

# International Standard on Assurance Engagements (ISAE) 3000, (revised).

Presentation by: CPA Evanson Ng'ang'a  
Partner,



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# Structure of Pronouncements issued by the International Auditing and Assurance Standards Board..



**IESBA Code of Ethics for Professional Accountants**

*Engagements Governed by the Standards of the IAASB*

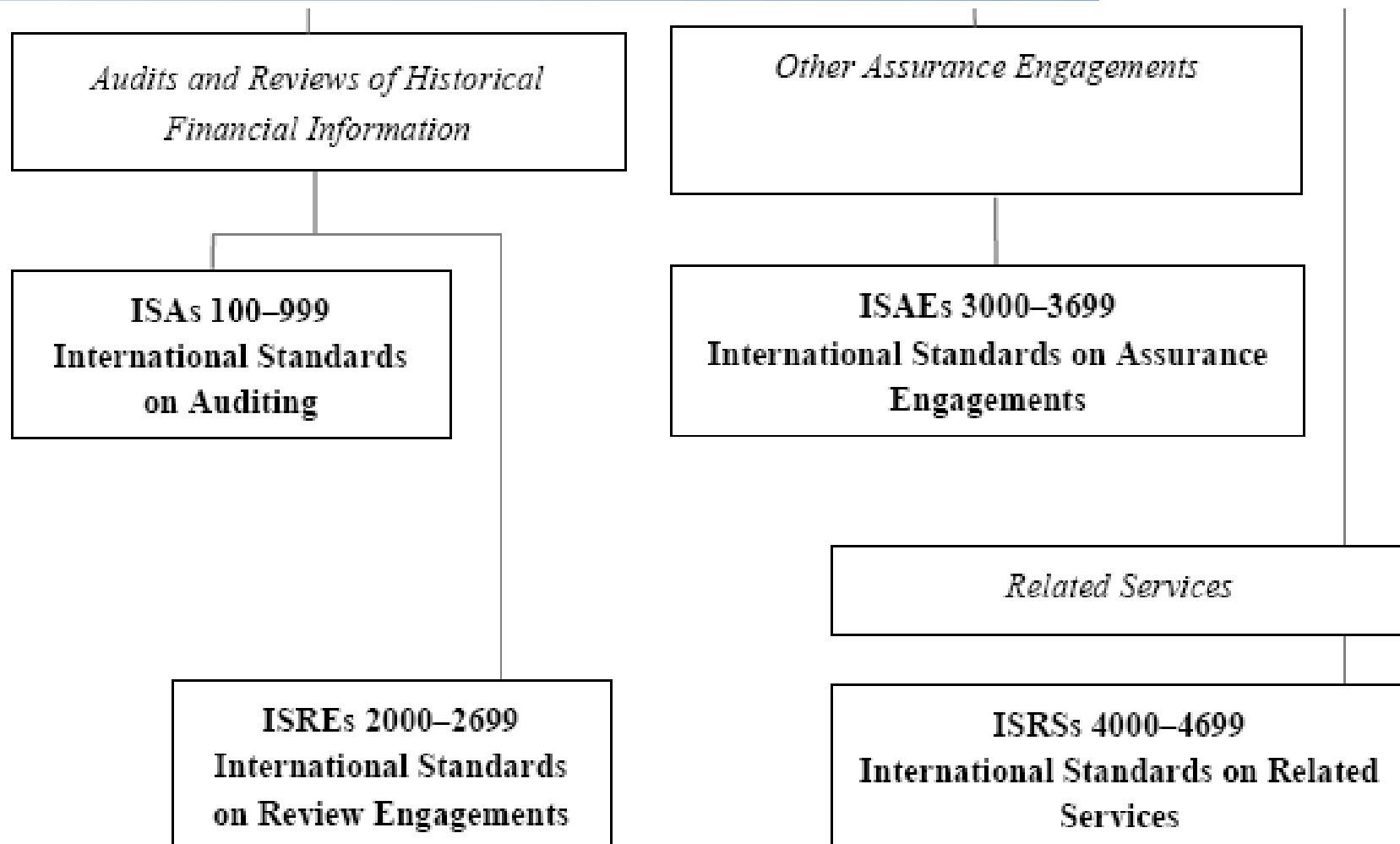
**ISQCs 1–99 International Standards on Quality Control**

**International Framework for Assurance Engagements**

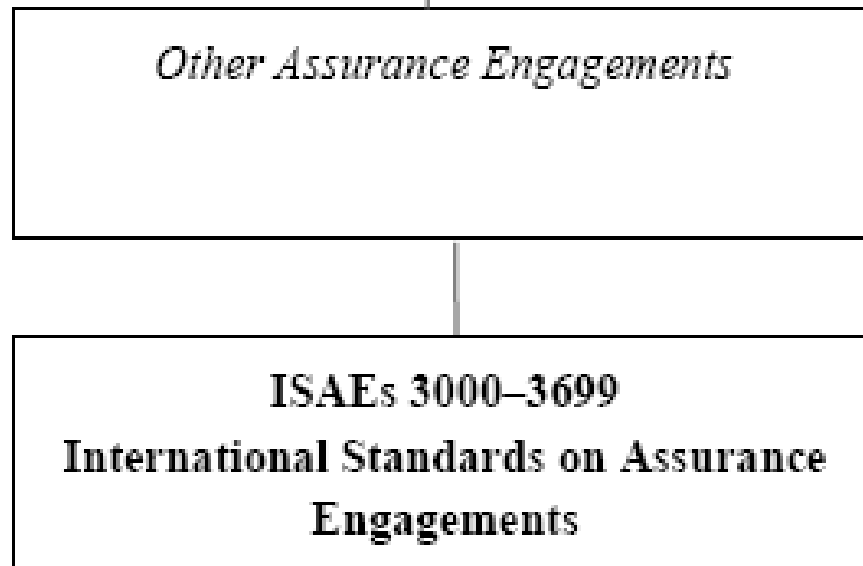
*Audits and Reviews of Historical  
Financial Information*

*Other Assurance Engagements*

# Structure of Pronouncements issued by the International Auditing and Assurance Standards Board..



# International Standards on Assurance Engagements (ISAEs)



International Standards on Assurance Engagements (ISAEs) are to be applied in assurance engagements other than audits or reviews of historical financial information.

# International Standards on Assurance Engagements 3000



Effective for assurance engagements since 01 January 2005



- ❑ deals with assurance engagements other than audits or reviews of historical financial information, which are dealt with in International Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs), respectively.

# Assurance engagement (AE)



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 information (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria).

# Assurance engagement, the objectives of the practitioner



- ❑ To obtain either **reasonable** or **limited** assurance as appropriate, about whether the subject matter information is free from material misstatement;
- ❑ To express a conclusion regarding the outcome of the measurement or evaluation of the underlying subject matter through a written report that conveys the assurance conclusion and describes the basis for the conclusion; and
- ❑ To communicate further as required by this ISAE and any other relevant ISAEs.

# Reasonable assurance engagement and Limited assurance engagement



Two types of AE a practitioner is permitted to perform:

- ❑ RAE objective is to reduce assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the practitioner's conclusion.
- ❑ LAE objective is to reduce assurance 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 a negative form of expression of the practitioner's conclusion.

# Reasonable assurance engagement (RAE) ‘unqualified’



In RAE, the conclusion should be expressed in the positive form:

- ❑ “In our opinion internal control is effective, in all material respects, based on XYZ criteria” or
- ❑ “In our opinion the responsible party’s assertion that internal control is effective, in all material respects, based on XYZ criteria, is fairly stated.”



# Limited assurance engagement (LAE) ‘unqualified’



In LAE, the conclusion should be expressed in the negative form:

- ❑ “Based on our work described in this report, nothing has come to our attention that causes us to believe that internal control is not effective, in all material respects, based on XYZ criteria” or
- ❑ “Based on our work described in this report, nothing has come to our attention that causes us to believe that the responsible party’s assertion that internal control is effective, in all material respects, based on XYZ criteria, is not fairly stated.

# Qualified; Adverse and Disclaimer Conclusions



Nature of matter giving rise	Material but not pervasive	Material and pervasive
The responsible party's assertion, and that assertion is not fairly stated, in all material respects; or the subject matter and the criteria, and the subject matter information is materially misstated	Qualified	Adverse
The responsible party or the engaging party imposes a restriction that prevents, the practitioner from obtaining evidence required to reduce assurance engagement risk to the appropriate level.	Qualified	Disclaimer

# Sample reports available online



- ❑ <https://www.telenor.com/wp-content/uploads/2018/04/DNV-GL-Assurance-Statement-ISA3000-Telenor-Final.pdf>
- ❑ <http://www.emiratesgold.ae/images/pdf/2013%20LBMA%20Emirates%20Gold%20Compliance%20and%20Assurance%20Reports%20EY%20CH%200final.pdf>
- ❑ <https://www.tanaka.co.jp/english/about/assurance-report.pdf>

# Performing an Assurance Engagement



- ☐ Ethical Requirements: IFAC code
- ☐ Quality Control: ISQC 1
- ☐ *Engagement Acceptance and Continuance*
- ☐ Agreeing on the Terms of the Engagement
- ☐ *Planning and Performing the Engagement*
- ☐ Assessing the Appropriateness of the Subject Matter
- ☐ Assessing the Suitability of the Criteria
- ☐ Materiality and Assurance Engagement Risk
- ☐ *Using the Work of an Expert*
- ☐ Obtaining Evidence: sufficient and appropriate
- ☐ Representations by the Responsible Party
- ☐ Considering Subsequent Events
- ☐ Documentation
- ☐ Preparing the Assurance Report



# *Engagement Acceptance and Continuance...only if:*



- ❑ the subject matter is the responsibility of a party other than the intended users or the practitioner.
- ❑ on the basis of a preliminary knowledge of the engagement circumstances, nothing comes to the attention of the practitioner to indicate that the requirements of the Code or of the ISAEs will not be satisfied.
- ❑ the practitioner is satisfied that those persons who are to perform the engagement collectively possess the necessary professional competencies.

# *Planning and Performing the Engagement...key consideration*



- ☐ Terms of engagement.
- ☐ Characteristics of subject matter and the criteria.
- ☐ Engagement process & possible sources of evidence.
- ☐ Practitioner's understanding of the entity and its environment, including the risks that the subject matter information may be materially misstated.
- ☐ Identification of intended users and their needs and consideration of materiality and the components of assurance engagement risk.
- ☐ Personnel and expertise requirements, including the nature and extent of experts' involvement.

# *Using the Work of an Expert*

The practitioner is not expected to possess the same specialized knowledge and skills as the expert. However, he/she should have sufficient skill and knowledge to:

- ☐ Define the objectives of the assigned work and how this work relates to the objective of the engagement;
- ☐ Consider the reasonableness of the assumptions, methods and source data used by the expert; and
- ☐ Consider the reasonableness of the expert's findings in relation to the engagement circumstances and the practitioner's conclusion.

# Expand Your Service Offerings & Scale Your Business



- ☐ Consider the needs of existing clients.
- ☐ Expand according to your strengths.
- ☐ Expand according to business alignment.
- ☐ Expand to become a one-stop-shop.

If you *Believe*  
in yourself  
*Anything*  
is possible

# Interactive Session

