



ISAE 3000– ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR REVIEW OF HISTORICAL FINANCIAL INFORMATION

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What are your expectations?

Presentation Outline



- ❑ What are Assurance Engagements?
- ❑ Requirements of ISAE 3000
- ❑ Responsibilities & Obligations of a practitioner set out by ISAE 3000

Assurance Engagements(AEs)



What is an Assurance Engagement?

Assurance Engagements(AEs)



Is an engagement in which a practitioner aims to obtain **sufficient, appropriate** evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the subject matter (SM) information .

Types of AEs



Each assurance engagement is classified on two dimensions.

1. A reasonable assurance engagement or a limited assurance engagement.
2. An attestation engagement or a direct engagement.

Types of AEs Cont'd



1. **Reasonable assurance engagement**—An assurance engagement in which the practitioner **reduces engagement risk to an acceptably low level** in the circumstances of the engagement as the basis for the practitioner's conclusion.

Types of AEs Cont'd



2. **Limited assurance engagement**—An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is **greater than** for a reasonable assurance engagement as the basis for expressing a conclusion.

Types of AEs Cont'd



3. **Attestation Engagement**—An assurance engagement in which a party other than the practitioner measures or evaluates the underlying subject matter against the criteria. A party other than the practitioner also often presents the resulting subject matter information in a report or statement.

Types of AEs Cont'd



4. **Direct engagement**—An assurance engagement in which the practitioner measures or evaluates the underlying subject matter against the applicable criteria and the practitioner presents the resulting subject matter information as part of, or accompanying, the assurance report.

Elements of an Assurance Engagement



1. A three-party relationship, involving: the practitioner, a responsible party and intended users.
2. Appropriate subject matter.
3. Suitable criteria.
4. Sufficient, appropriate evidence to support the conclusion.
5. A conclusion contained within a written report.

Requirements of ISAE 3000



- ❑ The practitioner **Shall** comply with ISAE.
- ❑ The practitioner **shall not** represent compliance with this or any other ISAE unless the practitioner has complied.
- ❑ Ethical Requirements - Code of Ethics for Professional Accountants issued by Internal Ethics Standards Board for Accountants (IESBA).

Requirements of ISAE 3000

Cont'd



- ❑ Engagement Acceptance and Continuance (para 21 -30)
 - The practitioner should accept or continue where applicable an AE only if the subject matter is the responsibility of a party other than the intended users or the practitioner.
 - **Accept if:**
 - ✓ Ethical considerations(Independence) are met
 - ✓ Availability of Competent staff
 - ✓ Basis of performing the engagements is agreed.

Requirements of ISAE 3000

Cont'd



- Limitation of scope prior to acceptance – Decline.
- Agreeing on Terms of Engagement
 - ✓ The practitioner should agree on the terms with the engaging party. – detailed in the Engagement Letter.
- There should be no change to Terms in the course of the engagement without justifiable reasons.

Requirements of ISAE 3000

Cont'd



❑ Quality Control

- The practitioner should implement quality control procedures that are applicable to the individual assignment such as Leadership, M&E.
- Engagement partner may secure the services of a quality control reviewer who will objectively evaluate the significant judgements and conclusions reached.

Requirements of ISAE 3000

Cont'd



- ❑ Professional Scepticism, Judgement & Assurance Skills & Techniques.
 - Practitioner shall plan the engagement with Professional Scepticism to avoid risk of materially misstated information.

Requirements of ISAE 3000

Cont'd



- ❑ Planning and Execution of the Engagement
 - The practitioner should plan the engagement to ensure it is performed effectively. Consider;
 - ✓ Engagement Plan – Scope, Timing & Time, staffing, directing, controlling, evidence gathering procedures,
 - ✓ Materiality – Evaluating whether the subject matter information is free from material misstatement.

Requirements of ISAE 3000

Cont'd



- ✓ Understanding the underlying subject matter and other engagement circumstances.
- The practitioner should make inquiries on;
 - Whether they have knowledge of any actual, suspected or intentional misstatements or non compliance with laws
 - Whether the responsible party has an internal audit function.
 - Whether experts prepared information on SM.

Requirements of ISAE 3000

Cont'd



❑ Obtaining Evidence.

- Risks consideration & Response to Risks – under Reasonable & Limited Assurance.
- Work performed by practitioner's Expert – Evaluate competence, capabilities and objectivity.
- Written representation from the responsible party.

Requirements of ISAE 3000

Cont'd



❑ Subsequent Events

- The report will be a reflection of events up to the date of assurance report.
- If the events affect the subject matter information, the assurance report may be amended.

Requirements of ISAE 3000

Cont'd



- ❑ Forming the Assurance Conclusion
 - The practitioner shall evaluate the;
 - ✓ Sufficiency
 - ✓ Appropriateness
 - ✓ Relevance and
 - ✓ Reliability of evidence obtained.

Requirements of ISAE 3000

Cont'd



❑ Assurance Report

- Must be in writing and contain the following;
 - ✓ Title – indicate its an independent assurance report
 - ✓ Addressee
 - ✓ A description of level of assurance obtained
 - ✓ Identify the applicable criteria

Requirements of ISAE 3000

Cont'd



- ✓ A description of significant limitations associated with the measurement/evaluation of subject matter against criteria.
- ✓ A statement that the engagement was performed in accordance with ISAE.
- ✓ A statement to describe the responsibilities.

Requirements of ISAE 3000

Cont'd



- ✓ A statement that the practitioner's firm applies ISQC 1.
- ✓ A statement that the practitioner complies with independence and other ethical requirements as per IESBA code.

Requirements of ISAE 3000

Cont'd



- ✓ A summary of work done to support the conclusion. The practitioner's conclusion.
- ✓ Reference to the practitioner's Expert in the Assurance Report will be made; if any.
- ✓ The practitioner's signature
- ✓ Dated

Conclusions – Unmodified or modified



☐ Unmodified conclusion

The Practitioner shall express an unmodified conclusion when he/she concludes;

- a. In the case of reasonable assurance engagement; that the subject matter information is prepared, in all material respects, in accordance with the applicable criteria; or

Conclusions – Unmodified or modified cont'd



- b. In the case of limited assurance engagement; that based on the procedures performed and evidence obtained, **no matter has come to the attention** of the practitioner **that causes the practitioner to believe** that the subject matter information **is not prepared**, in all material respects, in accordance with the applicable criteria

Conclusions – Unmodified or modified cont'd



- c. It may be necessary to have;
 - an Emphasis is Matter Paragraph drawn to the intended users' attention -(if any).
 - An other matter paragraph – to communicate a matter other than those that are presented or disclosed in the subject matter information.

Conclusions – Unmodified or modified cont'd



❑ Modified conclusion

A practitioner shall express a modified conclusion in the following circumstances;

- a. In the Practitioner's professional judgment , A Scope Limitation Exists – and effect of the matter could be material – in such cases express a qualified conclusion or a disclaimer of conclusion.

Conclusions – Unmodified or modified cont'd



- a. A Scope Limitation Exists – and effect of the matter could be material – as such express a Qualified conclusion or a Disclaimer of conclusion.
- b. In the Practitioner's professional judgment, the Subject matter information is Materially Misstated – therefore; express a Qualified Conclusion or Adverse Conclusion

Documentation



- ❑ A practitioner shall prepare an Engagement Documentation File which forms the basis of the Assurance Report. The file will be retained for a period not shorter than 5 years from the date of the assurance report.

THE END



THANK YOU