Agenda Item 9A

Proposed AT-C Section 105,* *Concepts Common to All Attestation Engagements* (Marked from AT-C Section 105, as Amended by SSAE No. 19, *Agreed-Upon Procedures Engagements*)

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Introduction **.01 .~~01~~** This section applies to engagements in which a CPA in the practice of public accounting is engaged to issue, or does issue, a practitioner's examination, review, or agreed-upon procedures report on subject matter information or an assertion about underlying subject matter (hereinafter referred to as an *assertion*) In all attestation engagements, the USM ~~that~~ is the responsibility of another party. (Ref: par. .A1~~.A1~~)	**Introduction (Ref: par. .01 ~~.01~~ and .04~~.03~~)** **.A1.** ~~.A1~~ The underlying subject matter or subject matter information of an attestation engagement may take many forms, including the following: *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

* This section contains an "AT-C" identifier, instead of an "AT" identifier, to avoid confusion with references to existing "AT" sections, which remain effective through April 2017 in AICPA Professional Standards.

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	e. Systems and processes, for example, internal control *f.* Behavior, for example, corporate governance, compliance with laws and regulations, and human resource practices The subject matter information may be as of a point in time or for a period of time.
Assertion-Based Engagements and Direct Engagements **.02** . Attestation engagements include *a* assertion-based engagements, in which a party other than the practitioner measures or evaluates the underlying subject matter against the criteria, and provides an assertion about the outcome of that measurement or evaluation *b* direct engagements, in which the practitioner measures or evaluates the underlying subject matter against the criteria and the practitioner presents the resulting subject matter information as part of, or accompanying, the practitioner's report. In a direct engagement, the practitioner's opinion or conclusion addresses the outcome of the measurement or evaluation of the underlying subject matter against the criteria. This section contains requirements and application guidance for assertion-based examination and review engagements This section also provides requirements and guidance for direct engagements, however certain requirements existing in AU-C sections 205 or 210 may need to	***Applying the Attestation Standards to Direct Engagements (Ref: par. .02)*** **.A2.** The practitioner's objective in a direct examination engagement is to obtain reasonable assurance, and in a direct review engagement, to obtain limited assurance, just as it is in the related assertion-based engagements. In a direct examination or review engagement, the required level of assurance is the benchmark for determining how AT-C sections 205 and 210 may need to be adapted. For example, paragraph .29 of AT-C section 205 requires the practitioner to evaluate whether the responsible party has appropriately applied the requirements of criteria relevant to any estimated amounts. If the responsible party has not developed the estimates, the practitioner could develop and report on the estimates (i.e., a direct engagement). The practitioner would exercise the due care, integrity, and objectivity required by the AICPA *Code of Professional Conduct* in developing the estimate. In a direct engagement, the outcome of the measurement or evaluation of the underlying subject matter is determined by the practitioner, but the underlying subject matter remains the responsibility of the responsible party. The fact that the practitioner does not obtain an assertion in a direct engagement does

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be adapted and applied in the performance of a direct engagement or supplemented as necessary in the engagement circumstances. (Ref: par. .A2)	not prevent the practitioner from achieving the required level of assurance because an assertion is not evidence.
.02.03 ~~.02~~ An assertion-based examination or review engagement (hereinafter referred to as an examination or review engagement, unless otherwise specified) is predicated on the concept that a party other than the practitioner makes an assertion about whether the underlying subject matter is measured or evaluated in accordance with suitable criteria. AT-C Section 205, *Examination Engagements*, and AT-C section 210, *Review Engagements*, require the practitioner to request such an assertion in writing when performing an examination or review engagement.[1] In examination and review engagements, when the engaging party is the responsible party, the responsible party's refusal to provide a written assertion requires the practitioner to withdraw from the engagement when withdrawal is possible under applicable laws and regulations[2] In examination and review engagements, when the engaging party is not the responsible party and the responsible party refuses to provide a written assertion, the practitioner need not withdraw from the engagement but is required to disclose that refusal in the practitioner's report and restrict the use of the report to the engaging party.[3] The purpose of an examination or review attestation engagement is to provide users of information with an opinion or conclusion regarding subject matter information or an assertion about the underlying subject matter, as measured against suitable and available criteria. An examination engagement results in an opinion, and a review engagement results in a conclusion. The purpose of an agreed-upon	**.A3.** ~~.A2~~ Because performance audits performed pursuant to *Government Auditing Standards* do not require a practitioner's examination, review, or agreed-upon procedures report as described in this section, this section does not apply to performance audits unless the practitioner engaged to conduct a performance audit is also engaged to conduct an AICPA attestation engagement or issues such an examination, review, or agreed-upon procedures report.

[1] Paragraph .10 of section 205, *Examination Engagements,* and paragraph .11 of section 210, *Review Engagements.*
[2] Paragraph .82 of section 205 and paragraph .59 of section 210.
[3] Paragraph .84 of section 205 and paragraph .60 of section 210.

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procedures engagement is to provide users of information with the results of procedures performed by the practitioner on subject matter information. An agreed-upon procedures engagement results in findings**.**	
.03.04 ~~.03~~ This section is not applicable to professional services for which the AICPA has established other professional standards, for example, services performed in accordance with (Ref: par. .A4.~~A3~~) *a.* Statements on Auditing Standards, *b.* Statements on Standards for Accounting and Review Services, *c.* Statements on Standards for Tax Services, or *d.* Statements on Standards for Consulting Services, including litigation services that involve pending or potential legal or regulatory proceedings before a trier of fact. (Ref: par. .A4~~A3~~)	**.A4.** ~~.A3~~ Examples of litigation services include the following: *a.* The service comprises being an expert witness. *b.* The service comprises being a trier of fact or acting on behalf of one. *c.* The practitioner's work under the rules of the proceedings is subject to detailed analysis and challenge by each party to the dispute. *d.* The practitioner is engaged by an attorney to do work that will be protected by the attorney's work product or attorney-client privilege, and such work is not intended to be used for other purposes.
.04.05 ~~.04~~ An attestation engagement may be part of a larger engagement, for example, a feasibility study or business acquisition study that also includes an examination of prospective financial information. In such circumstances, the attestation standards apply only to the attestation portion of the engagement.	
Compliance With the Attestation Standards **.05**.06 **.05** The "Compliance With Standards Rule" (AICPA, *Professional Standards*, ET sec. 1.310.001), of the AICPA Code of	

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Professional Conduct requires members who perform professional services to comply with standards promulgated by bodies designated by the Council of the AICPA.	
Relationship of Attestation Standards to Quality Control Standards **.06.07 .06** Quality control systems, policies, and procedures are the responsibility of the firm in conducting its attestation practice. Under QC section 10, *A Firm's System of Quality Control* (AICPA, *Professional Standards*), the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that[4] (Ref: par. .A5–.A7 .A4–.A6) *a.* the firm and its personnel comply with professional standards and applicable legal and regulatory requirements and *b.* practitioners' reports issued by the firm are appropriate in the circumstances.	**Relationship of Attestation Standards to Quality Control Standards (Ref: par. .07.06)** **.A5.** .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. **.A6.** 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 engagement and provide the firm with relevant information to enable the functioning of that part of the firm's quality control relating to independence **.A7.** .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.
Effective Date **.07.08 .08** This section is effective for practitioners' reports dated on or after May 1, 2017.	

[4] Paragraph .12 of QC section 10, *A Firm's System of Quality Control* (AICPA, *Professional Standards*).

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Objectives .~~08~~.09 ~~.09~~ In conducting an attestation engagement, the overall objectives of the practitioner are as follows: *a.* Apply the requirements relevant to the attestation engagement. *b.* In an examination or review engagement, report on the subject matter information or assertion, and in an agreed-upon procedures engagement, report on the procedures performed and related findings without providing an opinion or conclusion on the subject matter information. *c.* Communicate as required by the applicable AT-C section, in accordance with the results of the practitioner's procedures. *d.* Implement quality control procedures at the engagement level that provide the practitioner with reasonable assurance that the attestation engagement complies with professional standards and applicable legal and regulatory requirements.	
Definitions .~~09~~.10 ~~.10~~ For purposes of the attestation standards, the following terms have the meanings attributed as follows: **Assertion.** Any declaration or set of declarations about whether the underlying subject matter is in accordance with (or based on) the criteria.	**Definitions**

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Attestation engagement. An examination, review, or agreed-upon procedures engagement performed under the attestation standards related to underlying subject matter or an assertion that is the responsibility of another party~~.~~ or an engagement in which the practitioner measures or evaluates the underlying subject matter against the ~~applicable~~ criteria and presents the resulting subject matter information as part of, or accompanying, the practitioner's report.. ~~-~~The following are the three types of attestation engagements and are applicable to both assertion-based and direct engagements : *a*. **Examination engagement.** An attestation engagement in which the practitioner obtains reasonable assurance by obtaining sufficient appropriate evidence about the measurement or evaluation of underlying subject matter against criteria in order to be able to draw reasonable conclusions on which to base the practitioner's opinion about whether the underlying subject matter is in accordance with (or based on) the criteria, or the subject matter information or the assertion is fairly stated, in all material respects. (Ref: par. .A8~~.A7~~) *b*. **Review engagement.** An attestation engagement in which the practitioner obtains limited assurance by obtaining sufficient appropriate review evidence about the measurement or evaluation of underlying subject matter against criteria in order to express a conclusion about whether any material modification should be made to the underlying subject matter ~~information~~ in order for it be in accordance with (or based on) the criteria, or the subject	***Examination Engagement (Ref: par..10 ~~.10~~)*** **.A8.** ~~.A7~~ The practitioner obtains the same level of assurance in an examination engagement as the practitioner does in a financial statement audit. ***Review Engagement (Ref: par. .10~~.10~~)*** **.A9.** ~~.A8~~ The practitioner obtains the same level of assurance in a review engagement as the practitioner does in a review of financial statements.

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matter information or to the assertion in order for it to be fairly stated. (Ref: par. .A9~~.A8~~) *c.* **Agreed-upon procedures engagement.** An attestation engagement in which a practitioner performs specific procedures on underlying subject matter, subject matter information or an assertion and reports the findings without providing an opinion or a conclusion. **Attestation risk.** In an examination or review engagement, the risk that the practitioner expresses an inappropriate opinion or conclusion, as applicable, when the subject matter information or assertion is materially misstated. (Ref: par. .A10–.A17~~.A9–.A15~~)	***Attestation Risk (Ref: par. .10~~.10~~)*** **.A10.** ~~.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 information or assertion reported on. **.A11.** ~~.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: *a.* Risks that the practitioner does not directly influence, which consist of i. the susceptibility of the subject matter information to a material misstatement before consideration of any related controls (inherent risk) and ii. the risk that a material misstatement that could occur in the subject matter information will not be prevented, or detected and corrected, on a timely basis by the appropriate party(ies)'s internal control (control risk) *b.* 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)

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	.A12. .~~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 • the nature of the underlying subject matter, subject matter information or assertion. (For example, the concept of control risk may be more useful when the underlying subject matter, subject matter information 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.) • 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 information or assertion.) **.A13.** ~~**.A12**~~ The consideration of risks is a matter of professional judgment, rather than a matter capable of precise measurement. **.A14.** ~~**.A13**~~ In an examination engagement, the practitioner reduces attestation risk to an acceptably low level in t ~~**.A14.**~~**.A15.** he 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: • The use of selective testing

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	• 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 based on that evidence • In some cases, the characteristics of the underlying subject matter when evaluated or measured against the criteria ~~.A15.~~**.A16.** ~~.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. ~~.A16.~~**.A17.** ~~.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 information or an assertion and reports the findings without providing an opinion or conclusion.
~~.~~**Criteria** The benchmarks used to measure or evaluate the underlying subject matter. (Ref: par.~~.A16.~~ .A18)	***Criteria (Ref: par. .10~~10~~)*** ~~.A17.~~**.A18.** ~~.A16~~ Suitable criteria are required for reasonably consistent measurement or evaluation of underlying subject matter

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	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, one responsible party might select the number of customer complaints resolved to the acknowledged satisfaction of the customer for the underlying subject matter of customer satisfaction; another responsible party 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 an examination engagement, they are also unsuitable for a review engagement and vice versa.
Documentation completion date. The date on which the practitioner has assembled for retention a complete and final set of documentation in the engagement file. **Engagement circumstances.** The broad context defining the particular engagement, which includes the terms of the engagement; whether it is an examination, review, or agreed-upon procedures engagement; the characteristics of the underlying subject matter; the criteria; the information needs of the intended users; relevant characteristics of the responsible party and, if different, the engaging party and their environment; and other matters, for example, events, transactions, conditions	

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and practices, and relevant laws and regulations, that may have a significant effect on the engagement. **Engagement documentation.** The record of procedures performed, relevant evidence obtained, and, in an examination or review engagement, conclusions reached by the practitioner, or in an agreed-upon procedures engagement, findings of the practitioner. (Terms such as *working papers* or *workpapers* are also sometimes used). **Engagement partner.** The partner or other person in the firm who is responsible for the attestation engagement and its performance and for the practitioner's report that is issued on behalf of the firm and who, when required, has the appropriate authority from a professional, legal, or regulatory body. *Engagement partner*, *partner*, and *firm* refer to their governmental equivalents when relevant. **Engagement team.** All partners and staff performing the engagement and any individuals engaged by the firm or a network firm who perform attestation procedures on the engagement. This excludes a practitioner's external specialist and engagement quality control reviewer engaged by the firm or a network firm. The term *engagement team* also excludes individuals within the client's internal audit function who provide direct assistance	
Engaging party. The party(ies) that engages the practitioner to perform the attestation engagement. (Ref: par. .A19~~.A17~~) **Evidence.** Information used by the practitioner in arriving at the opinion, conclusion, or findings on which the practitioner's	***Engaging Party (Ref: par. .10~~.10~~)*** **~~.A18.~~.A19. ~~.A17~~** The engaging party, depending on the circumstances, may be management or those charged with governance of the

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report is based. **Firm.** A form of organization permitted by law or regulation whose characteristics conform to resolutions of the Council of the AICPA and that is engaged in the practice of public accounting. **Fraud.** An intentional act involving the use of deception that results in a misstatement in the subject matter information or the assertion. **General use.** Use of a practitioner's report that is not restricted to specified parties. **Internal audit function.** A function of an entity that performs assurance and consulting activities designed to evaluate and improve the effectiveness of the entity's governance, risk management, and internal control processes. **Misstatement.** A difference between the measurement or evaluation of the underlying subject matter by the responsible party and the proper measurement or evaluation of the underlying subject matter based on the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions. In certain engagements, a misstatement may be referred to as a *deviation*, *exception*, or *instance of noncompliance*. **Network firm.** A firm or other entity that belongs to a network, as defined in ET section 0.400, *Definitions* (AICPA, *Professional Standards*).	responsible party, a governmental body or agency, the intended users, or another third party.
Noncompliance with laws or regulations. Acts of omission or	

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commission by the entity, either intentional or unintentional, that are contrary to the prevailing laws or regulations. Such acts include transactions entered into by, or in the name of, the entity or on its behalf by those charged with governance, management, or employees. *Noncompliance* does not include personal misconduct (unrelated to the subject matter information) by those charged with governance, management, or employees of the entity. **Other practitioner.** An independent practitioner who is not a member of the engagement team who performs work on information that will be used as evidence by the practitioner performing the attestation engagement. An other practitioner may be part of the practitioner's firm, a network firm, or another firm. **Practitioner.** The person or persons conducting the attestation engagement, usually the engagement partner or other members of the engagement team, or, as applicable, the firm. When an AT-C section expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term *engagement partner*, rather than *practitioner*, is used. *Engagement partner* and *firm* are to be read as referring to their governmental equivalents when relevant. **Practitioner's specialist.** An individual or organization possessing expertise in a field other than accounting or attestation, whose work in that field is used by the practitioner to assist the practitioner in obtaining evidence for the service being provided. A practitioner's specialist may be either a practitioner's internal	

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specialist (who is a partner or staff, including temporary staff, of the practitioner's firm or a network firm) or a practitioner's external specialist. *Partner* and *firm* refer to their governmental equivalents when relevant. **Professional judgment.** The application of relevant training, knowledge, and experience, within the context provided by attestation and ethical standards in making informed decisions about the courses of action that are appropriate in the circumstances of the attestation engagement. **Professional skepticism.** An attitude that includes a questioning mind, being alert to conditions that may indicate possible misstatement due to fraud or error, and a critical assessment of evidence. **Reasonable assurance.** A high, but not absolute, level of assurance. **Report release date.** The date on which the practitioner grants the engaging party permission to use the practitioner's report. **Responsible party.** The party(ies) responsible for the underlying subject matter or subject matter information. If the nature of the underlying subject matter is such that no such party exists, a party who has a reasonable basis for making a written assertion about the underlying subject matter may be deemed to be the responsible party. **Specified party.** The intended user(s) to whom use of the written practitioner's report is limited.	

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Subject matter information. The outcome of the measurement or evaluation of underlying subject matter against criteria. **Underlying s~~S~~ubject matter.** In an examination or review engagement, the phenomenon that is measured or evaluated by applying criteria. In an agreed-upon procedures engagement, the phenomenon upon which procedures are performed.	
~~.10~~.11 ~~.11~~ For the purposes of the attestation standards, references to appropriate party(ies) should be read hereafter as the responsible party or the engaging party, as appropriate. (Ref: par. .A20~~.A18~~)	***Appropriate Party(ies) (Ref: par. .11~~.11~~)*** **~~.A19.~~.A20. ~~.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.
Requirements	

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Conduct of an Attestation Engagement in Accordance With the Attestation Standards ***Complying With AT-C Sections That Are Relevant to the Engagement*** ~~.11~~.12 ~~.12~~ When performing an attestation engagement, the practitioner should comply with • this section; • sections 205, 210, or 215, as applicable; and • any subject-matter AT-C section relevant to the engagement when the AT-C section is in effect and the circumstances addressed by the AT-C section exist.	**Conduct of an Attestation Engagement in Accordance With the Attestation Standards** ***Complying With AT-C Sections That Are Relevant to the Engagement (Ref: par. .14 ~~.14~~)***
~~.12~~.13 ~~.13~~ The practitioner should not represent compliance with this or any other AT-C section unless the practitioner has complied with the requirements of this section and all other AT-C sections relevant to the engagement.	
~~.13~~.14 ~~.14~~ Reports issued by a practitioner in connection with services performed under other professional standards should be written to be clearly distinguishable from and not confused with reports issued under the attestation standards. (Ref: par. .A21.A22~~.A19–.A20~~)	~~.A20~~..A21. ~~.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. ~~.A21~~..A22. ~~.A20~~ Paragraph.14~~.14~~ does not prohibit combining reports issued by a practitioner under the attestation standards with reports

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	issued under other professional standards.
Text of an AT-C Section ~~.14~~**.15** ~~.15~~ The practitioner should have an understanding of the entire text of each AT-C section that is relevant to the engagement being performed, including its application and other explanatory material, to understand its objectives and apply its requirements properly. (Ref: par. .A23–.A28~~.A21–.A26~~)	***Text of an AT-C Section (Ref: par. .15)*** ~~.A22.~~**.A23.** ~~.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. ~~.A23.~~**.A24.** ~~.A22~~ Introductory material may include, as needed, such matters as an explanation of the following: • 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
	~~.A24.~~**.A25.** ~~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 *a*. explain more precisely what a requirement means or is intended to cover and *b*. include examples of procedures that may be appropriate in

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	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.
	~~.A25.~~**.A26.** ~~.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 *may*, *might*, and *could* are used to describe these actions and procedures.
	~~.A26.~~**.A27.** ~~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 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
	~~.A27.~~**.A28.** ~~A26~~ Appendixes form part of the application and other explanatory material. The purpose and intended use of an appendix

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	are explained in the body of the related AT-C section or within the title and introduction of the appendix itself.
Complying With Relevant Requirements ~~.15~~.16 ~~.16~~ Subject to paragraph .20, the practitioner should comply with each requirement of the AT-C sections that is relevant to the engagement being performed, including any relevant subject-matter AT-C section, unless, in the circumstances of the engagement, *a*. the entire AT-C section is not relevant, or *b*. the requirement is not relevant because it is conditional, and the condition does not exist.	***Complying With Relevant Requirements (Ref: par..17 ~~.17~~)***
~~.16~~.17 ~~17~~ When a practitioner undertakes an attestation engagement for the benefit of a government body or agency and agrees to follow specified government standards, guides, procedures, statutes, rules, and regulations, the practitioner should comply with those governmental requirements as well as the applicable AT-C sections. (Ref: par. .A29.A27)	~~.A28~~..A29. ~~.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.
Practitioner's Report Prescribed by Law or Regulation ~~.17~~.18 ~~.18~~ If the practitioner is required by law or regulation to use a specific layout, form, or wording of the practitioner's report and the prescribed form of report is not acceptable or would cause a practitioner to make a statement that the practitioner has no basis to make, the	***Practitioner's Report Prescribed by Law or Regulation (Ref: par. .18~~.18~~)*** ~~.A29~~..A30. ~~.A28~~ Some report forms can be made acceptable by inserting additional wording to include the elements required by

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practitioner should reword the prescribed form of report or attach an appropriately worded separate practitioner's report. (Ref: par. ..A30~~A28~~)	sections 205, 210, and 215.[5] Some report forms required by law or regulation can be made acceptable only by complete revision because the prescribed language of the practitioner's report calls for statements by the practitioner that are not consistent with the practitioner's function or responsibility, for example, a report form that requests the practitioner to "certify" the subject matter information.
Defining Professional Requirements in the Attestation Standards ~~.18~~.19 ~~.19~~ The attestation standards use the following two categories of professional requirements, identified by specific terms, to describe the degree of responsibility it imposes on practitioners: • *Unconditional requirements*. The practitioner must comply with an unconditional requirement in all cases in which such requirement is relevant. The attestation standards use the word *must* to indicate an unconditional requirement. • *Presumptively mandatory requirements*. The practitioner must comply with a presumptively mandatory requirement in all cases in which such a requirement is relevant, except in rare circumstances discussed in paragraph .20~~.20~~. The attestation standards use the word *should* to indicate a presumptively mandatory requirement.	
Departure From a Relevant Requirement	***Departure From a Relevant Requirement (Ref: par.*** .20~~.20~~***)***

[5] Paragraphs .63–.66 of section 205, paragraphs .46–.49 of section 210, and paragraph .35 of section 215

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~~.19~~.20 ~~.20~~ In rare circumstances, the practitioner may judge it necessary to depart from a relevant presumptively mandatory requirement. In such circumstances, the practitioner should perform alternative procedures to achieve the intent of that requirement. The need for the practitioner to depart from a relevant, presumptively mandatory requirement is expected to arise only when the requirement is for a specific procedure to be performed and, in the specific circumstances of the engagement, that procedure would be ineffective in achieving the intent of the requirement. (Ref: par..A31~~-.A29~~)	~~.A30.~~.A31. ~~.A29~~ Paragraph ..41~~41~~ prescribes documentation requirements when the circumstances described in paragraph .20~~.20~~ occur.
Interpretive Publications ~~.20~~.21 ~~.21~~ The practitioner should consider applicable interpretive publications in planning and performing the attestation engagement. (Ref: par. .A32~~-.A30~~)	***Interpretive Publications (Ref: par..21~~-.21~~)*** ~~.A31.~~.A32. ~~.A30~~ *Interpretive publications* 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 the AT-C sections and exhibits are included within the AT-C sections in AICPA *Professional Standards*. AICPA guides and attestation SOPs are listed in AT-C appendix A, "AICPA Guides and Statements of Position," of AICPA *Professional Standards*.

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Other Attestation Publications ~~.21~~.22 **~~.22~~** In applying the attestation guidance included in an other attestation publication, the practitioner should, exercising professional judgment, assess the relevance and appropriateness of such guidance to the circumstances of the attestation engagement. (Ref: par. .A33–.A35.~~A31–.A33~~)	***Other Attestation Publications (Ref: par..22~~.22~~)*** ~~.A32.~~.A33. ~~.A31~~ *Other attestation publications* are publications other than interpretive publications. These include AICPA attestation publications not defined as interpretive publications; attestation articles in the *Journal of Accountancy* 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.
	~~.A33.~~.A34. ~~.A32~~ Although the practitioner determines the relevance of these publications in accordance with paragraph **.22**~~.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 AT-C appendix B, "Other Attestation Publications," of AICPA *Professional Standards*.
	~~.A34.~~.A35. ~~.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

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	author is recognized as an authority in attestation matters.
Acceptance and Continuance .22.23 .23 The engagement partner should be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and attestation engagements have been followed and should determine that conclusions reached in this regard are appropriate.	
Preconditions for an Attestation Engagement .23.24 .24 The practitioner must be independent when performing an attestation engagement in accordance with the attestation standards unless the practitioner is required by law or regulation to accept the engagement and report on the subject matter information or assertion. (Ref: par. .A36.A34)	**Preconditions for an Attestation Engagement (Ref: par..24 .24-.25*b*[ii])** .A35..A36. .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 underlying subject matter.
.24.25 .25 In order to establish that the preconditions for an attestation engagement are present, the practitioner should determine both of the following: *a.* Whether the responsible party is a party other than the practitioner and takes responsibility for the underlying subject matter. (Ref: par. .A37–.A39.A35–.A37)	**Roles and Responsibilities (Ref: par. .25.25)** .A36..A37. .A35 All attestation engagements have an engaging party, a responsible party, the practitioner, and intended users. In some attestation engagements, the engaging party is different from the responsible party. In other attestation engagements, the engaging party, the responsible party, and the intended users may all be the

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	same ~~.A37.~~**.A38.** ~~.A36~~ The responsible party may acknowledge its responsibility for the underlying subject matter, the subject matter information 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 presentation of the subject matter information, including the notes thereto, or the written assertion. Examples of other evidence of the responsible party's responsibility for the underlying subject matter or subject matter information include reference to legislation, a regulation, or a contract. ~~.A38.~~**.A39.** ~~.A37~~ Evidence that the appropriate relationship exists with respect to responsibility for the underlying subject matter may be obtained through an acknowledgment provided by the responsible party. Such an acknowledgment also establishes a basis for a common understanding of the responsibilities of the responsible party and the practitioner. A written acknowledgment is the most appropriate form of documenting the responsible party's understanding. In the absence of a written acknowledgment of responsibility, it may still be appropriate for the practitioner to accept the engagement if, for example, other sources, such as legislation or a contract, indicate responsibility. In other cases, it may be appropriate to decline the engagement depending on the circumstances or disclose the circumstances in the attestation report.
b. Whether the engagement exhibits all of the following	***Appropriateness of Underlyiung Subject Matter (Ref: par.***

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characteristics: i. The underlying subject matter is appropriate. (Ref: par..A40–.A45~~.A38–.A43~~)	.25~~.25~~ **b*[i])*** **~~.A39.~~.A40. .~~A38~~** An element of the appropriateness of underlying subject matter is the existence of a reasonable basis for measuring or evaluating the underlying subject matter. The responsible party in an assertion-based attestation engagement and the practitioner in a direct engagement is responsible for having a reasonable basis for measuring or evaluating the underlying subject matter. What constitutes a reasonable basis will depend on the nature of the underlying 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 underlying subject matter is free from material misstatement. The fact that the practitioner will report on the underlying subject matter, subject matter information or assertion is not a substitute for the responsible party's or practitioner's own processes to have a reasonable basis for measuring or evaluating the underlying subject matter or assertion. **~~.A40.~~.A41. ~~.A39~~** An appropriate underlying subject matter *a*. is identifiable and, in an examination or review engagement, is capable of consistent measurement or evaluation against the criteria and *b*. can be subjected to procedures for obtaining sufficient appropriate evidence to support an opinion, conclusion, or findings, as appropriate. **~~.A41.~~.A42. ~~.A40~~** If the underlying subject matter is not appropriate for an examination engagement, it also is not appropriate for a review

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	engagement. ~~.A42.~~**.A43.** ~~.A41~~ 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 following: *a*. In an examination or review engagement, the precision with which the underlying subject matter can be measured or evaluated against criteria *b*. The persuasiveness of available evidence ~~.A43.~~**.A44.** ~~.A42~~ Identifying such characteristics and considering their effects assists the practitioner when assessing the appropriateness of the underlying subject matter and also in determining the content of the practitioner's report. ~~.A44.~~**.A45.** ~~.A43~~ In some cases, the attestation engagement may relate to only one part of a broader underlying subject matter. For example, the practitioner may be engaged to examine one aspect 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 underlying 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.

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ii. In an examination or review engagement, the criteria to be applied in the preparation and evaluation of the subject matter are suitable and will be available to the intended users. (Ref: par. .A46–.A56.A44–.A54)	***Suitable and Available Criteria (Ref: par. .25 .25b[ii])*** **.A45..A46. .A44** Suitable criteria exhibit all of the following characteristics: • *Relevance*. Criteria are relevant to the underlying subject matter. • *Objectivity*. Criteria are free from bias. • *Measurability*. Criteria permit reasonably consistent measurements, qualitative or quantitative, of underlying subject matter. • Completeness. Criteria are complete when subject matter information 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 information. The relative importance of each characteristic to a particular engagement is a matter of professional judgment. **.A46..A47. .A45** Criteria can be developed in a variety of ways, for example, they may be • embodied in laws or regulations. • issued by authorized or recognized bodies of experts that follow a transparent due process.

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	• 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 information or assertion 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~~**.A48.** ~~.A46~~ 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 Professional Conduct are, by definition, considered to be suitable. ~~.A48.~~**.A49.** ~~.A47~~ 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. ~~.A49.~~**.A50.** ~~.A48~~ 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

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	whether such criteria are suitable is based on the characteristics described in paragraph .A42. **~~.A50~~.A51.** ~~.A49~~ 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. **~~.A51~~.A52.** ~~.A50~~ 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. **~~.A52~~.A53.** ~~.A51~~ 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. **~~.A53~~.A54.** ~~.A52~~ If criteria are specifically designed for the purpose of measuring, evaluating, or disclosing the underlying subject matter, subject matter information or assertion in the particular circumstances of the engagement, they are not suitable if they result in subject matter information, an assertion, or a practitioner's report that is misleading to the intended users. It is desirable for the intended users or the

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	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. ~~.A54.~~**.A55.** ~~.A53~~ 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 intended users in one or more of the following ways: *a.* Publicly *b.* Through inclusion in a clear manner in the presentation of the subject matter information *c.* Through inclusion in a clear manner in the practitioner's report *d.* By general understanding, for example, the criterion for measuring time in hours and minutes *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 ~~.A55.~~**.A56.** ~~.A54~~ When criteria are available only to specified parties, sections 205 and 210 require a statement restricting the use of the

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	practitioner's report.[6]
iii. The practitioner expects to be able to obtain the evidence needed to arrive at the practitioner's opinion, conclusion, or findings, including (Ref: par. .A57–.A58~~.A55–.A56~~) (1) access to all information of which the appropriate party is aware that is relevant to the measurement, evaluation, or disclosure of the underlying subject matter; (2) access to additional information that the practitioner may request from the appropriate party for the purpose of the engagement; and (3) unrestricted access to persons within the appropriate party from whom the practitioner determines it necessary to obtain evidence.	***Access to Evidence (Ref: par. .25~~.25~~b[iii])*** **~~.A56~~.A57.** ~~.A55~~ 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 or not to accept the engagement. **~~.A57.~~A58.** ~~.A56~~ The quantity or quality of available evidence is affected by both of the following: *a*. The characteristics of the underlying subject matter or the subject matter information, for example, less objective evidence might be expected when the subject matter information is future-oriented, rather than historical. *b*. Other circumstances, such as when evidence that could reasonably be expected to exist is not available, for example, because of the timing of the practitioner's appointment, an entity's document retention policy, inadequate information systems, or a restriction imposed by the responsible party or engaging party
iv. The practitioner's opinion, conclusion, or findings, in the	

[6] Paragraph .64*b* of section 205 and paragraph .47*b* of section 210.

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form appropriate to the engagement, is to be contained in a written practitioner's report.	
~~.25~~.26 ~~.26~~ If the preconditions in paragraphs .24–.25~~.24–.25~~ are not present, the practitioner should discuss the matter with the engaging party to attempt to resolve the issue.	
~~.26~~.27 ~~.27~~ The practitioner should accept an attestation engagement only when the practitioner *a.* has no reason to believe that relevant ethical requirements, including independence, will not be satisfied; *b.* is satisfied that those persons who are to perform the engagement collectively have the appropriate competence and capabilities (see also paragraph .32~~.32~~); *c.* has determined that the engagement to be performed meets all the preconditions for an attestation engagement (see also paragraphs .24–.25~~.24–.25~~); and *d.* has reached a common understanding with the engaging party of the terms of the engagement, including the practitioner's reporting responsibilities.	
~~.27~~.28 ~~.28~~ If it is discovered after the engagement has been accepted that one or more of the preconditions for an attestation engagement is not present, the practitioner should discuss the matter with the appropriate party(ies) and should determine	

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a. whether the matter can be resolved; *b.* whether it is appropriate to continue with the engagement; and *c.* if the matter cannot be resolved but it is still appropriate to continue with the engagement, whether, and if so how, to communicate the matter in the practitioner's report.	
Acceptance of a Change in the Terms of the Engagement **.28.29 .29** The practitioner should not agree to a change in the terms of the engagement when no reasonable justification for doing so exists. If a change in the terms of the engagement is made, the practitioner should not disregard evidence that was obtained prior to the change. (Ref: par. . .A57– .A58A55 – .A56)	
.29.30 .30 If the practitioner concludes, based on the practitioner's professional judgment, that there is reasonable justification to change the terms of the engagement from the original level of service that the practitioner was engaged to perform to a lower level of service, for example, from an examination to a review, and if the practitioner complies with the AT-C sections applicable to the lower level of service, the practitioner should issue an appropriate practitioner's report on the lower level of service. The report should not include reference to (*a*) the original engagement, (*b*) any procedures that may have been performed, or (*c*) scope limitations that resulted in the changed engagement.	
Using the Work of an Other Practitioner	**Using the Work of an Other Practitioner (Ref: par. .31 .31)** **.A58. .A59. .**A59 The practitioner is responsible for (*a*) the direction,

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~~.30~~.31 ~~.31~~ When the practitioner expects to use the work of an other practitioner, the practitioner should (Ref: par. .A59–.A60~~.A57–.A58~~) *a.* obtain an understanding of whether the other practitioner understands and will comply with the ethical requirements that are relevant to the engagement and, in particular, is independent. *b.* obtain an understanding of the other practitioner's professional competence. *c.* communicate clearly with the other practitioner about the scope and timing of the other practitioner's work and findings. *d.* if assuming responsibility for the work of the other practitioner, be involved in the work of the other practitioner. *e.* evaluate whether the other practitioner's work is adequate for the practitioner's purposes. *f.* determine whether to make reference to the other practitioner in the practitioner's report.	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 information or assertion. ~~.A59.~~**.A60.** **.~~A60~~** 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
Quality Control ***Assignment of the Engagement Team and the Practitioner's Specialists*** ~~.31~~.32 ~~.32~~ The engagement partner should be satisfied that	**Quality Control** ***Assignment of the Engagement Team and the Practitioner's Specialists (Ref: par. .32~~.32~~a–b[i])*** ~~.A60.~~**.A61.** ~~.A61~~ The practitioner may obtain knowledge about the specific underlying subject matter to which the procedures are to be

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a. the engagement team, and any practitioner's external specialists, collectively, have the appropriate competence, including knowledge of the underlying subject matter, and capabilities to (Ref: par. .A61–.A63~~.A59–.A60~~) i perform the engagement in accordance with professional standards and applicable legal and regulatory requirements and ii enable the issuance of a practitioner's report that is appropriate in the circumstances. b. to an extent that is sufficient to accept responsibility for the opinion, conclusion, or findings on the subject matter information or assertion, the engagement team will be able to be involved in the work of i. a practitioner's external specialist when the work of that specialist is to be used and (Ref: par. . A62~~A61~~) ii an other practitioner, when the work of that practitioner is to be used. *c.* those involved in the engagement have been informed of their responsibilities, including the objectives of the procedures they are to perform and matters that may affect the nature, timing, and extent of such procedures. *d.* engagement team members have been directed to bring to the engagement partner's attention significant questions raised	applied through formal or continuing education, practical experience, or consultation with others. **~~.A61.~~.A62. ~~.A62~~** 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 • 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 underlying 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. **~~.A62.~~.A63. ~~.A63~~** 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 practitioner's specialist may be needed to assist the practitioner in obtaining an understanding of the underlying subject matter and other engagement circumstances or in assessing or responding to the risk of material misstatement.

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during the engagement so that their significance may be assessed.	
Leadership Responsibilities for Quality in Attestation Engagements **.32.33 .33** The engagement partner should take responsibility for the overall quality on each attestation engagement. This includes responsibility for the following: *a.* Appropriate procedures being performed regarding the acceptance and continuance of client relationships and engagements *b.* The engagement being planned and performed (including appropriate direction and supervision) to comply with professional standards and applicable legal and regulatory requirements *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 practitioner's report (Ref: par..A64 .A62) *d.* Appropriate engagement documentation being maintained to provide evidence of achievement of the practitioner's objectives and that the engagement was performed in accordance with the attestation standards and relevant legal and regulatory requirements	***Leadership Responsibilities for Quality in Attestation Engagements (Ref: par. .33 .33c)*** **.A63..A64. .A64** 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.

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e. Appropriate consultation being undertaken by the engagement team on difficult or	
Engagement Documentation ~~.33~~.34 ~~.34~~ The practitioner should prepare engagement documentation on a timely basis. (Ref: par. .A65~~-.A63~~)	**Engagement Documentation (Ref: par. .34-.35)** ~~.A64.~~.A65. .~~A65~~ 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.
~~.34~~.35 ~~.35~~ The practitioner should assemble the engagement documentation in an engagement file and complete the administrative process of assembling the final engagement file no later than 60 days following the practitioner's report release date. (Ref: par. .A66~~-.A64~~)	~~.A65.~~.A66. ~~.A66~~ 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 changes include the following: • 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.

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.~~35~~.36 ~~36~~ After the documentation completion date, the practitioner should not delete or discard documentation of any nature before the end of its retention period.	
.~~36~~.37 ~~.37~~ If the practitioner finds it necessary to amend existing engagement documentation or add new engagement documentation after the documentation completion date, the practitioner should, regardless of the nature of the amendments or additions, document *a.* the specific reasons for making the amendments or additions and *b.* when, and by whom, they were made and reviewed.	
.~~37~~.38 ~~.38~~ Engagement documentation is the property of the practitioner, and some jurisdictions recognize this right of ownership in their statutes. The practitioner should adopt reasonable procedures to retain engagement documentation for a period of time sufficient to meet the needs of the practitioner and to satisfy any applicable legal or regulatory requirements for records retention.	
.~~38~~.39 ~~.39~~ Because engagement documentation often contains confidential information, the practitioner should adopt reasonable procedures to maintain the confidentiality of that information.	
.~~39~~.40 ~~.40~~ The practitioner also should adopt reasonable procedures to prevent unauthorized access to engagement documentation.	

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~~.40~~.41 ~~.41~~ If, in rare circumstances, the practitioner judges it necessary to depart from a relevant, presumptively mandatory requirement, the practitioner should document the justification for the departure and how the alternative procedures performed in the circumstances were sufficient to achieve the intent of that requirement. (See paragraph ..20~~20~~.)	
Engagement Quality Control Review ~~.41~~.42 ~~.42~~ For those engagements, if any, for which the firm has determined that an engagement quality control review is required (Ref: par..A67~~-.A65~~) *a.* the engagement partner should take responsibility for discussing with the engagement quality control reviewer significant findings or issues arising during the engagement, including those identified during the engagement quality control review, and not release the practitioner's report until completion of the engagement quality control review and *b.* the engagement quality control reviewer should perform an objective evaluation of the significant judgments made by the engagement team and the conclusions reached in formulating the report. This evaluation should include the following: i. Discussion of significant findings or issues with the engagement partner ii. Reading the written subject matter information or assertion and the proposed report iii. Reading selected engagement documentation relating to the	**Engagement Quality Control Review (Ref: par. .42)** ~~.A66.~~.A67. ~~.A67~~ Other matters that may be considered in an engagement quality control review include the following: *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 *c.* Whether engagement documentation selected for review reflects the work performed in relation to the significant judgments and supports the conclusions reached

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significant judgments the engagement team made and the related conclusions it reached iv. Evaluation of the conclusions reached in formulating the report and consideration of whether the proposed report is appropriate	
Professional Skepticism and Professional Judgment ***Professional Skepticism*** ~~.42~~.43 ~~.43~~ The practitioner should plan and perform an attestation engagement with professional skepticism. (Ref: par. .A68–.A70~~.A66–.A68~~)	**Professional Skepticism and Professional Judgment** ***Professional Skepticism (Ref: par. .43)*** ~~.A67.~~.A68. .~~A68~~ Professional skepticism includes being alert to matters such as the following: • 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 ~~.A68.~~.A69. .~~A69~~ 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

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	evidence obtained in light of the circumstances. **~~.A69.~~.A70.** ~~.A70~~ 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 practitioner to be satisfied with less than sufficient appropriate evidence for the service being provided.
~~.43~~.44 ~~44~~ Unless the practitioner has reason to believe the contrary, the practitioner may accept records and documents as genuine. If conditions identified during the attestation engagement cause the practitioner to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the practitioner, the practitioner should investigate further.	
Professional Judgment **~~.44~~.45 ~~.45~~** The practitioner should exercise professional judgment in planning and performing an attestation engagement. (Ref: par. .A71–.A76~~.A69–.A74~~)	***Professional Judgment (Ref: par. .45)*** **~~.A70.~~.A71. ~~.A71~~** 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.

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	~~.A71.~~.A72. ~~.A72~~ For examination and review engagements, professional judgment is necessary regarding decisions about the following matters: • 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 objectives of the practitioner • 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 underlying subject matter, subject matter information or an assertion ~~.A72.~~.A73. ~~.A73~~ 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.

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	~~.A73.~~.A74. .~~A74~~ 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. ~~.A74.~~.A75. ~~.A75~~ 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 facts and circumstances that were known to the practitioner up to the date of the practitioner's report. ~~.A75.~~.A76. ~~.A76~~ 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.