



Agenda Item 3A

AT-C Section 105, Concepts Common to All Attestation Engagements (Marked from Extant)

Note – Revisions from the draft presented at the October 2017 ASB meeting are highlighted.

~~Note – The proposed revisions include those necessary to incorporate the proposed selected procedures standard to the attestation literature. That proposed standard was exposed for public comment on September 1, 2017 as a stand-alone document, with the elements of AT-C section 105 included in the body of the literature. Additional revisions for the proposed selected procedures standard may be incorporated as a result of the review of the comment letters received on that exposure draft.~~

Requirements	Application and Other Explanatory Material
Introduction	Introduction (Ref: par. .01 and .03)
<p>.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<u>limited assurance</u>, or agreed-upon procedures, <u>or selected procedures</u> report on subject matter or an assertion about subject matter (hereinafter referred to as an <i>assertion</i>) that is the responsibility of another party. (Ref: par. .A1)</p> <p><u>.02 The purpose of an attestation engagement is to provide users of information, generally third parties, with an opinion, conclusion, or findings regarding the reliability of subject matter or an assertion about the subject matter, as measured against suitable and available criteria. (An examination engagement results in an opinion; a limited assurance engagement results in a conclusion; and agreed-upon procedures and selected procedures engagements result in findings.)</u></p>	<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 control

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The practitioner's report is intended to enhance the degree of confidence that intended users can place in the subject matter.

f. Behavior, for example, corporate governance, compliance with laws and regulations, and human resource practices

The subject matter may be as of a point in time or for a period of time.

~~.02 An attestation engagement is predicated on the concept that a party other than the practitioner makes an assertion about whether the subject matter is measured or evaluated in accordance with suitable criteria. Section 205, *Examination Engagements*; section 210, *Review Engagements*; and section 215, *Agreed Upon Procedures Engagements*, require the practitioner to request such an assertion in writing when performing an examination, review, or agreed upon procedures engagement.¹ In examination and review engagements, when the engaging party is the responsible party, the responsible party's refusal to provide a written assertion requires the practitioner to withdraw from the engagement when withdrawal is possible under applicable laws and 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 In an agreed upon procedures engagement, the responsible party's refusal to provide a written assertion requires the practitioner to disclose that refusal in the report.⁴~~

~~¹Paragraph .10 of section 205, *Examination Engagements*; paragraph .11 of section 210, *Review Engagements*; and paragraph .15 of section 215, *Agreed Upon Procedures*.~~

~~²Paragraph .82 of section 205 and paragraph .59 of section 210.~~

~~³Paragraph .84 of section 205 and paragraph .60 of section 210.~~

~~⁴Paragraph .36 of section 215.~~

<p>.03 This section is not applicable to professional services for which the AICPA has established other professional standards, for example, services performed in accordance with (Ref: par. A2—A3)</p> <p>a. Statements on Auditing Standards,</p> <p>b. Statements on Standards for Accounting and Review Services, or</p> <p>c. Statements on Standards for Tax Services.</p> <p>d. Statements on Standards for Consulting Services, including litigation services that involve pending or potential legal or regulatory proceedings before a trier of fact. (Ref: par. A3)</p> <p>.03A. The attestation standards do not apply to litigation services that involve pending or potential legal or regulatory proceedings before a trier of fact. (Ref: par. A2)</p>	<p>A2 Because performance audits performed pursuant to <i>Government Auditing Standards</i> do not require a practitioner's examination, review, agreed-upon procedures, or selected 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, limited assurance, agreed-upon procedures, or selected procedures report.</p> <p>A2-A3 Examples of The attestation standards do not apply to litigation services include circumstances when: 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.</p> <p>b. The service comprises being a trier of fact or acting on behalf of one.</p> <p>c. The practitioner's work under the rules of the proceedings is subject to detailed analysis and challenge by each party to the dispute.</p> <p>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.</p> <p>A3 Because performance audits performed pursuant to <i>Government Auditing Standards</i> do not require a practitioner's examination, review, or agreed-upon procedures, or selected 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,</p>
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	review limited assurance, or agreed-upon procedures, or selected procedures report.
.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 The "Compliance With Standards Rule" (ET sec. 1.310.001) of the AICPA Code of 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	Relationship of Attestation Standards to Quality Control Standards (Ref: par. .06)
.06 Quality control systems, policies, and procedures are the responsibility of the firm in conducting its attestation practice. Under QC section 10, <i>A Firm's System of Quality Control</i> , the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that ⁵ (Ref: par. .A4-.A6) <i>a.</i> the firm and its personnel comply with professional standards and applicable legal and regulatory requirements and <i>b.</i> practitioners' reports issued by the firm are appropriate in the circumstances. ⁵ Paragraph .12 of QC section 10, <i>A Firm's System of Quality Control</i> .	.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 engagement and provide the firm with relevant information to enable the functioning of that part of the firm's quality control relating to independence. .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.
.07 Attestation standards relate to the conduct of individual attestation engagements; quality control standards relate to the conduct of a firm's attestation practice as a whole. Thus, attestation standards and quality control standards are related, and the quality control policies and procedures that a firm adopts may affect both the conduct of individual attestation engagements and the conduct of a firm's attestation practice as a whole. However, deficiencies in or instances	

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<p>of noncompliance with a firm's quality control policies and procedures do not, in and of themselves, indicate that a particular engagement was not performed in accordance with the attestation standards.</p>	
Effective Date	
.08 This section is effective for practitioners' reports dated on or after <u>May 1, 2017</u> MM, DD, YYYY .	
Objectives	
<p>.09 In conducting an attestation engagement, the overall objectives of the practitioner are to</p> <ul style="list-style-type: none"> a. apply the requirements relevant to the attestation engagement; b. report on the subject matter or assertion, and communicate as required by the applicable AT-C section, in accordance with the results of the practitioner's procedures; and c. 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	Definitions
<p>.10 For purposes of the attestation standards, the following terms have the meanings attributed as follows:</p> <p><u>Appropriateness of evidence. The measure of the quality of evidence, that is, its relevancy and reliability in providing support for the practitioner's opinion or conclusion.</u></p> <p>Assertion. Any declaration or set of declarations <u>made by a responsible party</u> about whether the subject matter is in accordance with (or based on) the criteria.</p>	

Commented [A1]: Moved from AT-C sections 205 and 210.

Attestation engagement. An examination, ~~review~~limited assurance, ~~or~~ agreed-upon procedures, or selected procedures engagement performed under the attestation standards related to subject matter or an assertion that is the responsibility of another party. The following are the ~~three~~four types of attestation engagements:

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

b. **~~Review-Limited Assurance~~ engagement.** An attestation engagement in which the practitioner does not reduce attestation risk to a level as low as an examination engagement but does reduce attestation risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for an examination as the basis for obtains limited assurance ~~by obtaining sufficient appropriate review evidence about the measurement or evaluation of subject matter against criteria in order to expressing~~ a conclusion about whether the practitioner is aware of any material modifications should be made to the subject matter in order for it be in accordance with (or based on) the criteria or to the assertion in order for it to be fairly stated. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in an examination. (Ref: par. .A8-A9)

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.

Review-Limited Assurance Engagement (Ref: par. .10)

The Nature, Timing and Extent of Procedures in Limited Assurance and Examination Engagements

.A8 Because the level of assurance obtained in a limited assurance engagement is lower than in an examination, the procedures the practitioner performs in a limited assurance engagement vary in nature and timing from, and are less in extent than for, an examination. The primary differences between the procedures for a reasonable~~limited~~ assurance engagement and an examination include:

(a) The emphasis placed on the nature of various procedures as a source of evidence will likely differ, depending on the engagement circumstances. 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

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

d. **Selected procedures engagement.** An attestation engagement in which a practitioner performs procedures on subject matter and reports the findings without providing an opinion or a conclusion on it. The selected procedures may be developed by the practitioner, the engaging party, another party, or a combination of these parties none of which whom are required to take responsibility for the sufficiency of those procedures for any purpose, however any or all may take such responsibility.

analytical procedures, and relatively less emphasis, if any, on testing of controls and obtaining evidence from external sources than may be the case for an examination.

(b) In a limited assurance engagement the practitioner may:

- Select less items for examination; or
- Perform fewer procedures (for example, performing only analytical procedures in circumstances when, in an examination, both analytical procedures and other procedures would be performed).

(c) In an examination, analytical procedures performed in response to the attestation risk involve developing expectations that are sufficiently precise to identify material misstatements. In a limited assurance engagement, analytical procedures may be designed to test expectations regarding the direction of trends, relationships and ratios rather than to identify misstatements with the level of precision expected in an examination.

(d) Further, when significant fluctuations, relationships or differences are identified, appropriate evidence in a limited assurance engagement may be obtained by making inquiries and considering responses received in the light of known engagement circumstances.

(e) In addition, when undertaking analytical procedures in a limited assurance engagement the practitioner may, for example use data that is more highly aggregated, such as quarterly data rather than monthly data, or use data that has not been subjected to separate procedures to test its reliability to the same extent as it would be for an examination.

~~A8-A9~~ The practitioner obtains the same level of assurance in a **review limited assurance engagement performed in accordance with the attestation standards** as the practitioner does in a review of financial statements. **In a**

Commented [A5]: This was "support."

Commented [A2]: This sentence is consistent with paragraph .01 of the proposed Selected Procedures ED.

The original language was consistent with the definition in paragraph 8 of the Selected Procedures ED but, that language will be tweaked prior to issuance to be consistent with what is presented in this document.

Attestation risk. In an examination or ~~review~~-limited assurance engagement, the risk that the practitioner expresses an inappropriate opinion or conclusion, as applicable, when the subject matter or assertion is materially misstated. (Ref: par. ~~.A9A10~~-~~.A15A16~~)

limited assurance engagement performed in accordance with AT-C section 210, the nature, timing, and extent of procedures performed and the level of assurance obtained by the practitioner is comparable to a review of financial statements performed in accordance with Statements on Standards for Accounting and Review Services. As such, a limited assurance engagement performed in accordance with Statements on Attestation Engagements may be referred to as a review.

Attestation Risk (Ref: par. .10)

~~.A9-A10~~ 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.

~~.A10-A11~~ 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 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 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)

~~.A11-A12~~ 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 subject matter or assertion. (For example, the concept of control risk may 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.)
- the type of engagement being performed. (For example, in a ~~review~~ limited assurance 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.)

~~A12-A13~~ The consideration of risks is a matter of professional judgment, rather than a matter capable of precise measurement.

~~A13-A14~~ 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:

- 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 based on that evidence
- In some cases, the characteristics of the subject matter when evaluated or measured against the criteria

~~A14-A15~~ In a ~~review~~ limited assurance engagement, attestation risk is greater than it is in an examination engagement. ~~Because the practitioner~~

Criteria. The benchmarks used to measure or evaluate the subject matter. (Ref: par. ~~.A16~~A17)

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~~limited assurance, ~~or~~ agreed-upon procedures, ~~or selected procedures~~ engagement; the characteristics of the 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 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~~limited assurance engagement, conclusions reached by the practitioner, or in an agreed-upon procedures ~~or selected~~

~~obtains limited assurance in a review engagement.~~The types of procedures performed to obtain limited assurance are less extensive than they are in an examination engagement ~~and generally are limited to inquiries and analytical procedures.~~

~~.A15-A16~~ Attestation risk is not applicable to an agreed-upon procedures ~~or selected 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.

Criteria (Ref: par. .10)

~~.A16-A17~~ 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 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-limited assurance engagement and vice versa.

Commented [A3]: The Selected Procedures ED refers to "the entity" in place of "the responsible party." We won't change anything in 105 yet as Selected Procedures is in progress and may be revised.

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. ~~A17~~A18)

Evidence. Information used by the practitioner in arriving at the opinion, conclusion, or findings on which the practitioner's 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 or the assertion.

General use. Use of a practitioner's report that is not restricted to specified parties.

Engaging Party (Ref: par. .10)

~~A17~~A18 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.

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.

Interpretive publications. Interpretations of the SSAEs; exhibits to SSAEs; guidance on attestation engagements included in AICPA Audit and Accounting Guides; and AICPA Statements of Position, to the extent that those statements are applicable to such engagements.

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

Network firm. A firm or other entity that belongs to a network, as defined in ET section 0.400, *Definitions*.

Noncompliance with laws or regulations. Acts of omission or 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) by those charged with governance, management, or employees of the entity.

Other attestation publications. Publications other than interpretive publications.

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 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.

<p>Report release date. The date on which the practitioner grants the engaging party permission to use the practitioner's report.</p> <p>Responsible party. The party(ies) responsible for the subject matter. If the nature of the subject matter is such that no such party exists, a party who has a reasonable basis for making a written assertion about the subject matter may be deemed to be the responsible party.</p> <p>Specified party. The intended user(s) to whom use of the written practitioner's report is limited.</p> <p>Subject matter. The phenomenon that is measured or evaluated by applying criteria.</p> <p>Sufficiency of evidence. 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.</p>	
<p>.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. .A18<u>A19</u>)</p>	<p>Appropriate Party(ies) (Ref: par. .11) .A18<u>.A19</u> 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.</p>
<p>Requirements</p>	
<p>Conduct of an Attestation Engagement in Accordance With the Attestation Standards</p>	<p>Conduct of an Attestation Engagement in Accordance With the Attestation Standards</p>
<p>Complying With AT-C Sections That Are Relevant to the Engagement</p>	<p>Complying With AT-C Sections That Are Relevant to the Engagement (Ref: par. .14)</p>
<p>.12 When performing an attestation engagement the practitioner should comply with</p>	

Commented [A4]: Moved from AT-C sections 205 and 210.

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<ul style="list-style-type: none"> • this section; • sections 205, 210, or 215, or [AT-C section applicable to Selected Procedures engagements] 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. 	
<p>.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.</p>	
<p>.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. .A19A20-.A20A21)</p>	<p>.A19-A20 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 <u>limited assurance</u>, or <u>agreed-upon procedures</u>, or <u>selected procedures</u> 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.</p> <p>.A20-A21 Paragraph .14 does not prohibit combining reports issued by a practitioner under the attestation standards with reports issued under other professional standards.</p>
<p><i>Text of an AT-C Section</i></p>	<p><i>Text of an AT-C Section (Ref: par. .15)</i></p>
<p>.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. .A21A22-.A26A27)</p>	<p>.A21-A22 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>.A22-A23 Introductory material may include, as needed, such matters as an explanation of the following:</p>

- 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

~~.A23-A24~~ 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 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.

~~.A24-A25~~ 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.

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	<p>.A25-A26 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.</p> <p>.A26-A27 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.</p>
<i>Complying With Relevant Requirements</i>	<i>Complying With Relevant Requirements (Ref: par. .17)</i>
<p>.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,</p> <p><i>a.</i> the entire AT-C section is not relevant, or</p> <p><i>b.</i> the requirement is not relevant because it is conditional, and the condition does not exist.</p>	
<p>.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. .A27A28)</p>	<p>.A27-A28 In certain attestation engagements, the practitioner also may be required to comply with other requirements in law or regulation 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.</p>
<i>Practitioner's Report Prescribed by Law or Regulation</i>	<i>Practitioner's Report Prescribed by Law or Regulation (Ref: par. .18)</i>
<p>.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</p>	<p>.A28-A29 Some report forms can be made acceptable by inserting additional wording to include the elements required by sections 205, 210, and 215 and [insert appropriate AT-C section for selected procedures]. Some report forms required by law or regulation can be made acceptable only by complete revision because the prescribed language of the practitioner's</p>

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<p>should reword the prescribed form of report or attach an appropriately worded separate practitioner's report. (Ref: par. .A28A29)</p>	<p>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.</p>
<p><i>Defining Professional Requirements in the Attestation Standards</i></p>	
<p>.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:</p> <ul style="list-style-type: none"> • <i>Unconditional requirements.</i> The practitioner must comply with an unconditional requirement in all cases in which such requirement is relevant. The attestation standards use the word <i>must</i> to indicate an unconditional requirement. • <i>Presumptively mandatory requirements.</i> 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. The attestation standards use the word <i>should</i> to indicate a presumptively mandatory requirement. 	
<p><i>Departure From a Relevant Requirement</i></p>	<p><i>Departure From a Relevant Requirement (Ref: par. .20)</i></p>
<p>.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. .A29A30)</p>	<p>.A29-A30 Paragraph .41-53 prescribes documentation requirements when the circumstances described in paragraph .20 occur.</p>
<p><i>Interpretive Publications</i></p>	<p><i>Interpretive Publications (Ref: par. .21)</i></p>
<p>.21 The practitioner should consider applicable interpretive publications in planning and performing the attestation engagement. (Ref: par. .A30A31)</p>	<p>.A30-A31 <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</p>

	<p>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-CN sections. AICPA guides and attestation SOPs are listed in AT-C appendix A, "AICPA Guides and Statements of Position."</p>
<p><i>Other Attestation Publications</i> .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. .A31A32-.A33A34)</p>	<p><i>Other Attestation Publications (Ref: par. .22)</i> .A31-A32 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.</p> <p>.A32-A33 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 AT-C appendix B, "Other Attestation Publications."</p> <p>.A33-A34 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</p>

	standards and the degree to which the issuer or author is recognized as an authority in attestation matters.
Acceptance and Continuance	
.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	Preconditions for an Attestation Engagement (Ref: par. .24-.25b[ii])
.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 or assertion. (Ref: par. .A34 <u>A35-A36</u>)	<p>.A34-A35 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.</p> <p><u>.A36 If a member performs nonattest services for an attest client, self-review, management participation, or advocacy threats to the member's compliance with the "Independence Rule" [1.200.001] may exist. When significant independence threats exist during the period of the attestation engagement or the period covered by the attestation engagement, independence will be impaired unless the threats are reduced to an acceptable level and any requirements included in the interpretations of the "Nonattest Services" subtopic [1.295] under the "Independence Rule" have been met.</u></p>
.25 In order to establish that the preconditions for an attestation engagement are present, the practitioner should <u>on the basis of a preliminary knowledge of the engagement circumstances and discussion with the appropriate party(ies), determine both of the following whether:</u>	<p>Roles and Responsibilities (Ref: par. 25a)</p> <p><u>.A37 All assurance engagements have at least three parties: the responsible party, the practitioner, and the intended users. In many attestation engagements, the responsible party may also be the measurer or evaluator, and the engaging party.</u></p>

Commented [A6]: Consistent with paragraph 24 of ISAE 3000

~~a. The roles and responsibilities of the appropriate parties are suitable in the circumstances; (Ref: par. A37-A38)~~

~~ab. The responsible party is a party other than the practitioner and takes responsibility for the subject matter. (Ref: par. .A35A37)~~

~~bc. The engagement exhibits all of the following characteristics:~~

~~i. The subject matter is appropriate. (Ref: par. .A36A39-.A41A44)~~

~~.A35 A38~~ 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 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.

Appropriateness of Subject Matter (Ref: par. .25b(i))

~~.A36 A39~~ 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.~~

~~.A37 A40~~ An appropriate subject matter

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.

~~.A38 A41~~ If the subject matter is not appropriate for an examination engagement, it also is not appropriate for a ~~review~~ limited assurance engagement.

Commented [A7]: Consistent with paragraph 24(a) of ISAE 3000.

Commented [A8]: This is different than what is in the Selected Procedures ED. The corresponding requirement in that standard reads as follows:

a. That the practitioner does not take responsibility for the subject matter

And, paragraph .A37 from this draft was deleted from the Selected Procedures ED.

Commented [A11]: Paragraph A38 covers the same guidance.

ii. 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. ~~.A43A45~~-.A52A55)

~~.A39-A42~~ Different subject matters have different characteristics, including the degree to which information about them is qualitative versus quantitative, objective versus subjective, historical versus prospective, and relates to a point in time or covers a period. Such characteristics affect the following:

- a. Precision with which the subject matter can be measured or evaluated against criteria
- b. The persuasiveness of available evidence

~~.A40-A43~~ 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.

~~.A41-A44~~ 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 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.

Suitable and Available Criteria (Ref: par. .25b[ii])

~~.A42-A45~~ Suitable criteria exhibit all of the following characteristics:

- *Relevance*. Criteria are relevant to the subject matter.
- *Objectivity*. Criteria are free from bias.
- *Measurability*. Criteria permit reasonably consistent measurements, qualitative or quantitative, of subject matter.

- *Completeness*. 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.

~~A43-A46~~ 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.
- 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.

How criteria are developed may affect the work that the practitioner carries out to assess their suitability.

~~A44-A47~~ 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.

~~.A45-A48~~ 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.

~~.A46-A49~~ 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 characteristics described in paragraph ~~.A42A45~~.

~~.A47-A50~~ 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.

~~.A48-A51~~ 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.

~~.A49-A52~~ 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.

~~.A50-A53~~ 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

Commented [A12]: This paragraph may need to be revised if Selected Procedures is incorporated. However, leave as is for now given where Selected Procedures is in its development.

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.

~~.A51-A54~~ 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:

- a. Publicly
- b. Through inclusion in a clear manner in the presentation of the subject matter
- 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 to~~ 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

~~.A52-A55~~ When criteria are available only to specified parties, sections 205, ~~and 210,~~ and [insert appropriate AT-C section for selected procedures] require a statement restricting the use of the practitioner's report.

Access to Evidence (Ref: par. .25b[iii])

~~.A53-A56~~ 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.

iii. The practitioner expects to be able to obtain the evidence needed to arrive at the practitioner's opinion, conclusion, or

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<p>findings. This includes having including (Ref: par. A53A56–A54A57)</p> <p>(1) access to all information of which the responsible appropriate party is aware that is relevant to the measurement, evaluation, or disclosure of the subject matter;</p> <p>(2) access to additional information that the practitioner may request from the responsible appropriate party for the purpose of the engagement; and</p> <p>(3) unrestricted access to persons within the appropriate party(ies) from whom the practitioner determines it necessary to obtain evidence.</p> <p>iv. The practitioner's opinion, conclusion, or findings, in the form appropriate to the engagement, is to be contained in a written practitioner's report.</p>	<p>Therefore, the nature of that relationship may be a relevant consideration when determining whether or not to accept the engagement.</p> <p>A54–A57 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 or engaging party</p>
<p>.26 If the preconditions in paragraphs .24–.25 are not present, the practitioner should discuss the matter with the engaging party to attempt to resolve the issue.</p>	
<p>.27 The practitioner should accept <u>an</u> attestation engagement only when the practitioner <u>all of the following conditions have been met</u></p> <p>a. <u>The practitioner</u> has no reason to believe that relevant ethical requirements, including independence, will not be satisfied;</p> <p>b. <u>The practitioner</u> is satisfied that those persons who are to perform the engagement collectively have the appropriate competence and capabilities (see also paragraph 3242);</p> <p>c. The practitioner has determined that the engagement to be performed meets all the preconditions for an attestation engagement (see also paragraphs .24–.25); and</p>	

Commented [A9]: This is "engaging party" in the Selected Procedures ED.

Commented [A10]: "Engaging party" in the Selected Procedures ED.

Commented [A13]: This is "entity" in the Selected Procedures ED.

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<p>d. The practitioner has reached a common understanding with the engaging party of the terms of the engagement, including the practitioner's reporting responsibilities.</p>	
<p>.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</p> <ul style="list-style-type: none"> 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. 	
<p>Acceptance of a Change in the Terms of the Engagement</p>	<p>Acceptance of a Change in the Terms of the Engagement (Ref: par. .29)</p>
<p>.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. .A55A58-.A56A59)</p>	<p>.A55-A58 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 or from an examination engagement to a review-limited assurance engagement. A change may not be considered reasonable if 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-limited assurance engagement 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>.A56-A59 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>

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.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~~limited assurance engagement, 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

.31 When the practitioner expects to use the work of an other practitioner, the practitioner should (Ref: par. ~~.A57A60~~-.A58A61)

- 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

Using the Work of an Other Practitioner (Ref: par. .31)

~~.A57-A60~~ 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

~~.A58-A61~~ 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

<p>the practitioner's report.</p>	<p>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.</p>
<p><u>Understanding the Underlying Subject Matter and Other Engagement Circumstances</u></p>	
<p><u>32. The practitioner shall make inquiries of the appropriate party(ies) regarding:</u></p> <p><u>(a) Whether the responsible party has an internal audit function and, if so, make further inquiries to obtain an understanding of the activities and main findings of the internal audit function with respect to the subject matter; and</u></p> <p><u>(b) Whether the responsible party has used any specialists in the preparation of the subject matter.</u></p>	
<p><u>Using the Work of a Practitioner's Specialist</u></p>	<p><u>Using the Work of a Practitioner's Specialist</u></p>
<p><u>.33 When the practitioner expects to use the work of a practitioner's specialist, the practitioner should do the following:</u></p> <p><u>a. Evaluate whether the practitioner's specialist has the necessary competence, capabilities, and objectivity for the practitioner's purposes. In the case of a practitioner's external specialist, the evaluation of objectivity should include inquiry regarding interests and relationships that may create a threat to the objectivity of the practitioner's specialist. (Ref: par. .A62 - .A65)</u></p>	<p><u>The Competence, Capabilities, and Objectivity of a Practitioner's Specialist (Ref: par. .33a)</u></p> <p><u>.A62 Information regarding the competence, capabilities, and objectivity of a practitioner's specialist may come from a variety of sources, such as the following:</u></p> <ul style="list-style-type: none"> <u>• Personal experience with previous work of that specialist</u> <u>• Discussions with that specialist</u> <u>• Discussions with other practitioners or others who are familiar with that specialist's work</u> <u>• Knowledge of that specialist's qualifications, membership of a professional body or industry association, license to practice, or other forms of external recognition</u> <u>• Published papers or books written by that specialist</u> <u>• The firm's quality control policies and procedures</u>

A63 Although a practitioner's specialist does not require the same proficiency as the practitioner in performing all aspects of an attestation 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.

Commented [A14]: AT-C section 205 used the phrase "an examination engagement."

A64 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 a practitioner's specialist is an individual who has played a significant role in measuring, evaluating, or disclosing the subject matter.

Commented [A15]: AT-C section 205 included the phrase "if, in an examination engagement, a practitioner's specialist..."

A65 When evaluating the objectivity of a practitioner's external specialist, it may be relevant to

- 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
 - 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.

In some cases, it may also be appropriate for the practitioner to obtain a written representation from the practitioner's external specialist about any

	<p>interests or relationships with the appropriate party(ies) of which that specialist is aware.</p>
<p>b. Obtain a sufficient understanding of the field of expertise of a practitioner's specialist to enable the practitioner to (Ref: par. .A66)</p> <p>i. determine the nature, scope, and objectives of that specialist's work for the practitioner's purposes and</p> <p>ii. evaluate the adequacy of that work for the practitioner's purposes.</p>	<p><i>Obtaining an Understanding of the Field of Expertise of a Practitioner's Specialist (Ref: par.33b)</i></p> <p>.A66 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 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>c. Agree with the practitioner's specialist regarding (Ref: par. .A67)</p> <p>i. the nature, scope, and objectives of that practitioner's specialist's work;</p> <p>ii. the respective roles and responsibilities of the practitioner and that specialist;</p> <p>iii. the nature, timing, and extent of communication between the practitioner and that specialist, including the form of any report or documentation to be provided by that specialist; and</p> <p>iv. the need for the practitioner's specialist to observe confidentiality requirements.</p>	<p><i>Agreement With a Practitioner's Specialist (Ref: par. 33c)</i></p> <p>.A67 The matters noted in paragraph .A70 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>d. Evaluate the adequacy of the work of the practitioner's specialist for the practitioner's purposes, including</p>	

<p>i. the relevance and reasonableness of the findings and conclusions of the practitioner's specialist and their consistency with other evidence;</p> <p>ii. if the work of the practitioner's specialist involves the use of significant assumptions and methods</p> <p>(1) obtaining an understanding of those assumptions and methods and</p> <p>(2) evaluating the relevance and reasonableness of those assumptions and methods in the circumstances, giving consideration to the rationale and support provided by the practitioner's specialist, and in relation to the practitioner's other findings and conclusions;</p> <p>iii. if the work of the practitioner's specialist involves the use of source data that are significant to the work of the practitioner's specialist, the relevance, completeness, and accuracy of that source data.</p>	
<p>.34 If the practitioner determines that the work of the practitioner's specialist is not adequate for the practitioner's purposes, the practitioner should</p> <p>a. agree with the practitioner's specialist on the nature and extent of further work to be performed by the practitioner's specialist or</p> <p>b. perform additional procedures appropriate to the circumstances.</p>	
<p>.35 The nature, timing, and extent of the procedures a practitioner performs when the practitioner expects to use the work of a practitioner's specialist will vary depending on the circumstances. In determining the nature, timing, and extent of those procedures, the practitioner should, in addition to paragraph .33, consider the following:</p>	<p><i>Integrating the Work of a Practitioner's Specialist (Ref: par. 35a)</i></p> <p>A68 Attestation 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</p>

Commented [A16]: AT-C section 205 refers to "Examination engagements"

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a. The significance of that specialist's work in the context of the engagement (Ref: par. .A68 - .A69)

b. The nature of the matter to which that specialist's work relates

c. The risks of material misstatement in the matter to which that specialist's work relates

d. The practitioner's knowledge of, and experience with, previous work performed by that specialist

e. Whether that specialist is subject to the practitioner's firm's quality control policies and procedures (Ref: par. A70)

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.

.A69 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 .33 at the engagement acceptance or continuance stage. This is particularly so when the work of the practitioner's specialist is to be used in the early stages of the engagement.

The Practitioner's Firm's Quality Control Policies and Procedures (Ref: par. 35e)

.A70 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:

- 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 practitioner's internal specialist's work (For example, the firm's training programs may provide the practitioner's internal specialists with an appropriate

Commented [A17]: AT-C section 105 includes "for example, during planning and risk assessment." This was removed as it is applicable only to examination engagements. Alternatively, the phrase could be retained but add "in an examination engagement" at the end.

	<p>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>
<p>Using the Work of Internal Auditors</p>	<p>Using the Work of Internal Auditors (Ref: par. .36)</p>
<p>.36 When the practitioner expects to use the work of the internal audit function in obtaining evidence or to use internal auditors to provide direct assistance, the practitioner should determine whether the work can be used for purposes of the attestation engagement by evaluating (Ref: par. .A71-.A73)</p> <p><i>a.</i> the level of competence of the internal audit function or the individual internal auditors providing direct assistance;</p> <p><i>b.</i> the extent to which the internal audit function's organizational status and relevant policies and procedures support the objectivity of the internal audit function or for internal auditors providing direct assistance, the existence of threats to the objectivity of those internal auditors and the related safeguards applied to reduce or eliminate those threats; and</p> <p><i>c.</i> when using the work of the internal audit function, the application by the internal audit function of a systematic and disciplined approach, including quality control.</p>	<p>.A71 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 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.</p> <p>.A72 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.</p>

Commented [A18]: AT-C section 205 refers to an "examination engagement."

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	<p>.A73 The practitioner has sole responsibility for the opinion expressed or the conclusion in the practitioner's report, 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 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>
<p>.37 When using the work of the internal audit function, the practitioner should perform sufficient procedures on the body of work of the internal audit function as a whole that the practitioner plans to use to determine its adequacy for the purpose of the attestation engagement, including reperforming some of the body of work of the internal audit function that the practitioner intends to use in obtaining evidence.</p>	
<p>.38 Prior to using internal auditors to provide direct assistance, the practitioner should obtain written acknowledgment from the responsible party that internal auditors providing direct assistance to the practitioner will be allowed to follow the practitioner's instructions, and that the responsible party will not intervene in the work the internal auditor performs for the practitioner.</p>	
<p>.39 When using internal auditors to provide direct assistance to the practitioner, the practitioner should direct, supervise, and review the work of the internal auditors.</p>	
<p>.40 Because the practitioner has sole responsibility for the opinion or conclusion expressed in the practitioner's report, the practitioner should make all significant judgments in the attestation engagement, including when to use the work of the internal audit function in obtaining evidence. To prevent undue use of the internal audit</p>	

Commented [A19]: Wording added for limited assurance engagements.

Commented [A20]: AT-C section 205 refers to an "examination engagement."

Commented [A21]: Wording added for limited assurance engagements.

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<p><u>function in obtaining evidence, the practitioner should plan to use less of the work of the function and perform more of the work directly:</u></p> <p><u>a. The more judgment is involved in</u> <u>i. planning and performing relevant procedures or</u> <u>ii. evaluating the evidence obtained</u></p> <p><u>b. the higher the assessed risk of material misstatement;</u></p> <p><u>c. the less the internal audit function's organizational status and relevant policies and procedures adequately support the objectivity of the internal auditors; and</u></p> <p><u>d. the lower the level of competence of the internal audit function.</u></p>	
<p><u>.41 Before the conclusion of the engagement, the practitioner should evaluate whether the use of the work of the internal audit function or the use of internal auditors to provide direct assistance results in the practitioner still being sufficiently involved in the attestation engagement given the practitioner's sole responsibility for the opinion or conclusion expressed in the practitioner's report.</u></p>	
<p>Quality Control</p>	<p>Quality Control</p>
<p><i>Assignment of the Engagement Team and the Practitioner's Specialists</i></p> <p><u>.32-42</u> The engagement partner should be satisfied that <u>the following conditions are met:</u></p> <p>a. the engagement team, and any practitioner's external specialists, collectively, have the appropriate competence, including knowledge of the subject matter, and capabilities to (Ref: par. <u>.A59A74-.A60A75</u>)</p>	<p><i>Assignment of the Engagement Team and the Practitioner's Specialists</i> (Ref: par. <u>.32a42a-b[i]</u>)</p> <p><u>.A59-A74</u> 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><u>.A60-A75</u> 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>

Commented [A23]: AT-C section 205 refers to "examination engagements."

Commented [A24]: Wording added for limited assurance engagements.

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<p>i. perform the engagement in accordance with professional standards and applicable legal and regulatory requirements and</p> <p>ii. enable the issuance of a practitioner's report that is appropriate in the circumstances.</p> <p>b. to an extent that is sufficient to accept responsibility for the opinion, conclusion, or findings on the subject matter or assertion, the engagement team will be able to be involved in the work of</p> <p>i. a practitioner's external specialist when the work of that specialist is to be used and (Ref: par. A61A76)</p> <p>ii. an other practitioner, when the work of that practitioner is to be used.</p> <p>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.</p> <p>d. engagement team members have been directed to bring to the engagement partner's attention significant questions raised during the engagement so that their significance may be assessed.</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–A76 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 subject matter and other engagement circumstances or in assessing or responding to the risk of material misstatement.</p>
<p><i>Leadership Responsibilities for Quality in Attestation Engagements</i></p> <p>33–43 The engagement partner should take responsibility for the overall quality on each attestation engagement. This includes responsibility for the following:</p>	<p><i>Leadership Responsibilities for Quality in Attestation Engagements (Ref: par. 33e43c)</i></p>

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- 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. A62A77)
- 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
- e. Appropriate consultation being undertaken by the engagement team on difficult or contentious matters

~~A62-A77~~ 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.

.44 Throughout the engagement, the engagement partner should remain alert, through observation and making inquiries as necessary, for evidence of non-compliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.

.45 The engagement partner should consider the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms and whether deficiencies noted in that information may affect the engagement.

Commented [A25]: Consistent with paragraph 34 of ISAE 3000

Commented [A26]: Consistent with paragraph .35 of ISAE 3000

Engagement Documentation	Engagement Documentation (Ref: par. .343646-.353747)
<p>.34-46 The practitioner should prepare engagement documentation on a timely basis <u>that is sufficient to determine the following-</u>: (Ref: par. .A63A78)</p> <p><u>a. The nature, timing, and extent of the procedures performed to comply with relevant AT-C sections and applicable legal and regulatory requirements, including</u></p> <p><u>i. the identifying characteristics of the specific items or matters tested,</u></p> <p><u>ii. who performed the engagement work and the date such work was completed,</u></p> <p><u>iii. who reviewed the engagement work performed and the date and extent of such review</u></p> <p><u>a-b. The results of the procedures performed and the evidence obtained</u></p>	<p>.A63-A78 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.</p>
<p>.35-47 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. .A64A79)</p>	<p>.A64-A79 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:</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

Commented [A27]: Consistent with paragraph 60 of the proposed Selected Procedures ED.

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	<ul style="list-style-type: none"> • Adding information received after the date of the report, for example, an original confirmation that was previously faxed communicated electronically.
.36-48 After the documentation completion date, the practitioner should not delete or discard documentation of any nature before the end of its retention period.	
.37-49 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 the following : a. the specific reasons for making the amendments or additions and b. when, and by whom, they were made and reviewed.	
.38-50 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.	
.39-51 Because engagement documentation often contains confidential information, the practitioner should adopt reasonable procedures to maintain the confidentiality of that information.	
.40-52 The practitioner also should adopt reasonable procedures to prevent unauthorized access to engagement documentation.	
.41-53 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.)	
Engagement Quality Control Review	Engagement Quality Control Review (Ref: par. .4254)

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~~.42-54~~ For those engagements, if any, for which the firm has determined that an engagement quality control review is required, ~~the following apply~~ (Ref: par. ~~.A65A80~~)

- 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 ~~should~~ 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 or assertion and the proposed report
 - iii. Reading selected engagement documentation relating to the significant judgments the engagement team made and the related ~~conclusions-decisions~~ it reached
 - iv. Evaluation of the conclusions reached in formulating the report and consideration of whether the proposed report is appropriate

~~.A65-A80~~ 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

Professional Skepticism and Professional Judgment

Professional Skepticism

~~.43-55~~ The practitioner should plan and perform an attestation engagement with professional skepticism. (Ref: par. ~~.A66A81-.A68A83~~)

Professional Skepticism and Professional Judgment

Professional Skepticism (Ref: par. ~~.4355~~)

~~.A66-A81~~ Professional skepticism includes being alert to matters such as the following:

- Evidence that contradicts other evidence obtained

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	<ul style="list-style-type: none"> • 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>.A67-A82 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>.A68-A83 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.</p>
<p>.44-56 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.</p>	
<p><i>Professional Judgment</i></p>	<p><i>Professional Judgment (Ref: par. .4557)</i></p>
<p>.45-57 The practitioner should exercise professional judgment in planning and performing an attestation engagement. (Ref: par. .A69A84-.A74A89)</p>	<p>.A69-A84 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>

~~A70-A85~~ For examination and ~~review-limited assurance~~ 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 subject matter or an assertion

~~A71-A86~~ 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.

~~A72-A87~~ 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.

~~A73-A88~~ Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of the attestation

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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.

~~A74-A89~~ 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.