judgment by the practitioner.	
.A28 Analytical procedures involve comparisons of expectations developed by the practitioner to recorded amounts or ratios developed from recorded amounts. The practitioner develops such expectations by identifying and using plausible relationships that are reasonably expected to exist based on the practitioner's understanding of the subject matter; the practices used by the responsible party to measure, recognize, and record the subject matter; and, if applicable, the industry in which the	R.A22-R.A24. .A28 Analytical procedures involve comparisons of expectations developed by the practitioner to recorded amounts or ratios developed from recorded amounts. The practitioner develops such expectations by identifying and using plausible relationships that are reasonably expected to exist based on the practitioner's understanding of the subject matter; the practices used by the responsible party to measure, recognize, and record the subject matter; and, if applicable, the industry in which the entity operates.	

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entity operates.		
.A29 Analytical procedures in a review engagement are not designed to identify misstatements with the level of precision expected in an examination engagement. Further, when significant fluctuations, relationships, or differences are identified, appropriate review evidence in a review engagement may often be obtained by making inquiries of the responsible party and considering responses received in the light of known engagement circumstances without obtaining additional evidence required in the case of an examination engagement.	R.A23 R.A25 . A29 Analytical procedures in a <u>direct</u> review engagement are not designed to identify misstatements with the level of precision expected in an <u>direct</u> examination engagement. Further, when significant fluctuations, relationships, or differences are identified, appropriate <u>direct</u> review evidence in a <u>direct</u> review engagement may often be obtained by making inquiries of the responsible party and considering responses received in the light of known engagement circumstances without obtaining additional evidence required in the case of an <u>direct</u> examination engagement.	A5. Because the level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement, the procedures the practitioner performs in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The primary differences between the procedures for a reasonable assurance engagement and a limited assurance engagement include: (c) In a reasonable assurance engagement, analytical procedures performed in response to the engagement risk involve developing expectations that are sufficiently precise to identify significant deviations. In a limited assurance engagement, analytical procedures may be designed to support expectations regarding the direction of trends, relationships and ratios rather than to identify deviations with the level of precision expected in a reasonable assurance engagement.
Inquiries and Other Review Procedures (Ref: par. .21)	Inquiries and Other Review Procedures (Ref: par. .21)	
.A30 The practitioner is not ordinarily required to corroborate the responsible party's responses with other review evidence.	R.A24 R.A26 . A30 The practitioner is not ordinarily required to corroborate the responsible party's responses with other review evidence.	
Fraud, Laws, and Regulations (Ref: par. .24)	Fraud, Laws, and Regulations (Ref: par. .24)	
.A31 In responding to fraud or suspected fraud	R.A25 R.A27 . A31 In responding to fraud or suspected	A190. Matters that may be appropriate to

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AT-C Section 210, <i>Review Engagements</i>	Proposed AT-C Section, <i>Direct Review Engagements</i> Marked from AT-C section 210	CSAE 3001, <i>Direct Engagements</i>
<p>identified during the engagement, it may be appropriate, unless prohibited by law, regulation, or ethics standards, for the practitioner to, for example</p> <ul style="list-style-type: none"> <input type="checkbox"/> discuss the matter with the appropriate party(ies). <input type="checkbox"/> request that the responsible party consult with an appropriately qualified third party, such as the entity’s legal counsel or a regulator. <input type="checkbox"/> consider the implications of the matter in relation to other aspects of the engagement, including the practitioner’s planning and the reliability of written representations from the responsible party. <input type="checkbox"/> obtain legal advice about the consequences of different courses of action. <input type="checkbox"/> communicate with third parties (for example, a regulator). <input type="checkbox"/> withdraw from the engagement. 	<p>fraud identified during the engagement, it may be appropriate, unless prohibited by law, regulation, or ethics standards, for the practitioner to, for example</p> <ul style="list-style-type: none"> <input type="checkbox"/> discuss the matter with the appropriate party(ies). <input type="checkbox"/> request that the responsible party consult with an appropriately qualified third party, such as the entity’s legal counsel or a regulator. <input type="checkbox"/> consider the implications of the matter in relation to other aspects of the engagement, including the practitioner’s planning and the reliability of written representations from the responsible party. <input type="checkbox"/> obtain legal advice about the consequences of different courses of action. <input type="checkbox"/> communicate with third parties (for example, a regulator). <input type="checkbox"/> withdraw from the engagement. 	<p>communicate with the responsible party, the engaging party or others include fraud or suspected fraud</p>
<p>.A32 The actions noted in paragraph .A31 also may be appropriate in responding to noncompliance or suspected noncompliance with laws or regulations identified during the engagement. It may also be appropriate to describe the matter in a separate paragraph of the practitioner’s report, unless the practitioner</p> <p><i>a.</i> is precluded by the responsible party from obtaining sufficient appropriate review evidence to evaluate whether noncompliance that may be material to the subject matter has, or is likely to have, occurred, in which case, paragraph .58 applies or</p> <p><i>b.</i> concludes that the noncompliance results in a material misstatement of the subject matter, in which case, paragraphs .51–.57 apply.</p>	<p>R.A26-R.A28. .A32 The actions noted in paragraph .A31 also may be appropriate in responding to noncompliance or suspected noncompliance with laws or regulations identified during the engagement. It may also be appropriate to describe the matter in a separate paragraph of the practitioner’s report, unless the practitioner</p> <p><i>a.</i> is precluded by the responsible party from obtaining sufficient appropriate direct review evidence to evaluate whether noncompliance that may be material to the subject matter has, or is likely to have, occurred, in which case, paragraph .58 applies or</p> <p><i>b.</i> concludes that the noncompliance results in a material misstatement of the subject matter, in which case, paragraphs .51–.57 apply.</p>	

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AT-C Section 210, <i>Review Engagements</i>	Proposed AT-C Section, <i>Direct Review Engagements</i>	CSAE 3001, <i>Direct Engagements</i>
	Marked from AT-C section 210	
Evaluating the Results of Review Procedures (Ref: par. .28–.29)	Evaluating the Results of Review Procedures (Ref: par. .28–.29)	
A 33 Uncorrected misstatements are accumulated during the engagement for the purpose of evaluating whether, individually or in aggregate, they are material when forming the practitioner’s conclusion. (See paragraph .42b.)	R.A27-R.A29. A 33 Uncorrected misstatements are accumulated during the engagement for the purpose of evaluating whether, individually or in aggregate, they are material when forming the practitioner’s conclusion. (See paragraph .42b.)	
A 34 “Clearly trivial” is not another expression for “not material.” Matters that are clearly trivial will be of a wholly different (smaller) order of magnitude than materiality and will be matters that are clearly inconsequential, whether taken individually or in the 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.	R.A28-R.A30. A 34 “Clearly trivial” is not another expression for “not material.” Matters that are clearly trivial will be of a wholly different (smaller) order of magnitude than materiality and will be matters that are clearly inconsequential, whether taken individually or in the 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.	<i>Considering Detected Deviations Individually and in Aggregate</i> (Ref: Para. 56, 69) A119. "Clearly trivial" is not another expression for "not significant." Matters that are clearly trivial will be of a wholly different (smaller) order of importance than significance determined in accordance with paragraph 49, 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.
A 35 Sufficient appropriate review evidence is necessary to support the practitioner’s conclusion and report.	R.A29-R.A31. A 35 Sufficient appropriate <u>direct</u> review evidence is necessary to support the practitioner’s conclusion and report.	1. This Canadian Standard on Assurance Engagements (CSAE) deals with direct engagements. A direct engagement is an assurance engagement in which the practitioner evaluates the underlying subject matter against applicable criteria and aims <u>to obtain sufficient appropriate evidence to express</u> , in a written direct assurance report, a conclusion to intended users other than the responsible party, about the outcome of that evaluation. (Ref: Para. A22-

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AT-C Section 210, <i>Review Engagements</i>	Proposed AT-C Section, <i>Direct Review Engagements</i> Marked from AT-C section 210	CSAE 3001, <i>Direct Engagements</i>
		A23)
.A36 The sufficiency and appropriateness of review evidence are interrelated. Sufficiency of review evidence is the measure of the quantity of review evidence. The quantity of the review evidence needed is affected by the risks of material misstatement and also by the quality of such review evidence.	R.A30-R.A32. .A36 The sufficiency and appropriateness of <u>direct</u> review evidence are interrelated. Sufficiency of <u>direct</u> review evidence is the measure of the quantity of <u>direct</u> review evidence. The quantity of the <u>direct</u> review evidence needed is affected by the risks of material misstatement and also by the quality of such <u>direct</u> review evidence.	A147. 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 underlying subject matter containing a significant deviation (the higher the risks, the more evidence is likely to be required) and also by the quality of such evidence (the higher the quality, the less may be required). For certain types of direct engagements such as performance audits, there may also be a higher risk of concluding that there is a significant deviation when that is not the case. The appropriateness of the practitioner's decision regarding whether a matter identified is a significant deviation is affected by the quantity and quality of evidence obtained.
.A37 Whether sufficient appropriate review evidence has been obtained on which to base the practitioner's conclusion is a matter of professional judgment.	R.A31-R.A33. .A37 Whether sufficient appropriate <u>direct</u> review evidence has been obtained on which to base the practitioner's conclusion is a matter of professional judgment.	A151. Whether sufficient appropriate evidence has been obtained on which to base the practitioner's conclusion is a matter of professional judgment
Considering Subsequent Events and Subsequently Discovered Facts (Ref: par. .31-.32)	Considering Subsequent Events and Subsequently Discovered Facts (Ref: par. .31-.32)	
.A38 For certain subject-matter AT-C sections, specific subsequent events requirements and related application guidance have been developed for engagement performance and reporting.	.A38 For certain subject-matter AT-C sections, specific subsequent events requirements and related application guidance have been developed for engagement performance and reporting.	
.A39 Procedures that a practitioner may perform to	R.A32-R.A34. .A39 Procedures that a practitioner may	

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AT-C Section 210, <i>Review Engagements</i>	Proposed AT-C Section, <i>Direct Review Engagements</i>	CSAE 3001, <i>Direct Engagements</i>
<p>identify subsequent events include inquiring about and considering information</p> <ul style="list-style-type: none"> <input type="checkbox"/> contained in relevant reports issued during the subsequent period by internal auditors, other practitioners, or regulatory agencies <input type="checkbox"/> obtained through other professional engagements for that entity 	<p style="text-align: center;">Marked from AT-C section 210</p> <p>perform to identify subsequent events include inquiring about and considering information</p> <ul style="list-style-type: none"> <input type="checkbox"/> contained in relevant reports issued during the subsequent period by internal auditors, other practitioners, or regulatory agencies <input type="checkbox"/> obtained through other professional engagements for that entity 	
<p>A40 If the responsible party refuses to disclose a subsequent event for which disclosure is necessary to prevent users of the practitioner’s report from being misled, appropriate actions the practitioner may take include</p> <ul style="list-style-type: none"> <input type="checkbox"/> disclosing the event in the report and modifying the practitioner’s conclusion. <input type="checkbox"/> withdrawing from the engagement. 	<p>R.A33.R.A35. A40 If the responsible party refuses to disclose a subsequent event for which disclosure is necessary to prevent users of the practitioner’s report from being misled, appropriate actions the practitioner may take include</p> <ul style="list-style-type: none"> <input type="checkbox"/> disclosing the event in the report and modifying the practitioner’s conclusion. <input type="checkbox"/> withdrawing from the engagement. 	
<p>A41 Subsequent to the date of the practitioner’s report, the practitioner may become aware of facts that, had they been known to the practitioner at that date, may have caused the practitioner to revise the report.</p> <p>In such circumstances, the practitioner undertakes to determine whether the facts existed at the date of the report and, if so, whether persons are currently using or likely to use the report and related subject matter or assertion who would attach importance to these facts. This may include discussing the matter with the appropriate party(ies) and requesting the appropriate party(ies)’s cooperation in whatever investigation or further action that may be necessary. The specific actions to be taken in a particular case by the appropriate party(ies) and the</p>	<p>R.A34.R.A36. A41 Subsequent to the date of the practitioner’s report, the practitioner may become aware of facts that, had they been known to the practitioner at that date, may have caused the practitioner to revise the report.</p> <p>In such circumstances, the practitioner undertakes to determine whether the facts existed at the date of the report and, if so, whether persons are currently using or likely to use the report and related subject matter or assertion who would attach importance to these facts. This may include discussing the matter with the appropriate party(ies) and requesting the appropriate party(ies)’s cooperation in whatever investigation or further action that may be necessary. The specific actions to be taken in a particular case by the appropriate party(ies) and the practitioner may vary</p>	<p>A141. As noted in paragraph 66, the practitioner has no responsibility to perform any procedures regarding the underlying subject matter after the date of the practitioner's report. However, if, after the date of the practitioner's report, a fact becomes known to the practitioner that, had it been known to the practitioner at the date of the practitioner's 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</p>

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AT-C Section 210, <i>Review Engagements</i>	Proposed AT-C Section, <i>Direct Review Engagements</i>	CSAE 3001, <i>Direct Engagements</i>
<p>practitioner may vary with the circumstances. Consideration may be given to, among other things, the time elapsed since the date of the report and whether issuance of a subsequent report is imminent. The practitioner may need to perform additional procedures deemed necessary to determine whether the subject matter or assertion needs revision and whether the previously issued report continues to be appropriate.</p>	<p style="text-align: center;">Marked from AT-C section 210</p> <p>with the circumstances. Consideration may be given to, among other things, the time elapsed since the date of the report and whether issuance of a subsequent report is imminent. The practitioner may need to perform additional procedures deemed necessary to determine whether the subject matter or assertion needs revision and whether the previously issued report continues to be appropriate.</p>	
<p>A⁴² Depending on the circumstances, the practitioner may determine that notification of the situation by the appropriate party(ies) to persons who would attach importance to these facts and who are currently using, or are likely to use, the practitioner's report who would attach importance to the facts is necessary. This may be the case, for example, when</p> <p>a. the report is not to be relied upon because the subject matter or assertion needs revision or the practitioner is unable to determine whether revision is necessary, and</p> <p>b. issuance of a subsequent report is not imminent.</p> <p>If the appropriate party(ies) failed to take the necessary steps to prevent reliance on the report, the practitioner's course of action depends upon the practitioner's legal and ethical rights and obligations. Consequently, the practitioner may consider it appropriate to seek legal advice prior to making any disclosure of the situation. Disclosure of the situation directly by the practitioner may include</p>	<p>R-A35-R.A37. A⁴² Depending on the circumstances, the practitioner may determine that notification of the situation by the appropriate party(ies) to persons who would attach importance to these facts and who are currently using, or are likely to use, the practitioner's report who would attach importance to the facts is necessary. This may be the case, for example, when</p> <p>a. the report is not to be relied upon because the subject matter or assertion needs revision or the practitioner is unable to determine whether revision is necessary, and</p> <p>b. issuance of a subsequent report is not imminent.</p> <p>If the appropriate party(ies) failed to take the necessary steps to prevent reliance on the report, the practitioner's course of action depends upon the practitioner's legal and ethical rights and obligations. Consequently, the practitioner may consider it appropriate to seek legal advice prior to making any disclosure of the situation. Disclosure of the situation directly by the practitioner may include a description of the nature of the matter and of its effect on the subject matter or assertion and the report, avoiding comments</p>	

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AT-C Section 210, <i>Review Engagements</i>	Proposed AT-C Section, <i>Direct Review Engagements</i>	CSAE 3001, <i>Direct Engagements</i>
	Marked from AT-C section 210	
a description of the nature of the matter and of its effect on the subject matter or assertion and the report, avoiding comments concerning the conduct or motives of any person.	concerning the conduct or motives of any person.	
Written Representations (Ref: par. .33– .34, .35e, and 39a) .A43 Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the responsible party. The person(s) from whom the practitioner requests written representations is ordinarily a member of senior management or those charged with governance depending on, for example, the management and governance structure of the responsible party(ies), which may vary by entity, reflecting influences such as size and ownership characteristics.	Written Representations (Ref: par. .33– .34, .35e, and 39a) R.A36.R.A38. .A43 Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the responsible party. The person(s) from whom the practitioner requests written representations is ordinarily a member of senior management or those charged with governance depending on, for example, the management and governance structure of the responsible party(ies), which may vary by entity, reflecting influences such as size and ownership characteristics.	<i>Written Representations</i> (Ref: Para. 61) A136. 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.
.A44 Representations by the responsible party cannot replace other review evidence the practitioner could reasonably expect to be available. Although written representations provide review evidence, they do not provide sufficient appropriate review 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 review evidence that the practitioner obtains.	R.A37.R.A39. .A44 Representations by the responsible party cannot replace other <u>direct</u> review evidence the practitioner could reasonably expect to be available. Although written representations provide <u>direct</u> review evidence, they do not provide sufficient appropriate <u>direct</u> review 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 <u>direct</u> review evidence that the practitioner obtains.	A138. 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.
.A45 A discussion of what is considered a material effect on the subject matter or assertion may be	R.A38.R.A40. .A45 A discussion of what is considered a material effect on the subject matter or assertion may	

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included explicitly in the representation letter in qualitative or quantitative terms.	be included explicitly in the representation letter in qualitative or quantitative terms.	
.A46 A summary of uncorrected misstatements ordinarily is included in or attached to the written representation.	R.A39-R.A41. .A46 A summary of uncorrected misstatements ordinarily is included in or attached to the written representation.	
.A47 Certain subject-matter AT-C sections do not permit the practitioner to perform the alternative procedures described in paragraphs .34 and .39a (making inquiries of the responsible party and restricting the use of the practitioner’s report).	.A47 Certain subject-matter AT-C sections do not permit the practitioner to perform the alternative procedures described in paragraphs .34 and .39a (making inquiries of the responsible party and restricting the use of the practitioner’s report).	
Requested Written Representations Not Provided or Not Reliable (Ref: par. .39)	Requested Written Representations Not Provided or Not Reliable (Ref: par. .39)	
.A48 Even when the responsible party provides oral responses to the matters in paragraph .33, the practitioner may find it appropriate to consider whether there are significant concerns about the competence, integrity, ethical values, or diligence of those providing the oral responses or whether the oral responses are otherwise not reliable and the potential effect, if any, on the practitioner’s report.	R.A40-R.A42. .A48 Even when the responsible party provides oral responses to the matters in paragraph .33, the practitioner may find it appropriate to consider whether there are significant concerns about the competence, integrity, ethical values, or diligence of those providing the oral responses or whether the oral responses are otherwise not reliable and the potential effect, if any, on the practitioner’s report.	
.A49 Paragraph .11 provides an exception to the requirement for a written assertion when the engaging party is not the responsible party. Nonetheless, because the assertion is the representation called for by paragraph .33a, application of paragraph .39a requires the practitioner to obtain an oral assertion, when a written assertion is not obtained. Paragraph .39b applies when the responsible party provides neither a written nor an oral assertion.	.A49 Paragraph .11 provides an exception to the requirement for a written assertion when the engaging party is not the responsible party. Nonetheless, because the assertion is the representation called for by paragraph .33a, application of paragraph .39a requires the practitioner to obtain an oral assertion, when a written assertion is not obtained. Paragraph .39b applies when the responsible party provides neither a written nor an oral assertion.	
Other Information (Ref: par. .40)	Other Information (Ref: par. .40)	A142. Further actions that may be appropriate if

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	Marked from AT-C section 210	
<p>A50 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"> <input type="checkbox"/> Requesting the appropriate party(ies) to consult with a qualified third party, such as the appropriate party(ies)'s legal counsel <input type="checkbox"/> Obtaining legal advice about the consequences of different courses of action <input type="checkbox"/> If required or permissible, communicating with third parties (for example, a regulator) <input type="checkbox"/> Describing the material inconsistency in the practitioner's report <input type="checkbox"/> Withdrawing from the engagement, when withdrawal is possible under applicable law or regulation 	<p>R.A41-R.A43. A50 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"> <input type="checkbox"/> Requesting the appropriate party(ies) to consult with a qualified third party, such as the appropriate party(ies)'s legal counsel <input type="checkbox"/> Obtaining legal advice about the consequences of different courses of action <input type="checkbox"/> If required or permissible, communicating with third parties (for example, a regulator) <input type="checkbox"/> Describing the material inconsistency in the practitioner's report <input type="checkbox"/> Withdrawing from the engagement, when withdrawal is possible under applicable law or regulation 	<p>the practitioner identifies a significant inconsistency or becomes aware of a significant misstatement of fact include, for example:</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). • Withholding the assurance report. • Withdrawing from the engagement, where withdrawal is possible under applicable law or regulation. • Describing the significant inconsistency in the assurance report.
<p>A51 Other information does not include information contained on the appropriate party(ies)'s website. Websites are a means of distributing information and are not, themselves, documents for the purposes of paragraph .40.</p>	<p>R.A42-R.A44. A51 Other information does not include information contained on the appropriate party(ies)'s website. Websites are a means of distributing information and are not, themselves, documents for the purposes of paragraph .40.</p>	
Description of Criteria (Ref: par. .41)	Description of Criteria (Ref: par. .41)	
<p>A52 The description of the criteria on which the subject matter or assertion is based is particularly important when there are significant differences between various criteria regarding how particular matters may be treated in the subject matter.</p>	<p>R.A43-R.A45. A52 The description of the criteria on which the subject matter or assertion is based is particularly important when there are significant differences between various criteria regarding how particular matters may be treated in the subject matter.</p>	<p>Description of Applicable Criteria (Ref: Para. 73(e)) A143. The description of the applicable criteria advises intended users of the framework on which the underlying subject matter is being evaluated, and is particularly important when there are significant differences between various criteria regarding how particular matters may be</p>

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		evaluated.
A 53 A description of the criteria that states that the subject matter is prepared in accordance with (or based on) particular criteria is appropriate only if the subject matter complies with all relevant requirements of those criteria that are effective.	R .A44. R .A46. A 53 A description of the criteria that states that the subject matter is prepared in accordance with (or based on) particular criteria is appropriate only if the subject matter complies with all relevant requirements of those criteria that are effective.	A144. A description that the underlying subject matter complies with particular applicable criteria is appropriate only if the underlying subject matter complies with all relevant requirements of those applicable criteria that are effective.
Forming the Conclusion (Ref: par. .42–.43)	Forming the Conclusion (Ref: par. .42–.43)	
A 54 The practitioner’s professional judgment regarding what constitutes sufficient appropriate review evidence is influenced by such factors as the following: <input type="checkbox"/> The significance of a potential misstatement and the likelihood that it will have a material effect, individually or aggregated with other potential misstatements, on the subject matter or assertion <input type="checkbox"/> The effectiveness of the responsible party’s responses to address the known risks <input type="checkbox"/> The experience gained during previous examination or review engagements with respect to similar potential misstatements <input type="checkbox"/> The results of procedures performed, including whether such procedures identified specific misstatements <input type="checkbox"/> The source and reliability of the available information <input type="checkbox"/> The persuasiveness of the review evidence <input type="checkbox"/> The practitioner’s understanding of the responsible party and its environment	R .A45. R .A47. A 54 The practitioner’s professional judgment regarding what constitutes sufficient appropriate <u>direct</u> review evidence is influenced by such factors as the following: <input type="checkbox"/> The significance of a potential misstatement and the likelihood that it will have a material effect, individually or aggregated with other potential misstatements, on the subject matter or assertion <input type="checkbox"/> The effectiveness of the responsible party’s responses to address the known risks <input type="checkbox"/> The experience gained during previous examination or review engagements with respect to similar potential misstatements <input type="checkbox"/> The results of procedures performed, including whether such procedures identified specific misstatements <input type="checkbox"/> The source and reliability of the available information <input type="checkbox"/> The persuasiveness of the <u>direct</u> review evidence <input type="checkbox"/> The practitioner’s understanding of the responsible party and its environment	A154. The practitioner's professional judgment as to what constitutes sufficient appropriate evidence is influenced by such factors as the following: <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 significant deviation • Experience gained during previous assurance 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.

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AT-C Section 210, <i>Review Engagements</i>	Proposed AT-C Section, <i>Direct Review Engagements</i>	CSAE 3001, <i>Direct Engagements</i>
<p>A55 A review engagement is a cumulative and iterative process. As the practitioner performs planned procedures, the review evidence obtained may cause the practitioner to change the nature, timing, or extent of other planned procedures. Information that differs significantly from the information on which the planned procedures were based may come to the practitioner’s attention, for example</p> <ul style="list-style-type: none"> <input type="checkbox"/> the extent of the misstatements that the practitioner detects is greater than expected. (This may alter the practitioner’s professional judgment about the reliability of particular sources of information.) <input type="checkbox"/> the practitioner may become aware of discrepancies in relevant information or conflicting or missing review evidence. <input type="checkbox"/> procedures performed toward the end of the engagement may indicate a previously unrecognized risk of material misstatement. In such circumstances, the practitioner may need to reevaluate the planned procedures. 	<p style="text-align: center;">Marked from AT-C section 210</p> <p>R.A46.R.A48. A55 A <u>direct</u> review engagement is a cumulative and iterative process. As the practitioner performs planned procedures, the review evidence obtained may cause the practitioner to change the nature, timing, or extent of other planned procedures. Information that differs significantly from the information on which the planned procedures were based may come to the practitioner’s attention, for example</p> <ul style="list-style-type: none"> <input type="checkbox"/> the extent of the misstatements that the practitioner detects is greater than expected. (This may alter the practitioner’s professional judgment about the reliability of particular sources of information.) <input type="checkbox"/> the practitioner may become aware of discrepancies in relevant information or conflicting or missing review evidence. <input type="checkbox"/> procedures performed toward the end of the engagement may indicate a previously unrecognized risk of material misstatement. In such circumstances, the practitioner may need to reevaluate the planned procedures. 	<p><i>Evaluating the Sufficiency and Appropriateness of Evidence</i> (Ref: Para. 69)</p> <p>A153. An assurance 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. For example:</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 particular sources of information. • The practitioner may become aware of discrepancies in relevant information, or inconsistent or missing evidence. • If analytical procedures were performed towards the end of the engagement, the results of those procedures may indicate a previously unrecognized risk of significant deviation. <p>In such circumstances, the practitioner may need to reevaluate the planned procedures</p>
<p>A56 In making the evaluation required by paragraph .43, the practitioner may consider whether additional disclosures are necessary to describe the subject matter, assertion, or criteria. Additional disclosures may, for example, include</p> <ul style="list-style-type: none"> <input type="checkbox"/> the measurement or evaluation methods used when the criteria allow for choice among methods; 	<p>R.A47.R.A49. A56 In making the evaluation required by paragraph .43, the practitioner may consider whether additional disclosures are necessary to describe the subject matter, assertion, or criteria. Additional disclosures may, for example, include</p> <ul style="list-style-type: none"> <input type="checkbox"/> the measurement or evaluation methods used when 	

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<ul style="list-style-type: none"> <input type="checkbox"/> significant interpretations made in applying the criteria in the engagement circumstances; <input type="checkbox"/> subsequent events, depending on their nature and significance; and <input type="checkbox"/> whether there have been any changes in the measurement or evaluation methods used. 	<ul style="list-style-type: none"> the criteria allow for choice among methods; <input type="checkbox"/> significant interpretations made in applying the criteria in the engagement circumstances; <input type="checkbox"/> subsequent events, depending on their nature and significance; and <input type="checkbox"/> whether there have been any changes in the measurement or evaluation methods used. 	
A57 Paragraph .43 does not require the practitioner to determine whether the presentation discloses all matters related to the subject matter, assertion, or criteria or all matters users may consider in making decisions based on the presentation.	R.A48-R.A50. A57 Paragraph .43 does not require the practitioner to determine whether the presentation discloses all matters related to the subject matter; assertion ; or criteria or all matters users may consider in making decisions based on the presentation.	
Preparing the Practitioner’s Report (Ref: par. .44-.45)	Preparing the Practitioner’s Report (Ref: par. .44-.45)	
A58 Oral and other forms of expressing a conclusion can be misunderstood without the support of a written practitioner’s report. For this reason, the practitioner may not report orally or by use of symbols (such as a web seal) under the attestation standards without also providing a written 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.	R.A49-R.A51. A58 Oral and other forms of expressing a conclusion can be misunderstood without the support of a written practitioner’s report. For this reason, the practitioner may not report orally or by use of symbols (such as a web seal) under the attestation standards without also providing a written 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.	A158. Oral and other forms of expressing conclusions 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 assurance 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 assurance report on the Internet.
A59 This section does not require a standardized format for reporting on all review engagements. Instead, it identifies the basic elements that the practitioner’s report is to include. The report is tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical	R.A50-R.A52. A59 This section does not require a standardized format for reporting on all <u>direct</u> review engagements. Instead, it identifies the basic elements that the practitioner’s report is to include. The report is tailored to the specific engagement circumstances. The practitioner may use headings, separate paragraphs, paragraph numbers, typographical devices (for	A159. This CSAE does not require a standardized format for reporting on all assurance engagements. Instead it identifies the basic elements the assurance report is to include. Assurance reports are tailored to the specific engagement circumstances. The practitioner may use headings, paragraph numbers, typographical

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devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the report.			example, the bolding of text), and other mechanisms to enhance the clarity and readability of the report.	devices (for example, the bolding of text), and other mechanisms to enhance the clarity and readability of the assurance report.
.A60 All of the following reporting options are available to a practitioner, except when the circumstances described in paragraph .54 exist.			.A60 All of the following reporting options are available to a practitioner, except when the circumstances described in paragraph .54 exist.	
<i>The practitioner's report may state that the practitioner reviewed</i>	and	<i>Expresses an opinion on</i>	.	
the subject matter		the subject matter		
the responsible party's assertion		the responsible party's assertion		
the responsible party's assertion		the subject matter		
Content of the Practitioner's Report			Content of the Practitioner's Report	<i>Assurance Report Content</i>
Title (Ref: par. .46a)			Title (Ref: par. .46a)	
.A61 A title indicating that the practitioner's report is the report of an independent practitioner (for example, "Independent Practitioner's Report," "Report of Independent Certified Public Accountant," or "Independent Accountant's Review Report") affirms that the practitioner has met all the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner's report from reports issued by others.			R.A51-R.A53. .A61 A title indicating that the practitioner's report is the report of an independent practitioner (for example, "Independent Practitioner's Report," "Report of Independent Certified Public Accountant," or "Independent Accountant's Direct Review Report") affirms that the practitioner has met all the relevant ethical requirements regarding independence and, therefore, distinguishes the independent practitioner's report from reports issued by others.	Title (Ref: Para. 73(a)) A161. An appropriate title helps to identify the nature of the assurance 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.
Criteria (Ref: par. .46d)			Criteria (Ref: par. .46d)	
.A62 The practitioner's report may include the criteria or refer to them if they are included in the			R.A52-R.A54. .A62 The practitioner's report may include the criteria or refer to them if they are included	Applicable Criteria (Ref: Para. 73(e)) A164. The assurance report identifies the

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subject matter presentation, in the assertion, or are otherwise readily available.	Marked from AT-C section 210 in the subject matter presentation, in the assertion, or are otherwise readily available.	applicable criteria against which the underlying subject matter was measured or evaluated so the intended users can understand the basis for the practitioner's conclusion. The assurance report may include the applicable criteria, or refer to them if they are otherwise available from a readily accessible source. It may be relevant in the circumstances, to disclose: <ul style="list-style-type: none"> • The source of the applicable criteria, and whether or not the applicable 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 underlying subject matter (and if they are not, a description of why they are considered suitable). • A statement that the responsible party agreed with the suitability of criteria or that the acknowledgement has not been obtained. • Measurement or evaluation methods used when the applicable criteria allow for choice between a number of methods. • Any significant interpretations made in applying the applicable criteria in the engagement circumstances. • Whether there have been any changes in the measurement or evaluation methods used.
Relative Responsibilities (Ref: par. .46e) A63 Identifying relative responsibilities informs the intended users that the responsible party is responsible for the subject matter, and the practitioner's role is to independently express a	Relative Responsibilities (Ref: par. .46e) R.A53.R.A55. A63 Identifying relative responsibilities informs the intended users that the responsible party is responsible for the subject matter, and the practitioner's role is to independently express a	Relative Responsibilities (Ref: Para. 17, 73(g)) A166. Identifying relative responsibilities informs the intended users that the responsible party is responsible for the underlying subject

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conclusion about it.	conclusion about it.	matter, and that the practitioner's role is to independently express a conclusion about the whether the underlying subject matter complies in all significant respects with the applicable criteria. The assurance report may include a statement that the responsible party acknowledged responsibility for the underlying subject matter or that the acknowledgement has not been obtained.
A64 The practitioner may wish to expand the discussion of the responsible party's responsibility, for example, to indicate that the responsible party is responsible for the preparation and presentation of the subject matter in accordance with (or based on) the criteria, including the design, implementation, and maintenance of internal control to prevent, or detect and correct, misstatement of the subject matter, due to fraud or error.	A64 The practitioner may wish to expand the discussion of the responsible party's responsibility, for example, to indicate that the responsible party is responsible for the preparation and presentation of the subject matter in accordance with (or based on) the criteria, including the design, implementation, and maintenance of internal control to prevent, or detect and correct, misstatement of the subject matter, due to fraud or error.	
Statement About the Subject Matter and Criteria (Ref: par. 46f(ii)[1])	Statement About the Subject Matter and Criteria (Ref: par. 46f(ii)[1])	
A65 The language in paragraph .46f(ii)(1) may need to be tailored to reflect the nature of the subject matter and criteria for the engagement. Examples of language that meet the requirements in paragraph .46f(ii)(1) include, "to obtain limited assurance about whether any material modifications should be made to the subject matter in order for it to <input type="checkbox"/> be presented in accordance with (or based on) the criteria." <input type="checkbox"/> meet the objectives," for example, when the objectives are the criteria.	R.A54.R.A56. A65 The language in paragraph .46f(ii)(1) may need to be tailored to reflect the nature of the subject matter and criteria for the engagement. Examples of language that meet the requirements in paragraph .46f(ii)(1) include, "to obtain limited assurance about whether any material modifications should be made to the subject matter in order for it to <input type="checkbox"/> be presented in accordance with (or based on) the criteria." <input type="checkbox"/> meet the objectives," for example, when the objectives are the criteria.	

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<i>Inherent Limitations (Ref: par. .46g)</i>	<i>Inherent Limitations (Ref: par. .46g)</i>	
<p>A66 In some cases, identification of specific inherent limitations may be required by an AT-C section. To communicate specific inherent limitations, the illustrative practitioner’s report on a review of pro forma financial information under section 310, for example, indicates that the objective of pro forma financial information is to show what the significant effects on the historical financial information might have been had the transaction (or event) occurred at an earlier date and that the pro forma condensed financial statements are not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the specified transaction (or event) actually occurred earlier.³ When not explicitly required by an AT-C section, identification in the report of inherent limitations is based on the practitioner’s judgment.</p> <p>³ Paragraph .18k and examples 2 and 3 in paragraph .A24 of section 310, <i>Reporting on Pro Forma Financial Information</i> v</p>	<p>A66 In some cases, identification of specific inherent limitations may be required by an AT-C section. To communicate specific inherent limitations, the illustrative practitioner’s report on a review of pro forma financial information under section 310, for example, indicates that the objective of pro forma financial information is to show what the significant effects on the historical financial information might have been had the transaction (or event) occurred at an earlier date and that the pro forma condensed financial statements are not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the specified transaction (or event) actually occurred earlier.³ When not explicitly required by an AT-C section, identification in the report of inherent limitations is based on the practitioner’s judgment.</p> <p>3 Paragraph .18k and examples 2 and 3 in paragraph .A24 of section 310, <i>Reporting on Pro Forma Financial Information</i> v From CSAE 3001</p> <p>R.A55-R.A57. While in some cases, inherent limitations can be expected to be well-understood by the intended users of an assurance report, in other cases, it may be appropriate to make explicit reference to them in the assurance report. For example, in an assurance report related to the effectiveness of internal control, it may be appropriate to note that the historic evaluation of effectiveness is</p>	<p>Inherent Limitations (Ref: Para. 73(f)) A165. While in some cases, inherent limitations can be expected to be well-understood by the intended users of an assurance report, in other cases, it may be appropriate to make explicit reference to them in the assurance report. For example, in an assurance 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>

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	<u>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.</u>	
Conclusion (Ref: par. .46h)	Conclusion (Ref: par. .46h)	
.A67 The practitioner’s conclusion can be worded either in terms of the subject matter and the criteria (for example, “Based on our review, we are not aware of any material modifications that should be made to the XYZ schedule in order for it to be in accordance with [or based on] the ABC criteria.”) or in terms of an assertion made by the responsible party (for example, “Based on our review, we are not aware of any material modifications that should be made to management of XYZ Company’s assertion in order for it to be fairly stated.”).	.A67 The practitioner’s conclusion can be worded either in terms of the subject matter and the criteria (for example, “Based on our review, we are not aware of any material modifications that should be made to the XYZ schedule in order for it to be in accordance with [or based on] the ABC criteria.”) or in terms of an assertion made by the responsible party (for example, “Based on our review, we are not aware of any material modifications that should be made to management of XYZ Company’s assertion in order for it to be fairly stated.”).	
.A68 A single practitioner’s report may cover more than one aspect of a subject matter or an assertion about the subject matter. When that is the case, the report may contain separate opinions or conclusions on each aspect of the subject matter or assertion (for example, examination level related to some aspects of assertions and review level related to others, or an unmodified conclusion on some aspects or assertions and a modified conclusion on others).	R.A56.R.A58. .A68 A single practitioner’s report may cover more than one aspect of a subject matter or an assertion about the subject matter . When that is the case, the report may contain separate opinions or conclusions on each aspect of the subject matter or assertion (for example, examination level related to some aspects or assertions and review level related to others, or an unmodified conclusion on some aspects or assertions and a modified conclusion on others).	A4. Where the underlying subject matter is made up of a number of aspects, separate conclusions may be provided on each aspect. All such separate conclusions do not need to relate to the same level of assurance. Rather, each conclusion is expressed in the form that is appropriate to either a reasonable assurance engagement or a limited assurance engagement. References in this CSAE to the conclusion in the assurance report include each conclusion when separate conclusions are provided.
.A69 A practitioner may report on subject matter or an assertion at multiple dates or covering multiple periods during which criteria have changed (for	R.A57.R.A59. .A69 A practitioner may report on subject matter or an assertion at multiple dates or covering multiple periods during which criteria have	

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example, a practitioner’s report on comparative information). Criteria are clearly described when they identify the criteria for each period and how the criteria have changed from one period to the next. If the criteria for the current date or period have changed from the criteria for a preceding date or period, changes in the criteria may be significant to users of the report. If so, the criteria and the fact that they have changed may be disclosed in the presentation of the subject matter, in the written assertion, or in the report, even if the subject matter for the preceding date or period is not presented.	changed (for example, a practitioner’s report on comparative information). Criteria are clearly described when they identify the criteria for each period and how the criteria have changed from one period to the next. If the criteria for the current date or period have changed from the criteria for a preceding date or period, changes in the criteria may be significant to users of the report. If so, the criteria and the fact that they have changed may be disclosed in the presentation of the subject matter, in the written assertion, or in the report, even if the subject matter for the preceding date or period is not presented.	
Location (Ref: par. .46j)	Location (Ref: par. .46j)	
.A70 In the United States, the location of the issuing office is the city and state. In another country, it may be the city and country.	R.A58-R.A60. .A70 In the United States, the location of the issuing office is the city and state. In another country, it may be the city and country.	
Date (Ref: par. .46k)	Date (Ref: par. .46k)	
.A71 Including the date of the practitioner’s report informs the intended users that the practitioner has considered the effect on the subject matter and on the report of events that occurred up to that date.	R.A59-R.A61. .A71 Including the date of the practitioner’s report informs the intended users that the practitioner has considered the effect on the subject matter and on the report of events that occurred up to that date.	Date (Ref: Para. 73(n)) A182. Including the assurance report date informs the intended users that the practitioner has considered the effect on the assurance report of events that occurred up to that date.
.A72 Because the practitioner expresses a conclusion on the subject matter or assertion and the subject matter or assertion is the responsibility of the responsible party, the practitioner is not in a position to conclude that sufficient appropriate review evidence has been obtained until evidence is obtained that all of the elements that the subject matter or assertion comprises, including any related notes, when applicable, have been prepared, and the	R.A60-R.A62. .A72 Because the practitioner expresses a conclusion on the subject matter or assertion and the subject matter or assertion is the responsibility of the responsible party, the practitioner is not in a position to conclude that sufficient appropriate direct review evidence has been obtained until evidence is obtained that all of the elements that the subject matter or assertion comprises, including any related notes, when applicable, have been prepared, and the responsible	

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responsible party has accepted responsibility for them.	party has accepted responsibility for them.	
<i>Restricted Use Paragraph (Ref: par. .47 and .48b–c)</i>	<i>Restricted Use Paragraph (Ref: par. .47 and .48b–c)</i>	
A73 A practitioner’s report for which the conditions in paragraph .47 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.	R.A61-R.A63. A73 A practitioner’s report for which the conditions in paragraph .47 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.	
A74 A practitioner’s report that is required by paragraph .47 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.	R.A62-R.A64. A74 A practitioner’s report that is required by paragraph .47 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.	
A75 A practitioner may also issue a single combined practitioner’s report that includes (a) a practitioner’s report that is required by paragraph .47 to include an alert that restricts its use, and (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 .47 to include such an alert. In such circumstances, the use of the general use report is not affected.	R.A63-R.A65. A75 A practitioner may also issue a single combined practitioner’s report that includes (a) a practitioner’s report that is required by paragraph .47 to include an alert that restricts its use, and (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 .47 to include such an alert. In such circumstances, the use of the general use report is not affected.	

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<p>A76 The representations required by paragraph .33 include an assertion. If the engaging party is not the responsible party and the responsible party provides an oral assertion, rather than a written assertion, paragraph .47c calls for an alert that restricts the use of the practitioner’s report to the engaging party.</p>	<p>A76 The representations required by paragraph .33 include an assertion. If the engaging party is not the responsible party and the responsible party provides an oral assertion, rather than a written assertion, paragraph .47c calls for an alert that restricts the use of the practitioner’s report to the engaging party.</p>	
<p>A77 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>	<p>R.A64, R.A66, A77 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>	<p>A19. In some cases, there may be intended users other than those to whom the assurance report is addressed. The practitioner may not be able to identify all those who will read the assurance report, particularly where a large number of people have access to it. In such cases, particularly where possible users are likely to have a broad range of interests in the underlying subject matter, intended users may be limited to major stakeholders with significant and common interests. <u>Intended users may be identified in different ways, for example, by agreement between the practitioner and the responsible party or engaging party, or by law or regulation.</u></p>
<p>A78 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>R.A65, R.A67, A78 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>A3. There may be circumstances when the practitioner determines that there is a likelihood that the assurance report will be used for purposes not consistent with the purpose of the engagement and the objective it is meant to achieve. In such circumstances, to avoid misunderstandings, the assurance report may be used to alert readers that the report may not be suitable for another purpose. In some cases, the practitioner might also consider indicating in the assurance report that it is intended solely for specific users. Depending on the engagement</p>

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		<p>circumstances including, for example, the law or regulation of the particular jurisdiction, this may be achieved by restricting the distribution or use of the assurance report. While an assurance report may be restricted in this way, the absence of a restriction regarding a particular user or purpose does not itself indicate that a legal responsibility is owed by the practitioner in relation to that user or for that purpose. Whether a legal responsibility is owed will depend on the legal circumstances of each case and the relevant jurisdiction.</p>
<p>A79 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>R.A66.R.A68. A79 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>	

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A80 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 party.	R.A67 R.A69 . A80 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 party.	
Reference to the Practitioner's Specialist (Ref: par. .50)	Reference to the Practitioner's Specialist (Ref: par. .50)	
A81 The practitioner has sole responsibility for the conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's specialist.	R.A68 R.A70 . A81 The practitioner has sole responsibility for the conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's specialist.	A184. Nonetheless, the practitioner has sole responsibility for the conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's expert. It is important, therefore, that if the assurance report refers to a practitioner's expert, that the wording of that report does not imply that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of that expert.
Modified Conclusions (Ref: par. .51–.53)	Modified Conclusions (Ref: par. .51–.53)	
A82 A practitioner may issue an unmodified conclusion only when the engagement has been conducted in accordance with the attestation standards. Such standards will not have been complied with if the practitioner has been unable to apply all the procedures that the practitioner considers necessary in the circumstances.	R.A69 R.A71 . A82 A practitioner may issue an unmodified conclusion only when the engagement has been conducted in accordance with the attestation standards. Such standards will not have been complied with if the practitioner has been unable to apply all the procedures that the practitioner considers necessary in the circumstances.	
A83 Pervasive effects on the subject matter are those that, in the practitioner's professional judgment	R.A70 R.A72 . A83 Pervasive effects on the subject matter are those that, in the practitioner's professional judgment	A187. The term "pervasive" describes the effects on the underlying subject matter of deviations or the possible effects on the underlying subject

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<p>a. are not confined to specific aspects of the subject matter;</p> <p>b. if so confined, represent or could represent a substantial proportion of the subject matter; or</p> <p>c in relation to disclosures, are fundamental to the intended users' understanding of the subject matter.</p>	<p>a. are not confined to specific aspects of the subject matter;</p> <p>b. if so confined, represent or could represent a substantial proportion of the subject matter; or</p> <p>c in relation to disclosures, are fundamental to the intended users' understanding of the subject matter.</p>	<p>matter of deviations, if any, that are undetected due to an inability to obtain sufficient appropriate evidence. Pervasive effects on the underlying subject matter are those that, in the practitioner's professional judgment:</p> <p>(a) Are not confined to specific aspects of the underlying subject matter; or</p> <p>(b) If so confined, represent or could represent a substantial proportion of the underlying subject matter.</p>
<i>Scope Limitations (Ref: par. .58)</i>	<i>Scope Limitations (Ref: par. .58)</i>	
<p>A84 The procedures performed in a review engagement are, by definition, limited compared with those performed in an examination engagement. Limitations known to exist prior to accepting a review engagement are a relevant consideration when establishing whether the preconditions for a review engagement are present, in particular, whether the practitioner expects to be able to obtain the evidence needed to arrive at the practitioner's conclusion. (See section 105.4) If a further limitation is imposed by the appropriate party(ies) after a review engagement has been accepted, it may be appropriate to withdraw from the engagement, when withdrawal is possible under applicable laws and regulations.</p> <p>4 Paragraph .25b(iii) of section 105, <i>Concepts Common to All Attestation Engagements</i>.</p>	<p>R.A71-R.A73. A84 The procedures performed in a <u>direct</u> review engagement are, by definition, limited compared with those performed in an <u>direct</u> examination engagement. Limitations known to exist prior to accepting a review engagement are a relevant consideration when establishing whether the preconditions for a <u>direct</u> review engagement are present, in particular, whether the practitioner expects to be able to obtain the evidence needed to arrive at the practitioner's conclusion. (See section 105.4) If a further limitation is imposed by the appropriate party(ies) after a <u>direct</u> review engagement has been accepted, it may be appropriate to withdraw from the engagement, when withdrawal is possible under applicable laws and regulations.</p> <p>4 Paragraph .25b(iii) of section 105, <i>Concepts Common to All Attestation Engagements</i>.</p>	<p>A157. The procedures performed in a limited assurance engagement are, by definition, limited compared with that necessary in a reasonable assurance engagement. Limitations known to exist prior to accepting a limited assurance engagement are a relevant consideration when establishing whether the preconditions for a direct engagement are present, in particular, whether the engagement exhibits the characteristics of access to evidence (see paragraph 26(b)(iv)) and a rational purpose (see paragraph 26(b)(vi)). If a further limitation is imposed by the appropriate party(ies) after a limited assurance engagement has been accepted, it may be appropriate to withdraw from the engagement, where withdrawal is possible under applicable law or regulation</p>
<p>A85 The inability to obtain written representations</p>	<p>R.A72-R.A74. A85 The inability to obtain written</p>	

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from the responsible party ordinarily would result in a scope limitation. However, when the engaging party is not the responsible party, paragraph .34 enables the practitioner to make inquiries of the responsible party, and if the responsible party's oral responses enable the practitioner to conclude that the practitioner has sufficient appropriate review evidence to form a conclusion about the subject matter, paragraph .39a indicates that this would not cause a scope limitation. Further, paragraph .39a requires that the practitioner's report, in these circumstances, contain an alert paragraph that restricts the use of the report to the engaging party.	representations from the responsible party ordinarily would result in a scope limitation. However, when the engaging party is not the responsible party, paragraph .34 enables the practitioner to make inquiries of the responsible party, and if the responsible party's oral responses enable the practitioner to conclude that the practitioner has sufficient appropriate review evidence to form a conclusion about the subject matter, paragraph .39a indicates that this would not cause a scope limitation. Further, paragraph .39a requires that the practitioner's report, in these circumstances, contain an alert paragraph that restricts the use of the report to the engaging party.	
A86 An inability to perform a specific procedure does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate review evidence by performing alternative procedures.	R.A73-R.A75. A86 An inability to perform a specific procedure does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate review evidence by performing alternative procedures.	A156. 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.
Responsible Party Refuses to Provide a Written Assertion (Ref: par. .60)	Responsible Party Refuses to Provide a Written Assertion (Ref: par. .60)	
A87 The following is an example of the disclosure required by paragraph .60): Attestation standards established by the American Institute of Certified Public Accountants require that we request a written statement from [identify the responsible party] stating that [identify the subject matter] that we reviewed has been accurately measured or evaluated. We requested that [identify the responsible party] provide such a written statement but [identify the responsible party] refused to do so.	A87 The following is an example of the disclosure required by paragraph .60): Attestation standards established by the American Institute of Certified Public Accountants require that we request a written statement from [identify the responsible party] stating that [identify the subject matter] that we reviewed has been accurately measured or evaluated. We requested that [identify the responsible party] provide such a written statement but [identify the responsible party] refused to do so.	

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A88 The practitioner’s report discussed in paragraph .60 is appropriate only when the engagement is to report on the subject matter; it is not appropriate for a report on an assertion. When reporting on an assertion, the practitioner is required to obtain a written assertion from the responsible party.	A88 The practitioner’s report discussed in paragraph .60 is appropriate only when the engagement is to report on the subject matter; it is not appropriate for a report on an assertion. When reporting on an assertion, the practitioner is required to obtain a written assertion from the responsible party.	
Communication Responsibilities (Ref: par. .61)	Communication Responsibilities (Ref: par. .61)	Other Communication Responsibilities (Ref: Para. 81)
A89 Other matters that may be appropriate to communicate to the responsible party or, if different, the engaging party, include deficiencies in internal control identified during the engagement, or bias in the measurement, evaluation, or disclosure of the subject matter.	R.A74.R.A76. A89 Other matters that may be appropriate to communicate to the responsible party or, if different, the engaging party, include deficiencies in internal control identified during the engagement, or bias in the measurement, evaluation, or disclosure of the subject matter.	A190. Matters that may be appropriate to communicate with the responsible party, the engaging party or others include fraud or suspected fraud
Documentation (Ref: par. .62)	Documentation (Ref: par. .62)	
A90 Documentation includes a record of the practitioner’s reasoning on all significant findings or issues that require the exercise of professional judgment and related conclusions. The existence of difficult questions of principle or professional judgment calls for the documentation to include the relevant facts that were known by the practitioner at the time the conclusion was reached.	R.A75.R.A77. A90 Documentation includes a record of the practitioner’s reasoning on all significant findings or issues that require the exercise of professional judgment and related conclusions. The existence of difficult questions of principle or professional judgment calls for the documentation to include the relevant facts that were known by the practitioner at the time the conclusion was reached.	A191. 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.
A91 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 in the	R.A76.R.A78. A91 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 in the engagement file. Similarly,	A192. 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

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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.	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.	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.
A 92 In applying professional judgment to assess the extent of documentation to be prepared and retained, the practitioner may consider what is necessary to provide an experienced practitioner, having no previous connection with the engagement, with an understanding of the work performed and the basis of the principal decisions made.	R.A77 R.A79 . A 92 In applying professional judgment to assess the extent of documentation to be prepared and retained, the practitioner may consider what is necessary to provide an experienced practitioner, having no previous connection with the engagement, with an understanding of the work performed and the basis of the principal decisions made.	A193. 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 of the principal decisions taken (but not the 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
A 93 Documentation ordinarily includes a record of <ul style="list-style-type: none"> <input type="checkbox"/> issues identified with respect to compliance with relevant ethical requirements and how they were resolved. <input type="checkbox"/> conclusions on compliance with independence requirements that apply to the engagement and any relevant discussions with the firm that support these conclusions. <input type="checkbox"/> conclusions reached regarding the acceptance and continuance of client relationships and attestation engagements. <input type="checkbox"/> the nature and scope of, and conclusions resulting 	R.A78 R.A80 . A 93 Documentation ordinarily includes a record of <ul style="list-style-type: none"> <input type="checkbox"/> issues identified with respect to compliance with relevant ethical requirements and how they were resolved. <input type="checkbox"/> conclusions on compliance with independence requirements that apply to the engagement and any relevant discussions with the firm that support these conclusions. <input type="checkbox"/> conclusions reached regarding the acceptance and continuance of client relationships and attestation engagements. 	A195. Documentation may include a record of, for example: <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.

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from, consultations undertaken during the course of the engagement.	<input type="checkbox"/> the nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagement.	• The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagement.

Application Paragraphs in CSAE 3001, *Direct Engagements* That Are Not Included in AT-C Sections 105, 205 or 210 of SSAE No. 18, *Attestation Standards, Clarification and Recodification*

Application Paragraph in CSAE 3001
Introduction (Ref: Para. 8)
A1. In a consulting engagement, the practitioner applies technical skills, education, observations, experiences, and knowledge. Consulting engagements involve an analytical process that typically involves some combination of activities relating to: objective-setting, fact-finding, definition of problems or opportunities, evaluation of alternatives, development of recommendations including actions, communication of results, and sometimes implementation and follow-up. Reports (if issued) are generally written in a narrative (or "long form") style. Generally the work performed is only for the use and benefit of the client. The nature and scope of work is determined by agreement between the practitioner and the client. Any service that meets the definition of an assurance engagement is not a consulting engagement but an assurance engagement.
Objectives (Ref: Para. 12(b), 44, 73(c), 73(l))
A2. The practitioner in a performance audit describes in the report the objective of the engagement and the underlying subject matter so that the reader can understand and properly interpret the results. The wording of the objective would be determined by the circumstances of the engagement. For example, the objective for a performance audit may be to conclude whether the entity being audited has adequately managed a program so that the entity's key responsibilities under that program have been met. The practitioner's conclusion relates to the objective and scope of the engagement and follows logically from the description of the criteria and findings. If the engagement has more than one objective, the assurance report provides a conclusion on each objective.
<i>A Level of Assurance that Is Meaningful</i> (Ref: Para. 14(a)(i)b.)
A6. The level of assurance the practitioner plans to obtain is not ordinarily susceptible to quantification, and whether it is meaningful is a matter of professional judgment for the practitioner to determine in the circumstances of the engagement. In a limited assurance engagement, the practitioner performs procedures that are limited compared with those necessary in a reasonable assurance engagement but are, nonetheless, planned to obtain a level of assurance that is meaningful. To be meaningful, the level of assurance obtained by the practitioner is clearly more than inconsequential (see paragraphs A19-A20).

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A7. Across the range of all limited assurance engagements, what is meaningful assurance can vary from just above assurance that is clearly more than inconsequential to just below reasonable assurance. What is meaningful in a particular engagement represents a judgment within that range that depends on the engagement circumstances, including the information needs of intended users as a group, the criteria, and the underlying subject matter of the engagement.

A8. Because the level of assurance obtained by the practitioner in limited assurance engagements varies, the practitioner's report contains an informative summary of the procedures performed, recognizing that an appreciation of the nature, timing and extent of procedures performed is essential to understanding the practitioner's conclusion (see paragraph 73(k) and A171-A175).

A9. Some of the factors that may be relevant in determining what constitutes meaningful assurance in a specific engagement include, for example:

- The characteristics of the underlying subject matter and the criteria, and whether there are any relevant subject-matter-specific CSAEs.
- Instructions or other indications from the engaging party about the nature of the assurance the engaging party is seeking the practitioner to obtain. For example, the terms of the engagement may stipulate particular procedures that the engaging party considers necessary or particular aspects of the underlying subject matter on which the engaging party would like the practitioner to focus procedures. However, the practitioner may consider that other procedures are required to obtain sufficient appropriate evidence to obtain meaningful assurance.
- Generally accepted practice, if it exists, with respect to assurance engagements for the particular underlying subject matter, or similar or related subject matter.
- The information needs of intended users as a group. Generally, the greater the consequence to intended users of receiving an inappropriate conclusion when there is a significant deviation in the underlying subject matter, the greater the assurance that would be needed in order to be meaningful to them. For example, in some cases, the consequence to intended users of receiving an inappropriate conclusion may be so great that a reasonable assurance engagement is needed for the practitioner to obtain assurance that is meaningful in the circumstances.
- The expectation by intended users that the practitioner will form the limited assurance conclusion on the underlying subject matter within a short timeframe and at a low cost.

Assurance Skills and Techniques (Ref: Para. 14(b))

A11. Assurance skills and techniques include:

- Application of professional skepticism and professional judgment;

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- Planning and performing an assurance engagement, including obtaining and evaluating evidence;
- Understanding information systems and the role and limitations of internal control;
- Linking the consideration of significance and engagement risks to the nature, timing and extent of procedures;
- Applying procedures as appropriate to the engagement (which may include inquiry, inspection, recalculation, reperformance, observation, confirmation, and analytical procedures); and
- Systematic documentation practices and assurance report-writing skills.

A16. For some performance audits in the public sector, there may be a higher risk of the auditor concluding that a matter detected during the audit is a significant deviation when that is not the case. This may result, for example:

- From the complexity of the underlying subject matter being audited;
- The extensive use of professional judgment in dealing with highly qualitative matters that are open to various interpretations; and
- The breadth and depth of the scope of the engagement.

The risk may be mitigated by, for example, in-depth investigations of all matters detected, and the application of review and other quality control procedures targeted at reducing this risk to an acceptable level in the circumstances of the engagement.

A20. Intended users or their representatives may be directly involved with the practitioner and the responsible party (and the engaging party if different) in determining the requirements of the engagement. Regardless of the involvement of others however, and unlike an agreed-upon procedures engagement (which involves reporting factual findings based upon procedures agreed with the engaging party and any appropriate third parties, rather than a conclusion):

- (a) The practitioner is responsible for determining the nature, timing and extent of procedures; and
- (b) The practitioner may need to perform additional procedures if information comes to the practitioner's attention that differs significantly from that on which the determination of planned procedures was based (see paragraphs A116-A118).

A22. This CSAE includes requirements that apply to all direct engagements, including engagements in accordance with a subject-matter-specific CSAE. In some cases, a subject-matter-specific CSAE is also relevant to the engagement. A subject-matter-specific CSAE is relevant to the engagement when the CSAE is in effect, the subject matter of the CSAE is relevant to the engagement, and the circumstances addressed by the CSAE exist.

Conduct of a Direct Engagement in Accordance with CSAEs

Complying with Standards that Are Relevant to the Engagement (Ref: Para. 1, 7, 17)

A23. The CASSs, Section 8200 and Section 8500 have been written for audits and reviews of historical financial information, respectively, and do not apply to other assurance engagements. They may, however, provide guidance in relation to the engagement process generally for practitioners undertaking an assurance engagement in accordance with this CSAE.

A25. The objectives in a CSAE provide the context in which the requirements of the CSAE are set, and are intended to assist in:

- (a) Understanding what is to be accomplished; and
- (b) Deciding whether more needs to be done to achieve the objectives.

The proper application of the requirements of a CSAE by the practitioner is expected to provide a sufficient basis for the practitioner's achievement of the objectives. However, because the circumstances of assurance engagements vary widely and all such circumstances cannot be anticipated in the CSAEs, the practitioner is responsible for determining the procedures necessary to fulfill the requirements of relevant CSAEs and to achieve the objectives stated therein. In the circumstances of an engagement, there may be particular matters that require the practitioner to perform procedures in addition to those

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required by relevant CSAEs to meet the objectives specified in those CSAEs.

A26. The requirements of CSAEs are expressed using "shall."

A30. Although some procedures are required only for reasonable assurance engagements, they may nonetheless be appropriate in some limited assurance engagements.

Ethical Requirements (Ref: Para. 5, 22, 24)

A31. Relevant ethical requirements for public accountants establish the following fundamental principles with which the practitioner is required to comply:

- (a) Maintenance of the reputation of profession;
- (b) Integrity and due care;
- (c) Objectivity;
- (d) Professional competence;
- (e) Compliance with professional standards;
- (f) Confidentiality of information;
- (g) Conflict of interest;
- (h) Duty to report breach of rules of professional conduct;
- (i) Handling of trust funds and other property;
- (j) Handling of property of others;
- (k) Unlawful activity;
- (l) Fee quotations;
- (m) Contingent fees;
- (n) Payment of receipt of commissions; and
- (o) Advertising and promotion, including solicitation and endorsements.

A32. Relevant ethical requirements for public accountants also provide a conceptual framework for professional accountants to apply to:

(a) Identify threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:

- (i) Self-interest;
- (ii) Self-review;
- (iii) Advocacy;
- (iv) Familiarity; and
- (v) Intimidation;

(b) Evaluate the significance of the threats identified; and

(c) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level. Safeguards are necessary when the professional accountant determines that the threats are not at a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the professional accountant at that time, that compliance with the fundamental principles is not compromised.

A33. Relevant ethical requirements for public accountants require the practitioner to be and remain free of any influence, interest or relationship, in respect of the client's affairs, which impairs the practitioner's professional judgment or objectivity or which, in the view of a reasonable observer, would impair the

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practitioner's professional judgment or objectivity. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. Matters addressed in the relevant ethical requirements for public accountants with respect to independence include:

- Financial interests;
- Loans and guarantees;
- Business relationships;
- Family and personal relationships;
- Employment with assurance clients;
- Recent service with an assurance client;
- Serving as a director or officer of an assurance client;
- Long association of senior personnel with assurance clients;
- Provision of non-assurance services to assurance clients;
- Fees (relative size, overdue, and contingent fees); and
- Gifts and hospitality.

A34. Professional requirements, or requirements imposed by law or regulation, are at least as demanding as relevant rules of professional conduct / code of ethics applicable to the practice of public accounting directed to practitioners and other members of assurance teams when they address all the matters referred to in paragraphs A31-A33 and impose obligations that achieve the aims of the requirements set out in the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements.

Acceptance and Continuance

Preconditions for the Direct Engagement (Ref: Para. 26)

A35. In a public sector environment, some of the preconditions for an assurance engagement may be assumed to be present, for example:

- (a) The roles and responsibilities of public sector audit organizations and the government entities scoped into assurance engagements are assumed to be appropriate because they are generally set out in legislation;
- (b) Public sector audit organizations' right of access to the information necessary to perform the engagement is often set out in legislation;
- (c) The practitioner's conclusion, in the form appropriate to either a reasonable assurance engagement or a limited assurance engagement, is generally required by legislation to be contained in a written report; and
- (d) A rational purpose is generally present because the engagement is set out in legislation.

A36. If suitable criteria are not available for all of the underlying subject matter but the practitioner can identify one or more aspects of the underlying subject matter for which those criteria are suitable, then an assurance engagement can be performed with respect to that aspect of the underlying subject matter in its own right. In such cases, the assurance report may need to clarify that the report does not relate to the original underlying subject matter in its entirety.

Roles and Responsibilities (Ref: Para. 14(n), 14(q), 14(u), 15, 26(a), Appendix 1)

A37. All assurance engagements have at least three parties: the responsible party, the practitioner, and the intended users.

A44. Vague descriptions of expectations or judgments of an individual's experiences do not constitute suitable criteria

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A52. Seeking the agreement of the appropriate party(ies) that it acknowledges and understands its responsibility to provide the practitioner with the following may assist the practitioner in determining whether the engagement exhibits the characteristic of access to evidence:

A Rational Purpose (Ref: Para. 26(b)(vi))

A54. In determining whether the engagement has a rational purpose, relevant considerations may include the following:

- The intended users of the assurance report (particularly when the criteria are designed for a special purpose). A further consideration is the likelihood that the assurance report will be used or distributed more broadly than to intended users.
- Whether aspects of the underlying subject matter are expected to be excluded from the assurance engagement, and the reason for their exclusion.
- The characteristics of the relationships between the responsible party and the engaging party, whether the responsible party consents to the use to be made of the practitioner's report and whether it will have the opportunity to review that report before it is made available to intended users.
- Whether the practitioner discussed the criteria to be applied to measure or evaluate the underlying subject matter with other parties, and what the degree of judgment is in applying them. The engagement is more likely to have a rational purpose if the intended users were involved in selecting the criteria.
- Any significant limitations on the scope of the practitioner's work.
- Whether the practitioner believes the engaging party intends to associate the practitioner's name with the underlying subject matter in an inappropriate manner.

A56. 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 types of engagement (such as performance audits in the public sector), the details typically included in an engagement letter (such as the engagement objective, scope and criteria to be used) are known only at 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.

A57. 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 minister, the legislature or the public if an appropriate party(ies) attempts to limit the scope of the engagement.

Quality Control

Professional Accountants in Public Practice (Ref: Para. 22, 35(a)-(b))

A59. This CSAE has been written in the context of a range of measures taken to ensure the quality of assurance engagements undertaken by professional accountants in public practice. Such measures include:

- Competency requirements such as education and experience benchmarks for entry to membership, and ongoing continuing professional development as well as life-long learning requirements.
- Quality control policies and procedures implemented across the firm. CSQC 1 applies to all firms of professional accountants in respect of assurance engagements.
- Comprehensive rules of professional conduct / code of ethics, including detailed independence requirements, founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

A61. Other professional requirements, or requirements in law or regulation that deal with the firm's responsibilities to establish and maintain a system of quality control, are at least as demanding as CSQC 1 when they address all the matters referred to in the preceding paragraph and impose obligations on the firm that achieve the aims of the requirements set out in CSQC 1.

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A62. The actions of the engagement partner, and appropriate messages to the other members of the engagement team, in the context of the engagement partner taking responsibility for the overall quality on each engagement, emphasize the fact that quality is essential in performing an assurance engagement, and the importance to the quality of the assurance engagement of:

- (a) Performing work that complies with professional standards and regulatory and legal requirements.
- (b) Complying with the firm's quality control policies and procedures as applicable.
- (c) Issuing a report for the engagement that is appropriate in the circumstances.
- (d) The engagement team's ability to raise concerns without fear of reprisals.

A63. An effective system of quality control includes a monitoring process designed to provide the firm with reasonable assurance that its policies and procedures relating to the system of quality control are relevant, adequate and operating effectively.

A65. A deficiency in the firm's system of quality control does not necessarily indicate that an assurance engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the practitioner's report was not appropriate.

Skills, Knowledge and Experience with Respect to the Underlying Subject Matter and Its Measurement or Evaluation (Ref: Para. 35(c))

A66. A practitioner may be requested to perform assurance engagements with respect to a wide range of underlying subject matter. Some may require specialized skills and knowledge beyond those ordinarily possessed by a particular individual.

Assignment of the Team

Collective Competence and Capabilities (Ref: Para. 36)

A68. CSQC 1 requires the firm to establish policies and procedures for the acceptance and continuance of client relationships and specific engagements, designed to provide the firm with reasonable assurance that it will only undertake or continue relationships and engagements where the firm is competent to perform the engagement and has the capabilities, including time and resources, to do so. v4

Other Practitioners (Ref: Para. 36(b)(ii))

A71. The underlying subject matter may include matters upon which another practitioner may have expressed a conclusion. The practitioner may decide to use the evidence on which that other practitioner's conclusion is based to provide evidence regarding the underlying subject matter.

Review Responsibilities (Ref: Para. 37(c))

A73. Under CSQC 1, the firm's review responsibility policies and procedures are determined on the basis that the work of less experienced team members is reviewed by more experienced team members. vi5

A76. Maintaining professional skepticism throughout the engagement is necessary if the practitioner is, for example, to reduce the risks of:

- Overlooking unusual circumstances.
- Overgeneralizing when drawing conclusions from observations.
- Using inappropriate assumptions in determining the nature, timing and extent of the procedures, and evaluating the results thereof.

A78. Unless the engagement involves assurance about whether documents are genuine, the practitioner may accept records and documents as genuine unless the practitioner has reason to believe the contrary. Nevertheless, the practitioner is required by paragraph 55 to consider the reliability of information to be used as evidence.

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A89. In the circumstances described in paragraph 48, when some or all of the underlying subject matter is not appropriate for an assurance engagement and the practitioner continues with the engagement, a qualified conclusion or a disclaimer of conclusion would be appropriate depending on, in the practitioner's professional judgment, how significant and pervasive the matter is.

A97. Significance relates to the information covered by the assurance report. Therefore, when the engagement covers some, but not all, aspects of the information communicated about an underlying subject matter, significance is considered in relation to only that portion that is covered by the engagement.

A98. Concluding on the significance of the deviations identified as a result of the procedures performed requires professional judgment. For example:

- The applicable criteria for a performance audit for a hospital's emergency department may include the speed of the services provided, the quality of the services, the number of patients treated during a shift, and benchmarking the cost of the services against other similar hospitals. If three of these applicable criteria are satisfied but one applicable criterion is not satisfied by a small margin, then professional judgment is needed to conclude whether the hospital's emergency department represents value for money as a whole.
- In a compliance engagement, the entity may have complied with nine provisions of the relevant law or regulation, but did not comply with one provision. Professional judgment is needed to conclude whether the entity complied with the relevant law or regulation as a whole. For example, the practitioner may consider the importance of the provision with which the entity did not comply, as well as the relationship of that provision to the remaining provisions of the relevant law or regulation.

Understanding the Engagement Circumstances (Ref: Para. 50-52R)

A99. Discussions between the engagement partner and other key members of the engagement team, and any key practitioner's external experts, about the susceptibility of the underlying subject matter to significant deviation, and the application of the applicable 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 experts not involved in the discussion.

A101. Whether a party employed or otherwise engaged by a responsible party is an expert for the purposes of this CSAE 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 an expert that significantly affects the underlying subject matter and has important implications for the engagement. Paragraph 59 deals with circumstances when information to be used as evidence has been prepared using the work of a responsible party's expert.

A102. The practitioner ordinarily has a lesser depth of understanding of the underlying subject matter and other engagement circumstances than the responsible party. The practitioner also ordinarily has a lesser depth of understanding of the underlying subject matter and other engagement circumstances for a limited assurance engagement than for a reasonable assurance engagement. For example, while in some limited assurance engagements the practitioner may obtain an understanding of internal control relevant to the underlying subject matter, this is often not the case.

A103. In a limited assurance engagement, identifying the areas where a significant deviation is likely to arise enables the practitioner to focus procedures on those areas. For example, in an engagement when the underlying subject matter deals with the entity's sustainability, the practitioner may focus on certain areas of sustainability. The practitioner may design and perform procedures over the entire underlying subject matter when it consists of only a single area or when obtaining assurance over all areas of the underlying subject matter is necessary to obtain meaningful assurance.

A104. In a reasonable assurance engagement, understanding internal control relevant to the underlying subject matter assists the practitioner in identifying

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<p>the types of deviations and factors that affect the risks of significant deviation. Professional judgment is needed to determine which controls are relevant in the engagement circumstances.</p>
<p>A105. When the objective of a reasonable assurance 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 inform 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 underlying subject matter for this engagement.</p>
<p>A106. When the objective of a reasonable assurance engagement is to conclude on a specific outcome of a process, controls may not be relevant to that engagement. For example, an assurance engagement may be designed to reach a 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.</p>
<p>A107. When controls are pertinent to the objective of a reasonable assurance 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.</p>
<p>A108. In both a reasonable assurance and a limited assurance engagement, the results of the entity's risk assessment process may also assist the practitioner in obtaining an understanding of the underlying subject matter and other engagement circumstances.</p>
<p>A110. Factors that may affect the practitioner's selection of procedures include the nature of the underlying 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>A112. In some engagements, the practitioner may not identify any areas where a significant deviation is likely to arise. Irrespective of whether any such areas have been identified, the practitioner designs and performs procedures to obtain a meaningful level of assurance.</p>
<p><i>Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement</i> (Ref: Para. 54L)</p>
<p>A114. The practitioner may become aware of deviations that are, after applying professional judgment, clearly not indicative of the existence of significant 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 significant deviations:</p> <ul style="list-style-type: none"> • If significance 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 significant deviation is likely to be acceptable in the engagement circumstances. • If, in performing a set of procedures over an area where significant 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 significant deviation is, nevertheless, at a level that is acceptable in the circumstances of the engagement in light of the results of other procedures.
<p>A117. If, having performed the additional procedures required by paragraph 54L, 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 70 applies.</p>
<p>A118. The practitioner's judgment about the nature, timing and extent of additional procedures that are needed to obtain evidence to either conclude that a</p>

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significant deviation is not likely, or determine that a significant deviation exists, is, for example, guided by:

- Information obtained from the practitioner's evaluation of the results of the procedures already performed;
- The practitioner's updated understanding of the underlying subject matter and other engagement circumstances obtained throughout the course of the engagement; and
- The practitioner's view on the persuasiveness of evidence needed to address the matter that causes the practitioner to believe that the underlying subject matter may contain a significant deviation.

Considerations When a Practitioner's Expert Is Involved on the Engagement

Nature, Timing and Extent of Procedures (Ref: Para. 57)

A120. The following matters are often relevant when determining the nature, timing and extent of procedures with respect to the work of a practitioner's expert when some of the assurance work is performed by one or more practitioner's expert (see paragraph A69):

- (a) The importance of that expert's work in the context of the engagement (see also paragraphs A121-A122);
- (b) The nature of the matter to which that expert's work relates;
- (c) The risks of significant deviation in the matter to which that expert's work relates;
- (d) The practitioner's knowledge of and experience with previous work performed by that expert; and
- (e) Whether that expert is subject to the practitioner's firm's quality control policies and procedures (see also paragraphs A123-A124).

The practitioner's firm's quality control policies and procedures

A123. A practitioner's internal expert 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 CSQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as CSQC 1. Alternatively, a practitioner's internal expert 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 expert is not a member of the engagement team and is not subject to quality control policies and procedures in accordance with CSQC 1.

A129. Having a sufficient understanding of the field of expertise of the practitioner's expert enables the practitioner to:

- (a) Agree with the practitioner's expert the nature, scope and objectives of that expert's work for the practitioner's purposes; and
- (b) Evaluate the adequacy of that work for the practitioner's purposes.

A131. It may be appropriate for the practitioner's agreement with the practitioner's expert to also include matters such as the following:

- (a) The respective roles and responsibilities of the practitioner and that expert;
- (b) The nature, timing and extent of communication between the practitioner and that expert, including the form of any report to be provided by that expert; and
- (c) The need for the practitioner's expert to observe confidentiality requirements

Evaluating the Adequacy of the Practitioner's Expert's Work (Ref: Para. 57(d))

A133. The following matters may be relevant when evaluating the adequacy of the practitioner's expert's work for the practitioner's purposes:

A134. If the practitioner determines that the work of the practitioner's expert is not adequate for the practitioner's purposes, options available to the practitioner include:

- (a) Agreeing with that expert on the nature and extent of further work to be performed by that expert; or

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(b) Performing additional procedures appropriate to the circumstances.

Requested Written Representations Not Provided or Not Reliable (Ref: Para. 65)

A139. Circumstances in which the practitioner may not be able to obtain requested written representations include, for example, when:

- An intended user engages the practitioner to undertake an assurance engagement on the underlying 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.
- The assurance 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, or a public sector practitioner is required by the legislature or other competent authority to undertake a particular engagement.

In these or similar circumstances, the practitioner may not have access to the evidence needed to support the practitioner's conclusion. If this is the case paragraph 70 of this CSAE applies.

Subsequent Events (Ref: Para. 66)

A140. Consideration of subsequent events in some assurance engagements may not be relevant because of the nature of the underlying subject matter. For example, when the engagement requires a 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 assurance report may not affect the conclusion or require disclosure in the return or the assurance report.

A145. A description of the applicable criteria that contains imprecise qualifying or limiting language (for example, "the underlying subject matter is in substantial compliance with the requirements of XYZ") is not an adequate description as it may mislead users of the practitioner's report.

A150. In terms of obtaining sufficient appropriate evidence, it is generally more difficult to obtain assurance about the underlying subject matter covering a period than about underlying subject matter at a point in time. In addition, conclusions provided on processes ordinarily are limited to the period covered by the engagement; the practitioner provides no conclusion about whether the process will continue to function in the specified manner in the future.

A152. 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 a conclusion on the underlying subject matter. The practitioner may:

- Extend the work performed; or
- Perform other procedures judged by the practitioner to be necessary in the circumstances.

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 a conclusion. This situation may arise even though the practitioner has not become aware of a matter(s) that causes the practitioner to believe the underlying subject matter may have a significant deviation, as addressed in paragraph 54L.

A160. The 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 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 72, additional information is clearly separated from the practitioner's conclusion and phrased in such a manner so as make it clear that it is not intended to detract from that conclusion.

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<p>Addressee (Ref: Para. 73(b))</p> <p>A162. An addressee identifies the party or parties to whom the assurance report is directed. The assurance report is ordinarily addressed to the engaging party, but in some cases, there may be other intended users.</p>
<p>Underlying Subject Matter (Ref: Para. 73(d), A41)</p> <p>A163. Identification and description of the underlying subject matter may include, for example:</p> <ul style="list-style-type: none"> • The point in time or period of time to which the measurement or evaluation of the underlying subject matter relates. • Where applicable, the name of the responsible party or component of the responsible party to which the underlying subject matter relates. • An explanation of those characteristics of the underlying 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 underlying subject matter against the applicable criteria, or the persuasiveness of available evidence. For example: <ul style="list-style-type: none"> o The degree to which the underlying subject matter is qualitative versus quantitative, objective versus subjective, or historical versus prospective. o Changes in the underlying subject matter or other engagement circumstances that affect the comparability from one period to the next.
<p>A167. Where a subject-matter-specific CSAE applies to only part of the underlying subject matter, it may be appropriate to cite both that subject-matter-specific CSAE and this CSAE.</p>
<p>A168. A statement that contains imprecise qualifying or limiting language (for example, "the engagement was performed by reference to CSAE 3001") may mislead users of assurance reports.</p>
<p>Applicable Quality Control Requirements (Ref: Para. 73(i))</p> <p>A169. The following is an illustration of a statement in the assurance report regarding applicable quality control requirements: The firm applies Canadian Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.</p>
<p>Compliance with Independence and Other Ethical Requirements (Ref: Para. 73(j))</p> <p>A170. The following is an illustration of a statement in the assurance report regarding compliance with ethical requirements: We have complied with the independence and other ethical requirements of the [specify applicable rules of professional conduct / code of ethics], which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</p>
<p>Summary of the Work Performed (Ref: Para. A8, 73(k))</p> <p>A171. The summary of the work performed helps the intended users understand the practitioner's conclusion. For many assurance engagements, infinite variations in procedures are possible in theory. In practice, however, these are difficult to communicate clearly and unambiguously. Other authoritative pronouncements issued by the Auditing and Assurance Standards Board may be useful to practitioners in preparing the summary.</p> <p>A172. Where no specific CSAE provides guidance on procedures for a particular underlying subject matter, the summary might include a more detailed description of the work performed. It may be appropriate to include in the summary a statement that the work performed included evaluating the suitability of the applicable criteria.</p> <p>A173. In a limited assurance engagement, the summary of the work performed is ordinarily more detailed than for a reasonable assurance engagement and identifies the limitations on the nature, timing and extent of procedures. This is because an appreciation of the nature, timing and extent of procedures performed is essential to understanding a conclusion expressed in a form that conveys whether, based on the procedures performed, a significant matter(s)</p>

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has come to the practitioner's attention to cause the practitioner to believe the underlying subject matter contains a significant deviation. It also may be appropriate to indicate in the summary of the work performed certain procedures that were not performed that would ordinarily be expected to be performed in a reasonable assurance engagement. However, a complete identification of all such procedures may not be possible because the practitioner's required understanding and consideration of engagement risk is less than in a reasonable assurance engagement.

A174. Factors to consider in determining the level of detail to be provided in the summary of the work performed may include:

- 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.
- The intended users' expectations of the level of detail to be provided in the report, based on market practice, or applicable law or regulation.

A175. 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 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.

The Practitioner's Conclusion (Ref: Para. 14(a)(ii)b., 73(l))

A176. An example of a conclusion expressed in a form appropriate for a reasonable assurance engagement is: "In our opinion, the entity has complied, in all significant respects, with XYZ law."

A177. It may be appropriate to inform the intended users of the context in which the practitioner's conclusion is to be read when the assurance report includes an explanation of particular characteristics of the underlying subject matter of which the intended users should be aware. The practitioner's conclusion may, for example, include wording such as: "This conclusion has been formed on the basis of the matters outlined elsewhere in this independent assurance report."

A178. An example of a conclusion expressed in a form appropriate for a limited assurance engagement is: "Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that [the entity] has not complied, in all significant respects, with XYZ law."

A179. Forms of expression which may be useful for underlying subject matters include, for example, "in compliance with" or "in accordance with."

A180. Inclusion of a heading above paragraphs containing modified conclusions, and the matter(s) giving rise to the modification, aids the understandability of the practitioner's report. Examples of appropriate headings include "Qualified Conclusion," "Adverse Conclusion," or "Disclaimer of Conclusion" and "Basis for Qualified Conclusion," "Basis for Adverse Conclusion," as appropriate.

The Practitioner's Signature (Ref: Para. 73(m))

A181. The practitioner's signature is either in the name of the practitioner's firm, the personal name of the individual practitioner or both, as appropriate for the particular jurisdiction. In addition to the practitioner's signature, in certain jurisdictions, the practitioner may be required to make a declaration in the practitioner's report about professional designations or recognition by the appropriate licensing authority in that jurisdiction.

Reference to the Practitioner's Expert in the Assurance Report (Ref: Para. 74)

A183. In some cases, law or regulation may require a reference to the work of a practitioner's expert in the assurance 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 conclusion, or when the work of an expert is integral to findings included in a long form report.

A185. A generic reference in a long-form report to the engagement having been conducted by suitably qualified personnel including subject matter experts and assurance specialists is unlikely to be misunderstood as reduced responsibility. The potential for misunderstanding is higher, however, in the case of

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short-form reports, where minimum contextual information is able to be presented, or when the practitioner's expert is referred to by name. Therefore, additional wording may be needed in such cases to prevent the assurance report implying that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of the expert.

Unmodified and Modified Conclusions (Ref: Para. 76-80)

A186. 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).

A189. Examples of qualified and adverse conclusions and a disclaimer of conclusion are:

- Qualified conclusion (an example for limited assurance engagements with a significant deviation) – "Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the entity has not complied, in all significant respects, with XYZ law."
- Qualified conclusion (an example for reasonable assurance engagements with a significant deviation) – "We conclude that the entity increased the capacity of its facilities in a manner that meets its needs in the short term. However, the entity did not develop a long-term plan to ensure its capacity needs will be met in the future."
- Adverse conclusion (an example for a significant and pervasive deviation for both reasonable assurance and limited assurance engagements) – "Because of the importance of the matter described in the Basis for Adverse Conclusion section of our report, the entity has not complied, in all significant respects, with XYZ law."
- Disclaimer of conclusion (an example for a significant and pervasive limitation of scope for both reasonable assurance and limited assurance engagements) – "Because of the importance of the matter described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to form a conclusion on whether the entity has complied, in all significant respects, with XYZ law. Accordingly, we do not express a conclusion on such compliance."

A194. Documentation may include a record of, for example:

- 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.

Assembly of the Engagement File

A196. CSQC 1 (or other professional requirements, or requirements in law or regulation that are at least as demanding as CSQC 1) requires firms to establish policies and procedures for the timely completion of the assembly of engagement files. vii⁶ 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. viii⁷

A198. CSQC 1 (or other requirements that are at least as demanding as CSQC 1) requires firms to establish policies and procedures for the retention of engagement documentation. ix⁸ The retention period for assurance engagements ordinarily is no shorter than five years from the date of the assurance report. x⁹