



At a glance

From the Audit & Attest Standards Team

New Attestation Service: Direct Examinations

What happened?

In September 2020, the AICPA Auditing Standards Board (ASB) issued Statement on Standards for Attestation Engagements (SSAE) No. 21, *Direct Examination Engagements*. SSAE No. 21 adds a new AT-C section (designated as AT-C section 206, *Direct Examination Engagements*) to the attestation standards that enables practitioners to perform an examination engagement in which the practitioner obtains reasonable assurance by measuring or evaluating underlying subject matter against criteria and expressing an opinion that conveys the results of that measurement or evaluation. SSAE No. 21 also amends AT-C section 105, *Concepts Common to All Attestation Engagements*, and supersedes AT-C section 205, *Examination Engagements*.

Changes Introduced by SSAE No. 21

AT-C section 206

- Enables entities that do not provide an assertion about whether the underlying subject matter is in accordance with the criteria, to undergo an examination engagement, thus providing the public with confidence in information about the underlying subject matter. The entity is always required to acknowledge its responsibility for the underlying subject matter.
- Establishes performance requirements for a direct examination based on AT-C section 205, *Assertion-Based Examination Engagements*, in which the practitioner adapts and applies the requirements in AT-C section 205 to a direct examination engagement unless
 - the requirement cannot be applied as written because of the nature of a direct examination engagement
 - specified requirements in AT-C section 206 differ from and replace requirements in AT-C section 205.

AT-C section 105

- Introduces and defines the terms *underlying subject matter* (the phenomenon that is measured or evaluated by applying criteria) and *subject matter information* (the outcome of the measurement or evaluation of the underlying subject matter against the criteria) to conform with the terminology in ISAE 3000 (Revised), *Assurance Engagements Other than*

Audits or Reviews of Historical Financial Information, which provides for direct engagements. Using these terms, rather than the single term subject matter, clarifies that in an examination engagement a party other than the practitioner is responsible for the underlying subject matter and the practitioner is required to be independent of the underlying subject matter.

- Introduces and defines the terms *direct examination engagement* and *assertion-based examination engagement*.

AT-C section 205

- Supersedes extant AT-C section 205 and changes the title of that section from *Examination Engagements* to *Assertion-Based Examination Engagements*, to differentiate it from AT-C section 206.
- Substantially retains the traditional examination engagement, including the requirement for the practitioner to request a written assertion from the responsible party. The following are additional changes made to AT-C section 205:
 - Adds a statement to the practitioner's examination report indicating that the practitioner is required to be independent and to meet the practitioner's other ethical responsibilities in accordance with relevant ethical requirements related to the examination engagement
 - Requires the practitioner to in all cases, determine whether the responsible party has a reasonable basis for making its assertion
 - Acknowledges the practitioner's ability to add information to the practitioner's report that goes beyond the minimum report elements required by AT-C section 205.

Next steps?

SSAE No. 21 is effective for reports dated on or after June 15, 2022. It is available for practitioners to read and consider in order to adequately prepare for implementation, and can be viewed on the AICPA's website under [recently issued standards](#).