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INTERNATIONAL STANDARD ON ASSURANCE ENGAGEMENTS (IRELAND) 3000

ASSURANCE ENGAGEMENTS OTHER THAN AUDITS OR REVIEWS OF HISTORICAL FINANCIAL INFORMATION – ASSURANCE OF SUSTAINABILITY REPORTING IN IRELAND

IAASA
Irish Auditing & Accounting Supervisory Authority

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Public trust and confidence in quality auditing and accounting

Mission

Upholding quality corporate reporting and an accountable profession

Our Values

Excellence

Striving to be the best we can be

Independence

Regulating impartially and objectively

Integrity

Being trustworthy and respectful

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(Effective for assurance reports dated on or after December 15, 2024)

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Introduction

1. This International Standard on Assurance Engagements (Ireland) (ISAE (Ireland)) deals with assurance engagements other than audits or reviews of historical financial information, which are dealt with in International Standards on Auditing (Ireland) (ISAs (Ireland)) and International Standards on Review Engagements (Ireland) (ISREs (Ireland), respectively. (Ref: Para. A21–A22)

2. Assurance engagements include both attestation engagements, in which a party other than the practitioner measures or evaluates the underlying subject matter against the criteria, and direct engagements, in which the practitioner measures or evaluates the underlying subject matter against the criteria. This ISAE (Irelalnd) contains requirements and application and other explanatory material specific to reasonable and limited assurance attestation engagements. This ISAE (Ireland) may also be applied to reasonable and limited assurance direct engagements, adapted and supplemented as necessary in the engagement circumstances.

3. This ISAE (Ireland) is premised on the basis that:

   (a) The members of the engagement team and the engagement quality reviewer (for those engagements where one has been appointed) are subject to the provisions of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) related to assurance engagements, or other professional requirements, or requirements in law or regulation, that are at least as demanding; and (Ref: Para. A30–A34)

   In Ireland, for the assurance of sustainability reporting, the firm and its personnel are subject to ethical requirements from three sources: the IESBA Code, Part 28 of the Companies Act 2014 and the ethical pronouncements established by the practitioner's relevant professional body.

   (b) The practitioner who is performing the engagement is a member of a firm that is subject to ISQM (Ireland) 1,[1] or other professional requirements, or requirements in law or regulation, regarding the firm's responsibility for its system of quality management, that are at least as demanding as ISQM (Ireland) 1. (Ref: Para. A61–A66)

4. Quality management within firms that perform assurance engagements, and compliance with ethical principles, including independence requirements, are widely recognized as being in the public interest and an integral part of high-quality assurance engagements. Professional accountants in public practice will be familiar with such requirements. If a competent practitioner other than a professional accountant in public practice chooses to represent compliance with this or other ISAE (Ireland)[2], it is important to recognize that this ISAE (Ireland) includes requirements that reflect the premise in the preceding paragraph.

Scope

5. This ISAE (Ireland) applies to assurance of sustainability reporting as required by Part 28 of the Companies Act 2014. (Ref: Para. A21–A22)

   This ISAE (Ireland) does not address the responsibilities of the practitioner in legislation, regulation or otherwise in connection with the assurance of sustainability reporting. Such responsibilities may differ

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[1] International Standard on Quality Management (ISQM) (Ireland) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (Updated September 2024)*

[2] At the date of publication of this ISAE (Ireland), IAASA has not adopted any other ISAE

from those established in this ISAE (Ireland). Accordingly, while the practitioner may find aspects of this ISAE (Ireland) helpful in such circumstances, it is the responsibility of the practitioner to ensure compliance with all relevant legal, regulatory or professional obligations.

6. Not all engagements performed by practitioners are assurance engagements. Other frequently performed engagements that are not assurance engagements, as defined by paragraph 12(a) (and therefore are not covered by the ISAE (Ireland)) include:

   (a) Engagements covered by International Standards on Related Services (ISRS), such as agreed-upon procedure and compilation engagements;[3]

   (b) The preparation of tax returns where no assurance conclusion is expressed; and

   (c) Consulting (or advisory) engagements, such as management and tax consulting. (Ref: Para. A1)

7. An assurance engagement performed under the ISAE (Ireland) may be part of a larger engagement. In such circumstances, the ISAE (Ireland) is relevant only to the assurance portion of the engagement.

8. The following engagements, which may be consistent with the description in paragraph 12(a), are not considered assurance engagements in terms of the ISAE (Ireland):

   (a) Engagements to testify in legal proceedings regarding accounting, auditing, taxation or other matters; and

   (b) Engagements that include professional opinions, views or wording from which a user may derive some assurance, if all of the following apply:

      (i) Those opinions, views or wording are merely incidental to the overall engagement;

      (ii) Any written report issued is expressly restricted for use by only the intended users specified in the report;

      (iii) Under a written understanding with the specified intended users, the engagement is not intended to be an assurance engagement; and

      (iv) The engagement is not represented as an assurance engagement in the professional accountant's report.

Effective Date

9. This ISAE (Ireland) is effective for assurance of sustainability reporting where the assurance report is dated on or after December 15, 2024.

Objectives

10. In conducting an assurance engagement, the objectives of the practitioner are:

   (a) To obtain either reasonable assurance or limited assurance, as appropriate, about whether the subject

[3] ISRS 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*, and ISRS 4410 , *Compilation Engagements.* This standard has not been adopted by IAASA

matter information is free from material misstatement;

(b) To express a conclusion regarding the outcome of the measurement or evaluation of the underlying subject matter through a written report that conveys either a reasonable assurance or a limited assurance conclusion and describes the basis for the conclusion; (Ref: Para. A2) and

(c) To communicate further as required by this ISAE (Ireland) and any other relevant ISAE[2].

10A. In Ireland, the Companies Act 2014 provides that the assurance of sustainability reporting is a limited assurance engagement[4].

11. In all cases when reasonable assurance or limited assurance, as appropriate, cannot be obtained and a qualified conclusion in the practitioner's assurance report is insufficient in the circumstances for purposes of reporting to the intended users, this ISAE (Ireland) requires that the practitioner disclaim a conclusion or withdraw (or resign) from the engagement, where withdrawal is possible under applicable law or regulation.

Definitions

12. For purposes of this ISAE (Ireland) and other ISAEs[2], unless indicated to the contrary, the following terms have the meanings attributed below. (Ref: Para. A27)

(a) Assurance engagement—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). Each assurance engagement is classified on two dimensions: (Ref: Para. A3)

(i) Either a reasonable assurance engagement or a limited assurance engagement:

a. 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. The practitioner's conclusion is expressed in a form that conveys the practitioner's opinion on the outcome of the measurement or evaluation of the underlying subject matter against criteria.

b. 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 in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the subject matter information is materially misstated. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgment, meaningful. To be meaningful, the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the subject matter information to a degree that is clearly more than inconsequential. (Ref: Para. A3–A7)

In Ireland, the Companies Act 2014 provides that the assurance of sustainability reporting is a

[4] Section 1613(3) of the Companies Act 2014 refers

limited assurance engagement.[4]

(ii) Either an attestation engagement or a direct engagement: (Ref: Para. A8)

a. 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. In some cases, however, the subject matter information may be presented by the practitioner in the assurance report. In an attestation engagement, the practitioner's conclusion addresses whether the subject matter information is free from material misstatement. The practitioner's conclusion may be phrased in terms of: (Ref: Para. A179, A181)

i. The underlying subject matter and the applicable criteria;

ii. The subject matter information and the applicable criteria; or

iii. A statement made by the appropriate party(ies).

b. 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. In a direct engagement, the practitioner's conclusion addresses the reported outcome of the measurement or evaluation of the underlying subject matter against the criteria.

(a-1) Assurance of sustainability reporting[5]; – performance of procedures resulting in the opinion expressed in accordance with section 1613(3) of the Companies Act 2014.

(b) Assurance skills and techniques—Those planning, evidence gathering, evidence evaluation, communication and reporting skills and techniques demonstrated by an assurance practitioner that are distinct from expertise in the underlying subject matter of any particular assurance engagement or its measurement or evaluation. (Ref: Para. A9)

(c) Criteria—The benchmarks used to measure or evaluate the underlying subject matter. The "applicable criteria" are the criteria used for the particular engagement. (Ref: Para. A10)

(d) Engagement circumstances—The broad context defining the particular engagement, which includes: the terms of the engagement; whether it is a reasonable assurance engagement or a limited assurance engagement, the characteristics of the underlying subject matter; the measurement or evaluation criteria; the information needs of the intended users; relevant characteristics of the responsible party, the measurer or evaluator, and the engaging party and their environment; and other matters, for example events, transactions, conditions and practices, that may have a significant effect on the engagement.

(e) Engagement partner— The partner or other individual, appointed by the firm, who is responsible for the engagement and its performance, and for the assurance report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.[6] "Engagement partner" should be read as referring to its public sector equivalents where relevant.

(f) Engagement risk—The risk that the practitioner expresses an inappropriate conclusion when the subject

[5] Section 1585 of the Companies Act 2014 refers
[6] Chapter 5 of Part 28 of the Companies Act 2014 refers

matter information is materially misstated. (Ref: Para. A11–A14)

(g) Engaging party—The party(ies) that engages the practitioner to perform the assurance engagement. (Ref: Para. A15)

(h) Engagement team— All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement excluding a practitioner's external expert.

(i) Evidence—Information used by the practitioner in arriving at the practitioner's conclusion. Evidence includes both information contained in relevant information systems, if any, and other information. For purposes of the ISAE (Ireland): (Ref: Para. A147–A153)

  (i) Sufficiency of evidence is the measure of the quantity of evidence.

  (ii) Appropriateness of evidence is the measure of the quality of evidence.

(j) Firm—A sole practitioner, partnership or corporation or other entity of individual practitioners. "Firm" should be read as referring to its public sector equivalents where relevant.

(k) Historical financial information—Information expressed in financial terms in relation to a particular entity, derived primarily from that entity's accounting system, about economic events occurring in past time periods or about economic conditions or circumstances at points in time in the past.

(l) 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.

(m) Intended users—The individual(s) or organization(s), or group(s) thereof that the practitioner expects will use the assurance report. In some cases, there may be intended users other than those to whom the assurance report is addressed. (Ref: Para. A16–A18, A37))

(n) Measurer or evaluator—The party(ies) who measures or evaluates the underlying subject matter against the criteria. The measurer or evaluator possesses expertise in the underlying subject matter. (Ref: Para. A37, A39)

(o) Misstatement—A difference between the subject matter information and the appropriate measurement or evaluation of the underlying subject matter in accordance with the criteria. Misstatements can be intentional or unintentional, qualitative or quantitative, and include omissions.

(p) Misstatement of fact (with respect to other information)—Other information that is unrelated to matters appearing in the subject matter information or the assurance report that is incorrectly stated or presented. A material misstatement of fact may undermine the credibility of the document containing the subject matter information.

(q) Other information—Information (other than the subject matter information and the assurance report thereon) which is included, either by law, regulation or custom, in a document containing the subject matter information and the assurance report thereon.

(r) Practitioner—The individual(s) conducting the engagement (usually the engagement partner or other members of the engagement team, or, as applicable, the firm). Where this ISAE (Ireland) expressly intends that a requirement or responsibility be fulfilled by the engagement partner, the term "engagement partner" rather than

"practitioner" is used. (Ref: Para. A37)

(s) Practitioner's expert—An individual or organization possessing expertise in a field other than assurance, whose work in that field is used by the practitioner to assist the practitioner in obtaining sufficient appropriate evidence. A practitioner's expert may be either a practitioner's internal expert (who is a partner or staff, including temporary staff, of the practitioner's firm or a network firm), or a practitioner's external expert.

(t) Professional judgment—The application of relevant training, knowledge and experience, within the context provided by assurance and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.

(u) Professional skepticism—An attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement, and a critical assessment of evidence.

(v) Responsible party—The party(ies) responsible for the underlying subject matter. (Ref: Para. A37)

(w) Risk of material misstatement—The risk that the subject matter information is materially misstated prior to the engagement.

(x) Subject matter information—The outcome of the measurement or evaluation of the underlying subject matter against the criteria, that is, the information that results from applying the criteria to the underlying subject matter. (Ref: Para. A19)

(x-1) Sustainability reporting[7] - reporting information related to sustainability matters in accordance with Chapter 2 of Part 28 of the Companies Act 2014.

(y) Underlying subject matter—The phenomenon that is measured or evaluated by applying criteria.

13. For the purposes of this ISAE (Ireland) and other ISAE[2], references to "appropriate party(ies)" should be read hereafter as "the responsible party, the measurer or evaluator, or the engaging party, as appropriate." (Ref: Para. A20, A37)

Requirements

Conduct of an Assurance Engagement in Accordance with this ISAE (Ireland)

Complying with Standards that are Relevant to the Engagement

14. The practitioner shall comply with this ISAE (Ireland) and any subject matter-specific ISAE[2] relevant to the engagement.

15. The practitioner shall not represent compliance with this or any other ISAE (Ireland)[2] unless the practitioner has complied with the requirements of this ISAE (Ireland) and any other ISAE[2] relevant to the engagement. (Ref: Para. A21–A22, A171)

Text of this ISAE (Ireland)

16. The practitioner shall have an understanding of the entire text of an ISAE (Ireland)[2], including its application and other explanatory material, to understand its objectives and to apply its requirements properly. (Ref: Para. A23–

[7] Section 1585 of the Companies Act 2014 refers

A28)

Complying with Relevant Requirements

17. Subject to the following paragraph, the practitioner shall comply with each requirement of this ISAE (Ireland) and of any relevant subject matter-specific ISAE[2] unless, in the circumstances of the engagement the requirement is not relevant because it is conditional and the condition does not exist. Requirements that apply to only limited assurance or reasonable assurance engagements have been presented in a columnar format with the letter "L" (limited assurance) or "R" (reasonable assurance) after the paragraph number. (Ref: Para. A29)

18. In exceptional circumstances, the practitioner may judge it necessary to depart from a relevant requirement in this ISAE (Ireland). In such circumstances, the practitioner shall perform alternative procedures to achieve the aim of that requirement. The need for the practitioner to depart from a relevant requirement is expected to arise only where 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 aim of the requirement.

Failure to Achieve an Objective

19. If an objective in this ISAE (Ireland) or a relevant subject matter-specific ISAE[2] cannot be achieved, the practitioner shall evaluate whether this requires the practitioner to modify the practitioner's conclusion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective in a relevant ISAE represents a significant matter requiring documentation in accordance with paragraph 79 of this ISAE (Ireland).

Ethical Requirements

20. The practitioner shall comply with the provisions of the IESBA Code related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A30–A34, A60)
In Ireland, for the assurance of sustainability reporting, the firm and its personnel are subject to ethical requirements from three sources: the IESBA Code, Part 28 of the Companies Act 2014 and the ethical pronouncements established by the practitioner's relevant professional body.

Acceptance and Continuance

21. The engagement partner shall be satisfied that the firm's policies or procedures for the acceptance and continuance of client relationships and assurance engagements have been followed by the firm, and shall determine that conclusions reached in this regard are appropriate.

22. The practitioner shall accept or continue an assurance engagement only when: (Ref: Para. A30–A34)

    (a) The practitioner has no reason to believe that relevant ethical requirements, including independence, will not be satisfied;

    (b) The practitioner is satisfied that those persons who are to perform the engagement collectively have the appropriate competence and capabilities, including having sufficient time to perform the engagement (see also paragraph 32); and

    (c) The basis upon which the engagement is to be performed has been agreed, through:

        (i) Establishing that the preconditions for an assurance engagement are present (see also paragraphs

24–26); and

(ii) Confirming that there is a common understanding between the practitioner and the engaging party of the terms of the engagement, including the practitioner's reporting responsibilities.

23. If the engagement partner obtains information that may have caused the firm to decline the engagement had that information been known by the firm prior to accepting or continuing the client relationship or specific engagement, the engagement partner shall communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action.

Preconditions for the Assurance Engagement

24. In order to establish whether the preconditions for an assurance engagement are present, the practitioner shall, on the basis of a preliminary knowledge of the engagement circumstances and discussion with the appropriate party(ies), determine whether: (Ref: Para. A35–A36)

(a) The roles and responsibilities of the appropriate parties are suitable in the circumstances; and (Ref: Para. A37–A39)

(b) The engagement exhibits all of the following characteristics:

(i) The underlying subject matter is appropriate; (Ref: Para. A40–A44)

(ii) The criteria that the practitioner expects to be applied in the preparation of the subject matter information are suitable for the engagement circumstances, including that they exhibit the following characteristics: (Ref: Para. A45–A50)

a. Relevance.

b. Completeness.

c. Reliability.

d. Neutrality.

e. Understandability.

(iii) The criteria that the practitioner expects to be applied in the preparation of the subject matter information will be available to the intended users; (Ref: Para. A51–A52)

(iv) The practitioner expects to be able to obtain the evidence needed to support the practitioner's conclusion; (Ref: Para. A53–A55)

(v) The practitioner's conclusion, in the form appropriate to either a reasonable assurance engagement or a limited assurance engagement, is to be contained in a written report; and

(vi) A rational purpose including, in the case of a limited assurance engagement, that the practitioner expects to be able to obtain a meaningful level of assurance. (Ref: Para. A56)

25. If the preconditions for an assurance engagement are not present, the practitioner shall discuss the matter with the engaging party. If changes cannot be made to meet the preconditions, the practitioner shall not accept the

engagement as an assurance engagement unless required by law or regulation to do so. However, an engagement conducted under such circumstances does not comply with this ISAE (Ireland). Accordingly, the practitioner shall not include any reference within the assurance report to the engagement having been conducted in accordance with this ISAE (Ireland) or any other ISAE(s)[2].

Limitation on Scope Prior to Acceptance of the Engagement

26. If the engaging party imposes a limitation on the scope of the practitioner's work in the terms of a proposed assurance engagement such that the practitioner believes the limitation will result in the practitioner disclaiming a conclusion on the subject matter information, the practitioner shall not accept such an engagement as an assurance engagement, unless required by law or regulation to do so. (Ref: Para. A156(c))

Agreeing on the Terms of the Engagement

27. The practitioner shall agree the terms of the engagement with the engaging party. The agreed terms of the engagement shall be specified in sufficient detail in an engagement letter or other suitable form of written agreement, written confirmation, or in law or regulation. (Ref: Para. A57–A58)

28. On recurring engagements, the practitioner shall assess whether circumstances require the terms of the engagement to be revised and whether there is a need to remind the engaging party of the existing terms of the engagement.

Acceptance of a Change in the Terms of the Engagement

29. The practitioner shall not agree to a change in the terms of the engagement where there is no reasonable justification for doing so. If such a change is made, the practitioner shall not disregard evidence that was obtained prior to the change. (Ref: Para. A59)

Assurance Report Prescribed by Law or Regulation

30. In some cases, law or regulation of the relevant jurisdiction prescribes the layout or wording of the assurance report[8]. In these circumstances, the practitioner shall evaluate:

    (a) Whether intended users might misunderstand the assurance conclusion; and

    (b) If so, whether additional explanation in the assurance report can mitigate possible misunderstanding.

    If the practitioner concludes that additional explanation in the assurance report cannot mitigate possible misunderstanding, the practitioner shall not accept the engagement, unless required by law or regulation to do so. An engagement conducted in accordance with such law or regulation does not comply with this ISAE (Ireland). Accordingly, the practitioner shall not include any reference within the assurance report to the engagement having been conducted in accordance with this ISAE (Ireland) or any other ISAE[2] (see also paragraph 71).

[8] Section 1613 of the Companies Act 2014 refers

Quality Management

Characteristics of the Engagement Partner

31. The engagement partner shall:

    (a) Be a member of a firm that applies ISQM (Ireland) 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQM (Ireland) 1; (Ref: Para. A60–A66)

Engagement Resources

    (b) Determine that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner, taking into account the nature and circumstances of the engagement, the firm's policies or procedures, and any changes that may arise during the engagement.

    (c) Have competence in assurance skills and techniques developed through extensive training and practical application; and (Ref: Para. A60)

    (d) Have sufficient competence in the underlying subject matter and its measurement or evaluation to accept responsibility for the assurance conclusion. (Ref: Para. A67–A68)

32. The engagement partner shall: (Ref: Para. A69)

    (a) Be satisfied that those persons who are to perform the engagement collectively have the appropriate competence and capabilities, including having sufficient time to: (Ref: Para. A70–A71)

        (i) Perform the engagement in accordance with relevant standards and applicable legal and regulatory requirements; and

        (ii) Enable an assurance report that is appropriate in the circumstances to be issued.

    (b) Be satisfied that the practitioner will be able to be involved in the work of:

        (i) A practitioner's expert where the work of that expert is to be used; and (Ref: Para. A70–A71)

        (ii) Another practitioner, not part of the engagement team, where the assurance work of that practitioner is to be used, (Ref: Para. A72–A73)

    to an extent that is sufficient to accept responsibility for the assurance conclusion on the subject matter information.

Responsibilities of the Engagement Partner

33. The engagement partner shall take overall responsibility for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement. This includes responsibility for:

    (a) Being satisfied that the firm's policies or procedures for the acceptance and continuance of client relationships and assurance engagements have been followed;

    (b) The engagement being planned and performed (including appropriate direction and supervision of engagement team members) in accordance with professional standards and applicable legal and regulatory

requirements;

(c) Reviews being performed in accordance with the firm's policies or procedures and reviewing the engagement documentation on or before the date of the assurance report; (Ref: Para. A74)

(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 relevant ISAEs (Ireland)[2] and relevant legal and regulatory requirements; and

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

34. Throughout the engagement, the engagement partner shall remain alert, through observation and making inquiries as necessary, for evidence of breaches of 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 management or otherwise that indicate that members of the engagement team have breached relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action.

35. The engagement partner shall consider the information from the firm's monitoring and remediation process, as communicated by the firm and, if applicable, other network firms and whether the information may affect the assurance engagement.

Engagement Quality Review

36. For those engagements for which an engagement quality review is required in accordance with ISQM (Ireland) 1 or the firm's policies or procedures, the engagement partner shall discuss significant matters and significant judgments arising during the engagement with the engagement quality reviewer, and not date the assurance report until completion of that review.[9]

Professional Skepticism, Professional Judgment, and Assurance Skills and Techniques

37. The practitioner shall plan and perform an engagement with professional skepticism, recognizing that circumstances may exist that cause the subject matter information to be materiality misstated. (Ref: Para. A76–A80)

38. The practitioner shall exercise professional judgment in planning and performing an assurance engagement, including determining the nature, timing and extent of procedures. (Ref: Para. A81–A85)

39. The practitioner shall apply assurance skills and techniques as part of an iterative, systematic engagement process.

Planning and Performing the Engagement

Planning

40. The practitioner shall plan the engagement so that it will be performed in an effective manner, including setting the scope, timing and direction of the engagement, and determining the nature, timing and extent of planned procedures that are required to be carried out in order to achieve the objective of the practitioner. (Ref: Para. A86–A89)

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[9] ISQM (Ireland) 2, *Engagement Quality Reviews*

41. The practitioner shall determine whether the criteria are suitable for the engagement circumstances, including that they exhibit the characteristics identified in paragraph 24(b)(ii).

42. If it is discovered after the engagement has been accepted that one or more preconditions for an assurance engagement is not present, the practitioner shall discuss the matter with the appropriate party(ies), and shall determine:

    (a) Whether the matter can be resolved to the practitioner's satisfaction;

    (b) Whether it is appropriate to continue with the engagement; and

    (c) Whether and, if so, how to communicate the matter in the assurance report.

43. If it is discovered after the engagement has been accepted that some or all of the applicable criteria are unsuitable or some or all of the underlying subject matter is not appropriate for an assurance engagement, the practitioner shall consider withdrawing from the engagement, if withdrawal is possible under applicable law or regulation. If the practitioner continues with the engagement, the practitioner shall express a qualified or adverse conclusion, or disclaimer of conclusion, as appropriate in the circumstances. (Ref: Para. A90–A91)

Materiality

44. The practitioner shall consider materiality when: (Ref: Para. A92–A100)

    (a) Planning and performing the assurance engagement, including when determining the nature, timing and extent of procedures; and

    (b) Evaluating whether the subject matter information is free from material misstatement.

Understanding the Underlying Subject Matter and Other Engagement Circumstances

45. The practitioner shall make inquiries of the appropriate party(ies) regarding:

    (a) Whether they have knowledge of any actual, suspected or alleged intentional misstatement or non-compliance with laws and regulations affecting the subject matter information; (Ref: Para. A101–A102)

    (b) 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 information; and

    (c) Whether the responsible party has used any experts in the preparation of the subject matter information.

Limited Assurance	Reasonable Assurance
46L. The practitioner shall obtain an understanding of the underlying subject matter and other engagement circumstances sufficient to: (a) Enable the practitioner to identify areas where a material misstatement of the subject matter information is likely to arise; and (b) Thereby, provide a basis for designing and performing procedures to address the areas identified in paragraph 46L(a) and to obtain limited assurance to support the practitioner's conclusion. (Ref: Para. A101–A105, A108) 47L. In obtaining an understanding of the underlying subject matter and other engagement circumstances under paragraph 46L, the practitioner shall consider the process used to prepare the subject matter information. (Ref: Para. A107)	46R. The practitioner shall obtain an understanding of the underlying subject matter and other engagement circumstances sufficient to: (a) Enable the practitioner to identify and assess the risks of material misstatement in the subject matter information; and (b) Thereby, provide a basis for designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance to support the practitioner's conclusion. (Ref: Para. A101–A104, A108) 47R. In obtaining an understanding of the underlying subject matter and other engagement circumstances under paragraph 46R, the practitioner shall obtain an understanding of internal control over the preparation of the subject matter information relevant to the engagement. This includes evaluating the design of those controls relevant to the engagement and determining whether they have been implemented by performing procedures in addition to inquiry of the personnel responsible for the subject matter information. (Ref: Para. A106)

Obtaining Evidence

Risk Consideration and Responses to Risks

Limited Assurance	Reasonable Assurance
48L. Based on the practitioner's understanding (see paragraph 46L), the practitioner shall: (Ref: Para. A109–A113) (a) Identify areas where a material misstatement of the subject matter information is likely to arise; and (b) Design and perform procedures to address the areas identified in paragraph 48L(a) and to obtain limited assurance to support the practitioner's conclusion.	48R. Based on the practitioner's understanding (see paragraph 46R) the practitioner shall: (Ref: Para. A109–A111) (a) Identify and assess the risks of material misstatement in the subject matter information; and (b) Design and perform procedures to respond to the assessed risks and to obtain reasonable assurance to support the practitioner's conclusion. In addition to any other procedures on the subject matter information that are appropriate in the engagement circumstances, the practitioner's procedures shall include obtaining sufficient appropriate evidence as to the operating effectiveness of relevant controls over the subject matter information when: (i) The practitioner's assessment of the risks of material misstatement includes an expectation that controls are operating effectively, or (ii) Procedures other than testing of controls cannot alone provide sufficient appropriate evidence.
Determining Whether -Additional -Procedures Are Necessary in a -Limited Assurance Engagement 49L. If the practitioner becomes aware of a matter(s) that causes the practitioner to believe that the subject matter information may be materially misstated, the practitioner shall design and perform additional procedures to obtain further evidence until the practitioner is able to: (Ref: Para. A113–A118) (a) Conclude that the matter is not likely to cause the subject matter information to be materially misstated; or	Revision of Risk Assessment in a Reasonable Assurance Engagement 49R. The practitioner's assessment of the risks of material misstatement in the subject matter information may change during the course of the engagement as additional evidence is obtained. In circumstances where the practitioner obtains evidence that is inconsistent with the evidence on which the practitioner originally based the assessment of the risks of material misstatement, the practitioner shall revise the assessment and modify the planned procedures accordingly. (Ref: Para. A113)

Limited Assurance	Reasonable Assurance
(b) Determine that the matter(s) causes the subject matter information to be materially misstated.	

50. When designing and performing procedures, the practitioner shall consider the relevance and reliability of the information to be used as evidence. If:

    (a) Evidence obtained from one source is inconsistent with that obtained from another; or

    (b) The practitioner has doubts about the reliability of information to be used as evidence,

    the practitioner shall determine what changes or additions to procedures are necessary to resolve the matter, and shall consider the effect of the matter, if any, on other aspects of the engagement.

51. The practitioner shall accumulate uncorrected misstatements identified during the engagement other than those that are clearly trivial. (Ref: Para. A119–A120)

Work Performed by a Practitioner's Expert

52. When the work of a practitioner's expert is to be used, the practitioner shall also: (Ref: Para. A121–A125)

    (a) Evaluate whether the practitioner's expert has the necessary competence, capabilities and objectivity for the practitioner's purposes. In the case of a practitioner's external expert, the evaluation of objectivity shall include inquiry regarding interests and relationships that may create a threat to that expert's objectivity; (Ref: Para. A126–A129)

    (b) Obtain a sufficient understanding of the field of expertise of the practitioner's expert; (Ref: Para. A130–A131)

    (c) Agree with the practitioner's expert on the nature, scope and objectives of that expert's work; and (Ref: Para. A132–A133)

    (d) Evaluate the adequacy of the practitioner's expert's work for the practitioner's purposes. (Ref: Para. A134–A135)

Work Performed by Another Practitioner, a Responsible Party's or Measurer's or Evaluator's Expert, or an Internal Auditor (Ref: Para. A136)

53. When the work of another practitioner is to be used, the practitioner shall evaluate whether that work is adequate for the practitioner's purposes.

54. If information to be used as evidence has been prepared using the work of a responsible party's or a measurer's or evaluator's expert, the practitioner shall, to the extent necessary having regard to the significance of that expert's work for the practitioner's purposes:

    (a) Evaluate the competence, capabilities and objectivity of that expert;

(b) Obtain an understanding of the work of that expert; and

(c) Evaluate the appropriateness of that expert's work as evidence.

55. If the practitioner plans to use the work of the internal audit function, the practitioner shall evaluate the following:

(a) The extent to which the internal audit function's organizational status and relevant policies and procedures support the objectivity of the internal auditors;

(b) The level of competence of the internal audit function;

(c) Whether the internal audit function applies a systematic and disciplined approach, including quality management; and

(d) Whether the work of the internal audit function is adequate for the purposes of the engagement.

Written Representations

56. The practitioner shall request from the appropriate party(ies) a written representation:

(a) That it has provided the practitioner with all information of which the appropriate party(ies) is aware that is relevant to the engagement. (Ref: Para. A54–A55 and A137–A139)

(b) Confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information.

57. If, in addition to required representations, the practitioner determines that it is necessary to obtain one or more written representations to support other evidence relevant to the subject matter information, the practitioner shall request such other written representations.

58. When written representations relate to matters that are material to the subject matter information, the practitioner shall:

(a) Evaluate their reasonableness and consistency with other evidence obtained, including other representations (oral or written); and

(b) Consider whether those making the representations can be expected to be well-informed on the particular matters.

59. The date of the written representations shall be as near as practicable to, but not after, the date of the assurance report.

Requested Written Representations Not Provided or Not Reliable

60. If one or more of the requested written representations are not provided or the practitioner concludes that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or that the written representations are otherwise not reliable, the practitioner shall: (Ref: Para. A140)

(a) Discuss the matter with the appropriate party(ies);

(b) Reevaluate the integrity of those from whom the representations were requested or received and evaluate the effect that this may have on the reliability of representations (oral or written) and evidence in general; and

(c) Take appropriate actions, including determining the possible effect on the conclusion in the assurance report.

Subsequent Events

61. When relevant to the engagement, the practitioner shall consider the effect on the subject matter information and on the assurance report of events up to the date of the assurance report, and shall respond appropriately to facts that become known to the practitioner after the date of the assurance report, that, had they been known to the practitioner at that date, may have caused the practitioner to amend the assurance report. The extent of consideration of subsequent events depends on the potential for such events to affect the subject matter information and to affect the appropriateness of the practitioner's conclusion. However, the practitioner has no responsibility to perform any procedures regarding the subject matter information after the date of the assurance report. (Ref: Para. A141–A142)

Other Information

62. When documents containing the subject matter information and the assurance report thereon include other information, the practitioner shall read that other information to identify material inconsistencies, if any, with the subject matter information or the assurance report and, if on reading that other information, the practitioner: (Ref: Para. A143)

(a) Identifies a material inconsistency between that other information and the subject matter information or the assurance report; or

(b) Becomes aware of a material misstatement of fact in that other information that is unrelated to matters appearing in the subject matter information or the assurance report,

the practitioner shall discuss the matter with the appropriate party(ies) and take further action as appropriate.

Description of Applicable Criteria

63. The practitioner shall evaluate whether the subject matter information adequately refers to or describes the applicable criteria. (Ref: Para. A144–A146)

Forming the Assurance Conclusion

64. The practitioner shall evaluate the sufficiency and appropriateness of the evidence obtained in the context of the engagement and, if necessary in the circumstances, attempt to obtain further evidence. The practitioner shall consider all relevant evidence, regardless of whether it appears to corroborate or to contradict the measurement or evaluation of the underlying subject matter against the applicable criteria. If the practitioner is unable to obtain necessary further evidence, the practitioner shall consider the implications for the practitioner's conclusion in paragraph 65. (Ref: Para. A147–A153)

65. The practitioner shall form a conclusion about whether the subject matter information is free from material misstatement. In forming that conclusion, the practitioner shall consider the practitioner's conclusion in paragraph 64 regarding the sufficiency and appropriateness of evidence obtained and an evaluation of whether uncorrected misstatements are material, individually or in the aggregate. (Ref: Para. A3 and A154–A155)

66. If the practitioner is unable to obtain sufficient appropriate evidence, a scope limitation exists and the practitioner shall express a qualified conclusion, disclaim a conclusion, or withdraw from the engagement, where withdrawal is possible under applicable law or regulation, as appropriate. (Ref: Para. A156–A158)

Preparing the Assurance Report

67. The assurance report shall be in writing and shall contain a clear expression of the practitioner's conclusion about the subject matter information. (Ref: Para. A2, A159–A161)

68. The practitioner's conclusion shall be clearly separated from information or explanations that are not intended to affect the practitioner's conclusion, including any Emphasis of Matter, Other Matter, findings related to particular aspects of the engagements, recommendations or additional information included in the assurance report. The wording used shall make it clear that an Emphasis of Matter, Other Matter, findings, recommendations or additional information is not intended to detract from the practitioner's conclusion. (Ref: Para. A159–A161)

Assurance Report Content

69. The assurance report shall include, at a minimum, the following basic elements:

    (a) A title that clearly indicates the report is an independent assurance report. (Ref: Para. A162)

    (b) An addressee. (Ref: Para. A163)

    (c) An identification or description of the level of assurance obtained by the practitioner, the subject matter information and, when appropriate, the underlying subject matter. When the practitioner's conclusion is phrased in terms of a statement made by the appropriate party(ies), that statement shall accompany the assurance report, be reproduced in the assurance report or be referenced therein to a source that is available to the intended users. (Ref: Para A164)

    (d) Identification of the applicable criteria. (Ref: Para. A165)

    (e) Where appropriate, a description of any significant inherent limitations associated with the measurement or evaluation of the underlying subject matter against the applicable criteria. (Ref: Para. A166)

    (f) When the applicable criteria are designed for a specific purpose, a statement alerting readers to this fact and that, as a result, the subject matter information may not be suitable for another purpose. (Ref: Para. A167–A168)

    (g) A statement to identify the responsible party and the measurer or evaluator if different, and to describe their responsibilities and the practitioner's responsibilities. (Ref: Para. A169)

    (h) A statement that the engagement was performed in accordance with this ISAE (Ireland) or, where there is a subject-matter specific ISAE[2], that ISAE. (Ref: Para. A170–A171)

    (i) A statement that the firm of which the practitioner is a member applies ISQM (Ireland) 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQM (Ireland) 1. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements in law or regulation, applied that are at least as demanding as ISQM (Ireland) 1. (Ref: Para. A172)

    (j) A statement that the practitioner complies with the independence and other ethical requirements of the

IESBA Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as the provisions of the IESBA Code related to assurance engagements. If the practitioner is not a professional accountant, the statement shall identify the professional requirements, or requirements imposed by law or regulation, applied that are at least as demanding as the provisions of the IESBA Code related to assurance engagements. (Ref: Para. A173)

In Ireland, for the assurance of sustainability reporting, a statement that the firm and its personnel comply with the ethical requirements of the IESBA Code, Part 28 of the Companies Act 2014 and the ethical pronouncements established by the practitioner's relevant professional body.

(k) An informative summary of the work performed as the basis for the practitioner's conclusion. In the case of a limited assurance engagement, an appreciation of the nature, timing and extent of procedures performed is essential to understanding the practitioner's conclusion. In a limited assurance engagement, the summary of the work performed shall state that:

(i) The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and

(ii) Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. (Ref: Para. A6, A174–A178)

(l) The practitioner's conclusion: (Ref: Para. A2, A179–A181)

(i) When appropriate, the conclusion shall inform the intended users of the context in which the practitioner's conclusion is to be read. (Ref: Para. A180)

(ii) In a reasonable assurance engagement, the conclusion shall be expressed in a positive form. (Ref: Para. A179)

(iii) In a limited assurance engagement, the conclusion shall be expressed in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe that the subject matter information is materially misstated. (Ref: Para. A181)

(iv) The conclusion in (ii) or (iii) shall be phrased using appropriate words for the underlying subject matter and applicable criteria given the engagement circumstances and shall be phrased in terms of: (Ref: Para. A182)

a. The underlying subject matter and the applicable criteria;

b. The subject matter information and the applicable criteria; or

c. A statement made by the appropriate party(ies).

(v) When the practitioner expresses a modified conclusion, the assurance report shall contain:

a. A section that provides a description of the matter(s) giving rise to the modification; and

b. A section that contains the practitioner's modified conclusion. (Ref: Para. A183)

(m) The practitioner's signature. (Ref: Para. A184)

(n) The date of the assurance report. The assurance report shall be dated no earlier than the date on which:

(i) The practitioner has obtained the evidence on which the practitioner's conclusion is based, including evidence that those with the recognized authority have asserted that they have taken responsibility for the subject matter information; and

(ii) When an engagement quality review is required in accordance with ISQM (Ireland) 1 or the firm's policies or procedures, the engagement quality review is complete. (Ref: Para. A185)

(o) The location in the jurisdiction where the practitioner practices.

Reference to the Practitioner's Expert in the Assurance Report

70. If the practitioner refers to the work of a practitioner's expert in the assurance report, the wording of that report shall not imply that the practitioner's responsibility for the conclusion expressed in that report is reduced because of the involvement of that expert. (Ref: Para. A186–A188)

Assurance Report Prescribed by Law or Regulation

71. If the practitioner is required by law or regulation to use a specific layout or wording of the assurance report, the assurance report shall refer to this or other ISAEs (Ireland)[2] only if the assurance report includes, at a minimum, each of the elements identified in paragraph 69.

Unmodified and Modified Conclusions

72. The practitioner shall express an unmodified conclusion when the practitioner concludes:

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

(b) In the case of a limited assurance engagement, that, based on the procedures performed and evidence obtained, no matter(s) 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.

73. If the practitioner considers it necessary to:

(a) Draw intended users' attention to a matter presented or disclosed in the subject matter information that, in the practitioner's judgment, is of such importance that it is fundamental to intended users' understanding of the subject matter information (an Emphasis of Matter paragraph); or

(b) Communicate a matter other than those that are presented or disclosed in the subject matter information that, in the practitioner's judgment, is relevant to intended users' understanding of the engagement, the practitioner's responsibilities or the assurance report (another Matter paragraph),

and this is not prohibited by law or regulation, the practitioner shall do so in a paragraph in the assurance report, with an appropriate heading, that clearly indicates the practitioner's conclusion is not modified in respect of the matter. In the case of an Emphasis of Matter paragraph, such a paragraph shall refer only to information presented or disclosed in the subject matter information.

74. The practitioner shall express a modified conclusion in the following circumstances:

(a) When, in the practitioner's professional judgment, a scope limitation exists and the effect of the matter could be material (see paragraph 66). In such cases, the practitioner shall express a qualified conclusion or a disclaimer of conclusion.

(b) When, in the practitioner's professional judgment, the subject matter information is materially misstated. In such cases, the practitioner shall express a qualified conclusion or adverse conclusion. (Ref: Para. A191)

75. The practitioner shall express a qualified conclusion when, in the practitioner's professional judgment, the effects, or possible effects, of a matter are not so material and pervasive as to require an adverse conclusion or a disclaimer of conclusion. A qualified conclusion shall be expressed as being "except for" the effects, or possible effects, of the matter to which the qualification relates. (Ref: Para. A189–A190)

76. If the practitioner expresses a modified conclusion because of a scope limitation but is also aware of a matter(s) that causes the subject matter information to be materially misstated, the practitioner shall include in the assurance report a clear description of both the scope limitation and the matter(s) that causes that the subject matter information to be materially misstated.

77. When the statement made by the appropriate party(ies) has identified and properly described that the subject matter information is materially misstated, the practitioner shall either:

(a) Express a qualified conclusion or adverse conclusion phrased in terms of the underlying subject matter and the applicable criteria; or

(b) If specifically required by the terms of the engagement to phrase the conclusion in terms of a statement made by the appropriate party(ies), express an unqualified conclusion but include an Emphasis of Matter paragraph in the assurance report referring to the statement made by the appropriate party(ies) that identifies and properly describes that the subject matter information is materially misstated. (Ref: Para. A192)

Other Communication Responsibilities

78. The practitioner shall consider whether, pursuant to the terms of the engagement and other engagement circumstances, any matter has come to the attention of the practitioner that is to be communicated with the responsible party, the measurer or evaluator, the engaging party, those charged with governance or others. (Ref: Para. A193–A199)

Documentation

79. The practitioner shall prepare on a timely basis engagement documentation that provides a record of the basis for the assurance report that is sufficient and appropriate to enable an experienced practitioner, having no previous connection with the engagement, to understand: (Ref: Para. A200–A204)

(a) The nature, timing and extent of the procedures performed to comply with this ISAE (Ireland) and applicable legal and regulatory requirements;

(b) The results of the procedures performed, and the evidence obtained; and

(c) Significant matters arising during the engagement, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.

80. If the practitioner identifies information that is inconsistent with the practitioner's final conclusion regarding a

significant matter, the practitioner shall document how the practitioner addressed the inconsistency.

81. The practitioner shall assemble the engagement documentation in an engagement file and complete the administrative process of assembling the final engagement file on a timely basis after the date of the assurance report. (Ref: Para. A205–A206)

82. After the assembly of the final engagement file has been completed, the practitioner shall not delete or discard engagement documentation of any nature before the end of its retention period. (Ref: Para. A207)

83. If the practitioner finds it necessary to amend existing engagement documentation or add new engagement documentation after the assembly of the final engagement file has been completed the practitioner shall, regardless of the nature of the amendments or additions, document:

    (a) The specific reasons for making the amendments or additions; and

    (b) When, and by whom, they were made and reviewed.

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Application and Other Explanatory Material

Introduction (Ref: Para. 6)

A1. In a consulting engagement, the practitioner applies technical skills, education, observations, experiences, and knowledge. Consulting engagements involve an analytical process that typically involves some combination of activities relating to: objective-setting, fact-finding, definition of problems or opportunities, evaluation of alternatives, development of recommendations including actions, communication of results, and sometimes implementation and follow-up. Reports (if issued) are generally written in a narrative (or "long-form") style. Generally the work performed is only for the use and benefit of the client. The nature and scope of work is determined by agreement between the practitioner and the client. Any service that meets the definition of an assurance engagement is not a consulting engagement but an assurance engagement.

Objectives

Engagements with Subject Matter Information Comprising a Number of Aspects (Ref: Para. 10, 65, 69(l))

A2. Where the subject matter information is made up of a number of aspects, separate conclusions may be provided on each aspect. All such separate conclusions do not need to relate to the same level of assurance. Rather, each conclusion is expressed in the form that is appropriate to either a reasonable assurance engagement or a limited assurance engagement. References in this ISAE (Ireland) to the conclusion in the assurance report include each conclusion when separate conclusions are provided.

Definitions

The Nature, Timing and Extent of Procedures in Limited and Reasonable Assurance Engagements (Ref: Para. 12(a)(i))

A3. Because the level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement, the procedures the practitioner performs in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The primary differences between the procedures for a reasonable assurance engagement and a limited assurance engagement 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 analytical procedures, and relatively less emphasis, if any, on testing of controls and obtaining evidence from external sources than may be the case for a reasonable assurance engagement.

(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 a reasonable assurance engagement, both analytical procedures and other procedures would be performed).

(c) In a reasonable assurance engagement, analytical procedures performed in response to the engagement

risk involve developing expectations that are sufficiently precise to identify material misstatements. In a limited assurance engagement, analytical procedures may be designed to support expectations regarding the direction of trends, relationships and ratios rather than to identify misstatements with the level of precision expected in a reasonable assurance engagement.

(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 a reasonable assurance engagement.

A Level of Assurance that is Meaningful (Ref: Para. 12(a)(i)(b), 47L)

A4. The level of assurance the practitioner plans to obtain is not ordinarily susceptible to quantification, and whether it is meaningful is a matter of professional judgment for the practitioner to determine in the circumstances of the engagement. In a limited assurance engagement, the practitioner performs procedures that are limited compared with those necessary in a reasonable assurance engagement but are, nonetheless, planned to obtain a level of assurance that is meaningful. To be meaningful the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the subject matter information to a degree that is clearly more than inconsequential (see also paragraphs A16–A18).

A5. Across the range of all limited assurance engagements, what is meaningful assurance can vary from just above assurance that is likely to enhance the intended users' confidence about the subject matter information to a degree that is clearly more than inconsequential to just below reasonable assurance. What is meaningful in a particular engagement represents a judgment within that range that depends on the engagement circumstances, including the information needs of intended users as a group, the criteria, and the underlying subject matter of the engagement.

A6. Because the level of assurance obtained by the practitioner in limited assurance engagements varies, the practitioner's report contains an informative summary of the procedures performed, recognizing that an appreciation of the nature, timing and extent of procedures performed is essential to understanding the practitioner's conclusion (see paragraphs 69(k) and A174–A178).

A7. Some of the factors that may be relevant in determining what constitutes meaningful assurance in a specific engagement include, for example:

- The characteristics of the underlying subject matter and the criteria, and whether there are any relevant subject matter-specific ISAE[2].

- Instructions or other indications from the engaging party about the nature of the assurance the engaging party is seeking the practitioner to obtain. For example, the terms of the engagement may stipulate particular procedures that the engaging party considers necessary or particular aspects of the subject matter information on which the engaging party would like the practitioner to focus procedures. However, the practitioner may consider that other procedures are required to obtain sufficient appropriate evidence to obtain meaningful assurance.

- Generally accepted practice, if it exists, with respect to assurance engagements for the particular subject

matter information, or similar or related subject matter information.

- The information needs of intended users as a group. Generally, the greater the consequence to intended users of receiving an inappropriate conclusion when the subject matter information is materially misstated, the greater the assurance that would be needed in order to be meaningful to them. For example, in some cases, the consequence to intended users of receiving an inappropriate conclusion may be so great that a reasonable assurance engagement is needed for the practitioner to obtain assurance that is meaningful in the circumstances.

- The expectation by intended users that the practitioner will form the limited assurance conclusion on the subject matter information within a short timeframe and at a low cost.

Examples of Attestation Engagements (Ref: Para. 12(a)(ii)(a))

A8. Examples of engagements that may be conducted under this ISAE (Ireland) include:

(a) Sustainability – An engagement on sustainability involves obtaining assurance on a report prepared by management or management's expert (the measurer or evaluator) on the sustainability performance of the entity.

(b) Compliance with law or regulation – An engagement on compliance with law or regulation involves obtaining assurance on a statement by another party (the measurer or evaluator) of compliance with the relevant law or regulation.

(c) Value for money – An engagement on value for money involves obtaining assurance on a measurement or evaluation of value for money by another party (the measurer or evaluator).

Assurance Skills and Techniques (Ref: Para. 12(b))

A9. Assurance skills and techniques include:

- Application of professional skepticism and professional judgment;

- Planning and performing an assurance engagement, including obtaining and evaluating evidence;

- Understanding information systems and the role and limitations of internal control;

- Linking the consideration of materiality and engagement risks to the nature, timing and extent of procedures;

- Applying procedures as appropriate to the engagement (which may include inquiry, inspection, recalculation, reperformance, observation, confirmation, and analytical procedures); and

- Systematic documentation practices and assurance report-writing skills.

Criteria (Ref: Para. 12(c), Appendix)

A10. Suitable criteria are required for reasonably consistent measurement or evaluation of an underlying 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 underlying subject matter

there can be different criteria, which will yield a different measurement or evaluation. For example, a measurer or evaluator might select, as one of the criteria for the underlying subject matter of customer satisfaction, the number of customer complaints resolved to the acknowledged satisfaction of the customer; another measurer or evaluator 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 a reasonable assurance engagement, they are also unsuitable for a limited assurance engagement, and vice versa. Suitable criteria include, when relevant, criteria for presentation and disclosure.

Engagement Risk (Ref: Para. 12(f))

A11. Engagement risk does not refer to, or include, the practitioner's business risks, such as loss from litigation, adverse publicity, or other events arising in connection with particular subject matter information.

A12. In general, engagement risk can be represented by the following components, although not all of these components will necessarily be present or significant for all assurance engagements:

(a) Risks that the practitioner does not directly influence, which in turn consist of:

(i) The susceptibility of the subject matter information to a material misstatement before consideration of any related controls applied by the appropriate party(ies) (inherent risk); and

(ii) The risk that a material misstatement that occurs in the subject matter information will not be prevented, or detected and corrected, on a timely basis by the appropriate party(ies)'s internal control (control risk); and

(b) The risk that the practitioner does directly influence, which is the risk that the procedures performed by the practitioner will not detect a material misstatement (detection risk).

A13. The degree to which each of these components is relevant to the engagement is affected by the engagement circumstances, in particular:

- The nature of the underlying subject matter and the subject matter information. For example, the concept of control risk may be more useful when the underlying subject matter relates to the preparation of information about an entity's performance than when it relates to information about the effectiveness of a control or the existence of a physical condition.

- Whether a reasonable assurance or a limited assurance engagement is being performed. For example, in limited assurance engagements the practitioner may often decide to obtain evidence by means other than testing of controls, in which case consideration of control risk may be less relevant than in a reasonable assurance engagement on the same subject matter information.

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

A14. Reducing engagement risk to zero is very rarely attainable or cost beneficial 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 underlying subject matter when evaluated or measured against the criteria.

The Engaging Party (Ref: Para. 12(g), Appendix)

A15. The engaging party may be, under different circumstances, management or those charged with governance of the responsible party, a legislature, the intended users, the measurer or evaluator, or a different third party(ies).

Intended Users (Ref: Para. 12(m), Appendix)

A16. In some cases, there may be intended users other than those to whom the assurance report is addressed. The practitioner may not be able to identify all those who will read the assurance report, particularly where a large number of people have access to it. In such cases, particularly where possible users are likely to have a broad range of interests in the underlying subject matter, intended users may be limited to major stakeholders with significant and common interests. Intended users may be identified in different ways, for example, by agreement between the practitioner and the responsible party or engaging party, or by law or regulation.

A17. Intended users or their representatives may be directly involved with the practitioner and the responsible party (and the engaging party if different) in determining the requirements of the engagement. Regardless of the involvement of others however, and unlike an agreed-upon procedures engagement (which involves reporting factual findings based upon procedures agreed with the engaging party and any appropriate third parties, rather than a conclusion):

(a) The practitioner is responsible for determining the nature, timing and extent of procedures; and

(b) The practitioner may need to perform additional procedures if information comes to the practitioner's attention that differs significantly from that on which the determination of planned procedures was based (see paragraphs A116–A118).

A18. In some cases, intended users (for example, bankers and regulators) impose a requirement on, or request the appropriate party(ies) to arrange for an assurance engagement to be performed for a specific purpose. When engagements use criteria that are designed for a specific purpose, paragraph 69(f) requires a statement alerting readers to this fact. In addition, the practitioner may consider it appropriate to indicate that the assurance report is intended solely for specific users. Depending on the engagement circumstances, this may be achieved by restricting the distribution or use of the assurance report (see paragraphs A167–A168).

Subject Matter Information (Ref: Para. 12(x), Appendix)

A19. In some cases, the subject matter information may be a statement that evaluates an aspect of a process, or of performance or compliance, in relation to the criteria. For example, "ABC's internal control operated effectively in terms of XYZ criteria during the period …." or "ABC's governance structure conformed with XYZ criteria during the period …".

The Appropriate Party(ies) (Ref: Para. 13, Appendix)

A20. The roles played by the responsible party, the measurer or evaluator, and the engaging party can vary (see

paragraph A37). Also, management and governance structures vary by jurisdiction and by entity, reflecting influences such as different cultural and legal backgrounds, and size and ownership characteristics. Such diversity means that it is not possible for ISAEs (Ireland) to specify for all engagements the person(s) with whom the practitioner is to inquire of, request representations from, or otherwise communicate with in all circumstances. In some cases, for example, when the appropriate party(ies) is only part of a complete legal entity, identifying the appropriate management personnel or those charged with governance with whom to communicate will require the exercise of professional judgment to determine which person(s) have the appropriate responsibilities for, and knowledge of, the matters concerned.

Conduct of an Assurance Engagement in Accordance with this ISAE (Ireland)

Complying with Standards that Are Relevant to the Engagement (Ref: Para. 1, 5, 15)

A21. This ISAE (Ireland) includes requirements that apply to assurance engagements[10] (other than audits or reviews of historical financial information), including engagements in accordance with a subject matter-specific ISAE[2]. In some cases, a subject matter-specific ISAE is also relevant to the engagement. A subject matter-specific ISAE is relevant to the engagement when the ISAE is in effect, the subject matter of the ISAE is relevant to the engagement, and the circumstances addressed by the ISAE exist.

A22. The ISAs (Ireland) and ISREs (Ireland) have been written for audits and reviews of historical financial information, respectively, and do not apply to other assurance engagements. They may, however, provide guidance in relation to the engagement process generally for practitioners undertaking an assurance engagement in accordance with this ISAE (Ireland).

Text of this ISAE (Ireland) (Ref: Para. 12, 16)

A23. This ISAE (Ireland) contain the objectives of the practitioner in following the ISAE (Ireland), 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 ISAE (Ireland), and definitions.

A24. The objectives in this ISAE (Ireland) provide the context in which the requirements of the ISAE (Ireland) are set, and are intended to assist in:

(a) Understanding what is to be accomplished; and

(b) Deciding whether more needs to be done to achieve the objectives.

The proper application of the requirements of this ISAE (Ireland) by the practitioner is expected to provide a sufficient basis for the practitioner's achievement of the objectives. However, because the circumstances of assurance engagements vary widely and all such circumstances cannot be anticipated in the ISAE (Ireland), the practitioner is responsible for determining the procedures necessary to fulfill the requirements of relevant ISAE (Ireland) and to achieve the objectives stated therein. In the circumstances of an engagement, there may be particular matters that require the practitioner to perform procedures in addition to those required by relevant ISAE (Ireland) to meet the objectives specified in those ISAE (Ireland).

[10] This ISAE (Ireland) contains requirements and application and other explanatory material specific to reasonable and limited assurance attestation engagements. This ISAE (Ireland) may also be applied to reasonable and limited assurance direct engagements, adapted and supplemented as necessary in the engagement circumstances.

A25. The requirements of this ISAE (Ireland) are expressed using "shall."

A26. Where necessary, the application and other explanatory material provides further explanation of the requirements 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 that may be appropriate in the circumstances.

While such guidance does not in itself impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also provide background information on matters addressed in this ISAE (Ireland). Where appropriate, additional considerations specific to public sector audit organizations or smaller firms are included within the application and other explanatory material. These additional considerations assist in the application of the requirements in the ISAE (Ireland). They do not, however, limit or reduce the responsibility of the practitioner to apply and comply with the requirements in this ISAE (Ireland).

A27. Definitions are provided in the ISAE (Ireland) to assist in the consistent application and interpretation of the ISAE (Ireland), and are not intended to override definitions that may be established for other purposes, whether by laws, regulations or otherwise.

A28. Appendices 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 ISAE or within the title and introduction of the appendix itself.

Complying with Relevant Requirements (Ref: Para. 17)

A29. Although some procedures are required only for reasonable assurance engagements, they may nonetheless be appropriate in some limited assurance engagements.

Ethical Requirements (Ref: Para. 3(a), 20, 22(a))

A30. The ethical requirements applicable to the assurance of sustainability reporting in Ireland establish the fundamental principles of ethics, which are:

(a) Integrity;

(b) Objectivity;

(c) Professional competence and due care;

(d) Confidentiality; and

(e) Professional behavior.

The fundamental principles of ethics establish the standard of behavior expected of a professional accounting.

A31. The IESBA Code provides a conceptual framework which a professional accountant is required to apply when addressing threats to compliance with the fundamental principles, including:

(a) Identify threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:

(i) Self-interest;

(ii) Self-review;

(iii) Advocacy;

(iv) Familiarity; and

(v) Intimidation;

(b) Evaluate whether the threats identified are at an acceptable level; and

(c) If the identified threats to compliance with the fundamental principles are not at an acceptable level, addressing them by eliminating the circumstances that create the threats, applying safeguards to reduce threats to an acceptable level, or withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.

A32. The IESBA Code sets out requirements and application material on various topics, including:

- Conflicts of interest;
- Professional appointments;
- Second opinions;
- Fees and other types of remuneration;
- Inducements, including gifts and hospitality;
- Custody of client assets; and
- Responding to non-compliance with laws and regulations.

A33. The IESBA Code also includes the *International Independence Standards.* The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. Matters addressed in the *International Independence Standards* in the IESBA Code include, for example:

- Fees;
- Gifts and hospitality;
- Actual or threatened litigation;
- Financial interests;
- Loans and guarantees;
- Business relationships;

- Family and personal relationships;
- Recent service with an assurance client;
- Serving as a director or officer of an assurance client;
- Employment with an assurance client;
- Long association of personnel with an assurance client;
- Provision of non-assurance services to an assurance client; and
- Reports that include a restriction on use and distribution.

Matters covered by the Companies Act 2014 in relation to the assurance of sustainability reporting include for example:

- Restrictions with regards to fees
- Prohibited non-audit services
- Prohibited relationships

A34. Professional requirements, or requirements imposed by law or regulation, are at least as demanding as the provisions of the IESBA Code related to assurance engagements when they address all the matters referred to in paragraphs A30–A33 and impose obligations that achieve the aims of the requirements set out in the IESBA Code related to such engagements.

Acceptance and Continuance

Preconditions for the Engagement (Ref: Para. 24)

A35. In a public sector environment, some of the preconditions for an assurance engagement may be assumed to be present, for example:

(a) The roles and responsibilities of public sector audit organizations and the government entities scoped into assurance engagements are assumed to be appropriate because they are generally set out in legislation;

(b) Public sector audit organizations' right of access to the information necessary to perform the engagement is often set out in legislation;

(c) The practitioner's conclusion, in the form appropriate to either a reasonable assurance engagement or a limited assurance engagement, is generally required by legislation to be contained in a written report; and

(d) A rational purpose is generally present because the engagement is set out in legislation.

A36. If suitable criteria are not available for all of the underlying subject matter but the practitioner can identify one or more aspects of the underlying subject matter for which those criteria are suitable, then an assurance engagement can be performed with respect to that aspect of the underlying subject matter in its own right. In such cases, the assurance report may need to clarify that the report does not relate to the original underlying subject matter in its entirety.

Roles and Responsibilities (Ref: Para. 12(m), 12(n), 12(r), 12(v), 13, 24(a), -Appendix)

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. See the Appendix for a discussion of how each of these roles relate to an assurance engagement.

A38. Evidence that the appropriate relationship exists with respect to responsibility for the underlying subject matter may be obtained through an acknowledgement provided by the responsible party. Such an acknowledgement also establishes a basis for a common understanding of the responsibilities of the responsible party and the practitioner. A written acknowledgement is the most appropriate form of documenting the responsible party's understanding. In the absence of a written acknowledgement of responsibility, it may still be appropriate for the practitioner to accept the engagement if, for example, other sources, such as legislation or a contract, indicate responsibility. In other cases, it may be appropriate to decline the engagement depending on the circumstances, or to disclose the circumstances in the assurance report.

A39. The measurer or evaluator is responsible for having a reasonable basis for the subject matter information. What constitutes a reasonable basis will depend on the nature of the underlying subject matter and other engagement circumstances. In some cases, a formal process with extensive internal controls may be needed to provide the measurer or evaluator with a reasonable basis that the subject matter information is free from material misstatement. The fact that the practitioner will report on the subject matter information is not a substitute for the measurer or evaluator's own processes to have a reasonable basis for the subject matter information.

Appropriateness of the Underlying Subject Matter (Ref: Para. 24(b)(i))

A40. An appropriate underlying subject matter is identifiable and capable of consistent measurement or evaluation against the applicable criteria such that the resulting subject matter information can be subjected to procedures for obtaining sufficient appropriate evidence to support a reasonable assurance or limited assurance conclusion, as appropriate.

A41. The appropriateness of an underlying subject matter is not affected by the level of assurance, that is, if an underlying subject matter is not appropriate for a reasonable assurance engagement, it is also not appropriate for a limited assurance engagement, and vice versa.

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

(a) Precision with which the underlying subject matter can be measured or evaluated against criteria; and

(b) The persuasiveness of available evidence.

A43. Identifying such characteristics and considering their effects assist the practitioner when assessing the appropriateness of the underlying subject matter and also in determining the content of the assurance report (see paragraph A164).

A44. In some cases, the assurance engagement may relate to only one part of a broader underlying subject matter. For example, the practitioner may be engaged to report on one aspect of an entity's contribution to sustainable development, such as a number of programs run by an entity that have positive environmental outcomes. In determining whether the engagement exhibits the characteristic of having an appropriate underlying subject matter in such cases, it may be appropriate for the practitioner to consider whether information about the aspect

on which the practitioner is asked to report is likely to meet the information needs of intended users as a group, and also how the subject matter information will be presented and distributed, for example, whether there are more significant programs with less favorable outcomes that the entity is not reporting upon.

Suitability and Availability of the Criteria

Suitability of the criteria (Ref: Para. 24(b)(ii))

A45. Suitable criteria exhibit the following characteristics:

(a) Relevance: Relevant criteria result in subject matter information that assists decision-making by the intended users.

(b) Completeness: Criteria are complete when subject matter information prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of the intended users made on the basis of that subject matter information. Complete criteria include, where relevant, benchmarks for presentation and disclosure.

(c) Reliability: Reliable criteria allow reasonably consistent measurement or evaluation of the underlying subject matter including, where relevant, presentation and disclosure, when used in similar circumstances by different practitioners.

(d) Neutrality: Neutral criteria result in subject matter information that is free from bias as appropriate in the engagement circumstances.

(e) Understandability: Understandable criteria result in subject matter information that can be understood by the intended users.

A46. Vague descriptions of expectations or judgments of an individual's experiences do not constitute suitable criteria.

A47. The suitability of criteria for a particular engagement depends on whether they reflect the above characteristics. The relative importance of each characteristic to a particular engagement is a matter of professional judgment. Further, criteria may be suitable for a particular set of engagement circumstances, but may not be suitable for a different set of engagement circumstances. For example, reporting to governments or regulators may require the use of a particular set of criteria, but these criteria may not be suitable for a broader group of users.

A48. Criteria can be selected or developed in a variety of ways, for example, they may be:

- Embodied in law or regulation.
- 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 preparing the subject matter information in the particular circumstances of the engagement.

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

A49. In some cases, law or regulation prescribes the criteria to be used for the engagement. In the absence of indications to the contrary, such criteria are presumed to be suitable, as are criteria issued by authorized or recognized bodies of experts that follow a transparent due process if they are relevant to the intended users' information needs. Such criteria are known as established criteria. Even when established criteria exist for an underlying subject matter, specific users may agree to other criteria for their specific purposes. For example, various frameworks can be used as established criteria for evaluating the effectiveness of internal control. Specific users may, however, develop a more detailed set of criteria that meet their specific information needs in relation to, for example, prudential supervision. In such cases, the assurance report:

(a) Alerts readers that the subject matter information is prepared in accordance with special purpose criteria and that, as a result, the subject matter information may not be suitable for another purpose (see paragraph 69(f)); and

(b) May note, when it is relevant to the circumstances of the engagement, that the criteria are not embodied in law or regulation, or issued by authorized or recognized bodies of experts that follow a transparent due process.

A50. If criteria are specifically designed for the purpose of preparing the subject matter information in the particular circumstances of the engagement, they are not suitable if they result in subject matter information or an assurance 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 assurance report.

Availability of the criteria (Ref: Para. 24(b)(iii))

A51. Criteria need to be available to the intended users to allow them to understand how the underlying subject matter has been measured or evaluated. Criteria are made available to the intended users in one or more of the following ways:

(a) Publicly.

(b) Through inclusion in a clear manner in the presentation of the subject matter information.

(c) Through inclusion in a clear manner in the assurance report (see paragraph A165).

(d) By general understanding, for example the criterion for measuring time in hours and minutes.

A52. Criteria may also be available only to intended users, for example the terms of a contract, or criteria issued by an industry association that are available only to those in the industry because they are relevant only to a specific purpose. When this is the case, paragraph 69(f) requires a statement alerting readers to this fact. In addition, the practitioner may consider it appropriate to indicate that the assurance report is intended solely for specific users (see paragraph A167–A168).

Access to Evidence (Ref: Para. 24(b)(iv))

Quantity and quality of available evidence

A53. The quantity or quality of available evidence is affected by:

(a) The characteristics of the underlying subject matter or the subject matter information. For example, less objective evidence might be expected when the subject matter information is future oriented rather than historical; and

(b) Other circumstances, such as when evidence that could reasonably be expected to exist is not available because of, for example, the timing of the practitioner's appointment, an entity's document retention policy, inadequate information systems, or a restriction imposed by the responsible party.

Ordinarily, evidence will be persuasive rather than conclusive.

Access to records (Ref: Para. 56)

A54. Seeking the agreement of the appropriate party(ies) that it acknowledges and understands its responsibility to provide the practitioner with the following may assist the practitioner in determining whether the engagement exhibits the characteristic of access to evidence:

(a) Access to all information of which the appropriate party(ies) is aware that is relevant to the preparation of the subject matter information such as records, documentation and other matters;

(b) Additional information that the practitioner may request from the appropriate party(ies) for the purpose of the engagement; and

(c) Unrestricted access to persons from the appropriate party(ies) from whom the practitioner determines it necessary to obtain evidence.

A55. The nature of relationships between the responsible party, the measurer or evaluator, and the engaging party may affect the practitioner's ability to access records, documentation and other information the practitioner may require as evidence to complete the engagement. The nature of such relationships may therefore be a relevant consideration when determining whether or not to accept the engagement. Examples of some circumstances in which the nature of these relationships may be problematic are included in paragraph A140.

A Rational Purpose (Ref: Para. 24(b)(vi))

A56. In determining whether the engagement has a rational purpose, relevant considerations may include the following:

- The intended users of the subject matter information and the assurance report (particularly, when the criteria are designed for a special purpose). A further consideration is the likelihood that the subject matter information and the assurance report will be used or distributed more broadly than to intended users.

- Whether aspects of the subject matter information are expected to be excluded from the assurance engagement, and the reason for their exclusion.

- The characteristics of the relationships between the responsible party, the measurer or evaluator, and the engaging party, for example, when the measurer or evaluator is not the responsible party, whether the responsible party consents to the use to be made of the subject matter information and will have the opportunity to review the subject matter information before it is made available to intended users or to distribute comments with the subject matter information.

- Who selected the criteria to be applied to measure or evaluate the underlying subject matter, and what the degree of judgment and scope for bias is in applying them. The engagement is more likely to have a rational purpose if the intended users selected or were involved in selecting the criteria.

- Any significant limitations on the scope of the practitioner's work.

- Whether the practitioner believes the engaging party intends to associate the practitioner's name with the underlying subject matter or the subject matter information in an inappropriate manner.

Agreeing on the Terms of the Engagement (Ref: Para. 27)

A57. It is in the interests of both the engaging party and the practitioner that the practitioner communicates in writing the agreed terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the written agreement or contract will vary with the engagement circumstances. For example, if law or regulation prescribes in sufficient detail the terms of the engagement, the practitioner need not record them in a written agreement, except for the fact that such law or regulation applies and that the appropriate party(ies) acknowledges and understands its responsibilities under such law or regulation.

A58. Law or regulation, particularly in the public sector, may mandate the appointment of a practitioner and set out specific powers, such as the power to access an appropriate party(ies)'s records and other information, and responsibilities, such as requiring the practitioner to report directly to a minister, the legislature or the public if an appropriate party(ies) attempts to limit the scope of the engagement.

Acceptance of a Change in the Terms of the Engagement (Ref: Para. 29)

A59. A change in circumstances that affects the intended users' requirements, or a misunderstanding concerning the nature of the engagement, may justify a request for a change in the engagement, for example, from an assurance engagement to a non-assurance engagement, or from a reasonable assurance engagement to a limited assurance engagement. An inability to obtain sufficient appropriate evidence to form a reasonable assurance conclusion is not an acceptable reason to change from a reasonable assurance engagement to a limited assurance engagement.

Quality Management

Professional Accountants in Public Practice (Ref: Para. 20, 31(a)–(d))

A60. This ISAE (Ireland) has been written in the context of a range of measures taken to ensure the quality of assurance of sustainability reporting undertaken by professional accountants in public practice, such as those taken by IFAC member bodies in accordance with IFAC's Member Body Compliance Program and Statements of Membership Obligations. Such measures include:

- Competency requirements, such as education and experience benchmarks for entry to membership, and ongoing continuing professional development as well as life-long learning requirements.

- A system of quality management implemented across the firm. ISQM (Ireland) 1 applies to all firms in respect of assurance and related services engagements.

- A comprehensive Code of Ethics, including detailed independence requirements, founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Firm Level Quality Management (Ref: Para. 3(b), 31(a))

A61. ISQM (Ireland) 1 deals with the firm's responsibilities to design, implement and operate a system of quality

management for assurance engagements.[11] It sets out the responsibilities of the firm for establishing quality objectives that address the fulfillment of responsibilities in accordance with relevant ethical requirements, including those related to independence. ISQM (Ireland) 1 also deals with the firm's responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews.[12] ISQM (Ireland) 2 deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review.[13] A system of quality management addresses the following eight components:[14]

(a) The firm's risk assessment process;

(b) Governance and leadership;

(c) Relevant ethical requirements;

(d) Acceptance and continuance of client relationships and specific engagements;

(e) Engagement performance;

(f) Resources;

(g) Information and communication; and

(h) The monitoring and remediation process.

Firms or national requirements may use different terminology or frameworks to describe the components of the system of quality management.

A62. Other professional requirements, or requirements in law or regulation that deal with the firm's responsibilities to design, implement, and operate a system of quality management, are at least as demanding as ISQM (Ireland) 1 when they address the requirements of ISQM (Ireland) 1 and impose obligations on the firm to achieve the objective of ISQM (Ireland) 1.

A63. The actions of the engagement partner, and appropriate messages to the other members of the engagement team, in the context of the engagement partner taking overall responsibility for managing and achieving quality on each engagement and being sufficiently and appropriately involved throughout the engagement, emphasize the fact that quality is essential in performing an assurance engagement, and the importance to the quality of the assurance engagement of:

(a) Performing work that complies with professional standards and regulatory and legal requirements.

(b) Complying with the firm's policies or procedures as applicable.

(c) Issuing a report for the engagement that is appropriate in the circumstances.

(d) The engagement team's ability to raise concerns without fear of reprisals.

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11 ISQM (Ireland) 1, paragraph 1

12 ISQM (Ireland) 1, paragraph 2(a)

13 ISQM (Ireland) 1, paragraph 2(b)

14 ISQM (Ireland) 1, paragraph 6

A64. A firm's system of quality management includes establishing a monitoring and remediation process designed to:

(a) Provide the firm with relevant, reliable and timely information about the design, implementation and operation of the system of quality management.

(b) Take appropriate actions to respond to identified deficiencies such that deficiencies are remediated by the firm on a timely basis.

A65. Ordinarily, the engagement team may depend on the firm's system of quality management unless:

- The engagement team's understanding or practical experience indicates that the firm's policies or procedures will not effectively address the nature and circumstances of the engagement; or
- Information provided by the firm or other parties, about the effectiveness of such policies or procedures suggests otherwise.

For example, the engagement team may depend on the firm's system of quality management in relation to:

(a) Competence and capabilities of personnel through their recruitment and formal training.

(b) Independence through the accumulation and communication of relevant independence information.

(c) Maintenance of client relationships through the firm's policies or procedures for acceptance and continuance of client relationships and assurance engagements.

(d) Adherence to regulatory and legal requirements through the firm's monitoring and remediation process.

In considering deficiencies[15] identified in the firm's system of quality management that may affect the assurance engagement, the engagement partner may consider the remedial actions undertaken by the firm to address those deficiencies.

A66. A deficiency in the firm's system of quality management does not necessarily indicate that an assurance engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the practitioner's report was not appropriate.

Skills, Knowledge and Experience with Respect to the Underlying Subject Matter and Its Measurement or Evaluation (Ref: Para. 31(d))

A67. A practitioner may be requested to perform assurance engagements with respect to a wide range of underlying subject matter and subject matter information. Some may require specialized skills and knowledge beyond those ordinarily possessed by a particular individual.

A68. The IESBA Code provides requirements and guidance on the self-interest threat to compliance with the principle of professional competence and due care that is created if the engagement team does not possess, or cannot acquire, the competencies to perform the professional services.[16] The practitioner has sole responsibility for the assurance conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's expert. Nonetheless, if the practitioner using the work of a practitioner's expert, having followed this ISAE (Ireland), concludes that the work of that expert is adequate for the practitioner's purposes, the practitioner

[15] ISQM (Ireland) 1, paragraph 16(a)

[16] IESBA Code, paragraph 320.3 A3

may accept that expert's findings or conclusions in the expert's field as appropriate evidence.

Engagement Resources

Collective Competence and Capabilities (Ref: Para. 32)

A69. ISQM (Ireland) 1 requires the firm to establish quality objectives that address the acceptance and continuance of client relationships and assurance engagements. The quality objectives deal with the appropriateness of judgments by the firm about whether to accept or continue relationships and engagements that are based on the firm's ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements.[17]

Practitioner's Expert (Ref: Para. 32(a), 32(b)(i))

A70. Some of the assurance work may be performed by a multi-disciplinary team that includes one or more practitioner's expert. For example, a practitioner's expert may be needed to assist the practitioner in obtaining an understanding of the underlying subject matter and other engagement circumstances or in one or more of the matters mentioned in paragraph 46R (in the case of a reasonable assurance engagement) or 46L (in the case of a limited assurance engagement).

A71. When the work of a practitioner's expert is to be used, it may be appropriate to perform some of the procedures required by paragraph 52 at the engagement acceptance or continuance stage.

Other Practitioners (Ref: Para. 32(b)(ii))

A72. The subject matter information may include information upon which another practitioner may have expressed a conclusion. The practitioner, in concluding on the subject matter information, may decide to use the evidence on which that other practitioner's conclusion is based to provide evidence regarding the subject matter information.

A73. The work of another practitioner may be used in relation to, for example, an underlying subject matter at a remote location or in a foreign jurisdiction. Such other practitioners are not part of the engagement team. Relevant considerations when the engagement team plans to use the work of another practitioner may include:

- Whether the other practitioner understands and complies with the ethical requirements that are relevant to the engagement and, in particular, is independent.
- The other practitioner's professional competence.
- The extent of the engagement team's involvement in the work of the other practitioner.
- Whether the other practitioner operates in a regulatory environment that actively oversees that practitioner.

Review Responsibilities (Ref: Para. 33(c))

A74. Under ISQM (Ireland) 1, the firm is required to establish a quality objective that addresses the nature, timing and extent of the direction and supervision of engagement teams and review of their work. ISQM (Ireland) 1 also requires that such direction, supervision and review is planned and performed on the basis that the work performed by less experienced engagement team members is directed, supervised and reviewed by more

[17] ISQM (Ireland) 1, paragraphs 30(a)(ii) and A72

experienced engagement team members.[18]

Engagement Quality Review (Ref: Para. 36(b))

A75. Other matters that may be considered in an engagement quality review include:

(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; and

(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 (Ref: Para. 37)

A76. Professional skepticism is an attitude that includes being alert to, for example:

- Evidence that is inconsistent with other evidence obtained.
- Information that calls into question the reliability of documents and responses to inquiries to be used as evidence.
- Circumstances that suggest the need for procedures in addition to those required by relevant ISAE (Ireland).
- Conditions that may indicate likely misstatement.

A77. Maintaining professional skepticism throughout the engagement is necessary if the practitioner is, for example, to reduce the risks of:

- Overlooking unusual circumstances.
- Overgeneralizing when drawing conclusions from observations.
- Using inappropriate assumptions in determining the nature timing, and extent of the procedures, and evaluating the results thereof.

A78. Professional skepticism is necessary to the critical assessment of evidence. This includes questioning inconsistent evidence and the reliability of documents and responses to inquiries. It also includes consideration of the sufficiency and appropriateness of evidence obtained in the light of the circumstances.

A79. Unless the engagement involves assurance about whether documents are genuine, the practitioner may accept records and documents as genuine unless the practitioner has reason to believe the contrary. Nevertheless, the practitioner is required by paragraph 50 to consider the reliability of information to be used as evidence.

A80. The practitioner cannot be expected to disregard past experience of the honesty and integrity of those who provide

[18] ISQM (Ireland) 1, paragraph 31(b)

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.

Professional Judgment (Ref: Para. 38)

A81. Professional judgment is essential to the proper conduct of an assurance engagement. This is because interpretation of relevant ethical requirements and relevant ISAE (Ireland) and the informed decisions required throughout the engagement cannot be made without the application of relevant training, knowledge, and experience to the facts and circumstances. Professional judgment is necessary in particular regarding decisions about:

- Materiality and engagement risk.
- The nature, timing and extent of procedures used to meet the requirements of relevant ISAE (Ireland) and obtain evidence.
- Evaluating whether sufficient appropriate evidence has been obtained, and whether more needs to be done to achieve the objectives of this ISAE (Ireland) and any relevant subject matter specific ISAE[2]. In particular, in the case of a limited assurance engagement, professional judgment is required in evaluating whether a meaningful level of assurance has been obtained.
- The appropriate conclusions to draw based on the evidence obtained.

A82. The distinguishing feature of the professional judgment expected of a practitioner is that it is exercised by a practitioner whose training, knowledge and experience have assisted in developing the necessary competencies to achieve reasonable judgments.

A83. 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, including the extent to which particular items in the subject matter information are affected by judgment of the appropriate party(ies).

A84. Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of assurance and measurement or evaluation principles and is appropriate in the light of, and consistent with, the facts and circumstances that were known to the practitioner up to the date of the practitioner's assurance report.

A85. Professional judgment needs to be exercised throughout the engagement. It also needs to be appropriately documented. In this regard, paragraph 79 requires the practitioner to prepare documentation sufficient to enable an experienced practitioner, having no previous connection with the engagement, to understand the significant professional judgments made in reaching conclusions on significant matters arising during the engagement. Professional judgment is not to be used as the justification for decisions that are not otherwise supported by the facts and circumstances of the engagement or sufficient appropriate evidence.

Planning and Performing the Engagement

Planning (Ref: Para. 40)

A86. Planning involves the engagement partner, other key members of the engagement team, and any key practitioner's external experts developing an overall strategy for the scope, emphasis, timing and conduct of the engagement, and an engagement plan, consisting of a detailed approach for the nature, timing and extent of

procedures to be performed, and the reasons for selecting them. Adequate planning helps to devote appropriate attention to important areas of the engagement, identify potential problems on a timely basis and properly organize and manage the engagement in order for it to be performed in an effective and efficient manner. Adequate planning also assists the practitioner to properly assign work to engagement team members, and facilitates the direction, and supervision of engagement team members and the review of their work. Further, it assists, where applicable, the coordination of work done by other practitioners and experts. The nature and extent of planning activities will vary with the engagement circumstances, for example the complexity of the underlying subject matter and criteria. Examples of the main matters that may be considered include:

- The characteristics of the engagement that define its scope, including the terms of the engagement and the characteristics of the underlying subject matter and the criteria.
- The expected timing and the nature of the communications required.
- The results of engagement acceptance activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the appropriate party(ies) is relevant.
- The engagement process.
- The practitioner's understanding of the appropriate party(ies) and its environment, including the risks that the subject matter information may be materially misstated.
- Identification of intended users and their information needs, and consideration of materiality and the components of engagement risk.
- The extent to which the risk of fraud is relevant to the engagement.
- The nature, timing and extent of resources necessary to perform the engagement, such as personnel and expertise requirements, including the nature and extent of experts' involvement.
- The impact of the internal audit function on the engagement.

A87. The practitioner may decide to discuss elements of planning with the appropriate party(ies) to facilitate the conduct and management of the engagement (for example, to coordinate some of the planned procedures with the work of the appropriate party(ies)'s personnel). Although these discussions often occur, the overall engagement strategy and the engagement plan remain the practitioner's responsibility. When discussing matters included in the overall engagement strategy or engagement plan, care is required in order not to compromise the effectiveness of the engagement. For example, discussing the nature and timing of detailed procedures with the appropriate party(ies) may compromise the effectiveness of the engagement by making the procedures too predictable.

A88. Planning is not a discrete phase, but rather a continual and iterative process throughout the engagement. As a result of unexpected events, changes in conditions, or evidence obtained, the practitioner may need to revise the overall strategy and engagement plan, and thereby the resulting planned nature, timing and extent of procedures.

A89. In smaller or less complex engagements, the entire engagement may be conducted by a very small engagement team, possibly involving the engagement partner (who may be a sole practitioner) working without any other engagement team members. With a smaller team, co-ordination of, and communication between, team members is easier. Establishing the overall engagement strategy in such cases need not be a complex or time-consuming exercise; it varies according to the size of the entity, the complexity of the engagement, including the underlying

subject matter and criteria, and the size of the engagement team. For example, in the case of a recurring engagement, a brief memorandum prepared at the completion of the previous period, based on a review of the working papers and highlighting issues identified in the engagement just completed, updated in the current period based on discussions with appropriate parties, can serve as the documented engagement strategy for the current engagement.

A90. If in the circumstances described in paragraph 43, the practitioner continues with the engagement:

(a) When, in the practitioner's professional judgment, the unsuitable applicable criteria or inappropriate underlying subject matter is likely to mislead the intended users, a qualified conclusion or adverse conclusion would be appropriate in the circumstances depending on how material and pervasive the matter is.

(b) In other cases, a qualified conclusion or a disclaimer of conclusion would be appropriate depending on, in the practitioner's professional judgment, how material and pervasive the matter is.

A91. For example, if after accepting the engagement, the practitioner discovers that the application of the applicable criteria leads to biased subject matter information, and the bias of the subject matter information is material and pervasive, then an adverse conclusion would be appropriate in the circumstances.

Materiality (Ref: Para. 44)

A92. Professional judgments about materiality are made in light of surrounding circumstances, but are not affected by the level of assurance, that is, for the same intended users and purpose, materiality for a reasonable assurance engagement is the same as for a limited assurance engagement because materiality is based on the information needs of intended users.

A93. The applicable criteria may discuss the concept of materiality in the context of the preparation and presentation of the subject matter information and thereby provide a frame of reference for the practitioner in considering materiality for the engagement. Although applicable criteria may discuss materiality in different terms, the concept of materiality generally includes the matters discussed in paragraphs A92–A100. If the applicable criteria do not include a discussion of the concept of materiality, these paragraphs provide the practitioner with a frame of reference.

A94. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence relevant decisions of intended users taken on the basis of the subject matter information. The practitioner's consideration of materiality is a matter of professional judgment, and is affected by the practitioner's perception of the common information needs of intended users as a group. In this context, it is reasonable for the practitioner to assume that intended users:

(a) Have a reasonable knowledge of the underlying subject matter, and a willingness to study the subject matter information with reasonable diligence;

(b) Understand that the subject matter information is prepared and assured to appropriate levels of materiality, and have an understanding of any materiality concepts included in the applicable criteria;

(c) Understand any inherent uncertainties involved in the measuring or evaluating the underlying subject matter; and

(d) Make reasonable decisions on the basis of the subject matter information taken as a whole.

Unless the engagement has been designed to meet the particular information needs of specific users, the possible effect of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered (see also paragraphs A16–A18).

A95. Materiality is considered in the context of qualitative factors and, when applicable, quantitative factors. The relative importance of qualitative factors and quantitative factors when considering materiality in a particular engagement is a matter for the practitioner's professional judgment.

A96. Qualitative factors may include such things as:

- The number of persons or entities affected by the subject matter.
- The interaction between, and relative importance of, various components of the subject matter information when it is made up of multiple components, such as a report that includes numerous performance indicators.
- The wording chosen with respect to subject matter information that is expressed in narrative form.
- The characteristics of the presentation adopted for the subject matter information when the applicable criteria allow for variations in that presentation.
- The nature of a misstatement, for example, the nature of observed deviations from a control when the subject matter information is a statement that the control is effective.
- Whether a misstatement affects compliance with law or regulation.
- In the case of periodic reporting on an underlying subject matter, the effect of an adjustment that affects past or current subject matter information or is likely to affect future subject matter information.
- Whether a misstatement is the result of an intentional act or is unintentional.
- Whether a misstatement is significant having regard to the practitioner's understanding of known previous communications to users, for example, in relation to the expected outcome of the measurement or evaluation of the underlying subject matter.
- Whether a misstatement relates to the relationship between the responsible party, the measurer or evaluator, or the engaging party or their relationship with other parties.
- When a threshold or benchmark value has been identified, whether the result of the procedure deviates from that value.
- When the underlying subject matter is a governmental program or public sector entity, whether a particular aspect of the program or entity is significant with regard to the nature, visibility and sensitivity of the program or entity.
- When the subject matter information relates to a conclusion on compliance with law or regulation, the seriousness of the consequences of non-compliance.

A97. Quantitative factors relate to the magnitude of misstatements relative to reported amounts for those aspects of the subject matter information, if any, that are:

- Expressed numerically; or

- Otherwise related to numerical values (for example, the number of observed deviations from a control may be a relevant quantitative factor when the subject matter information is a statement that the control is effective).

A98. When quantitative factors are applicable, planning the engagement solely to detect individually material misstatements overlooks the fact that the aggregate of uncorrected and undetected individually immaterial misstatements may cause the subject matter information to be materially misstated. It may therefore be appropriate when planning the nature, timing and extent of procedures for the practitioner to determine a quantity less than materiality as a basis for determining the nature, timing and extent of procedures.

A99. Materiality relates to the information covered by the assurance report. Therefore, when the engagement covers some, but not all, aspects of the information communicated about an underlying subject matter, materiality is considered in relation to only that portion that is covered by the engagement.

A100. Concluding on the materiality of the misstatements identified as a result of the procedures performed requires professional judgment. For example:

- The applicable criteria for a value for money engagement for a hospital's emergency department may include the speed of the services provided, the quality of the services, the number of patients treated during a shift, and benchmarking the cost of the services against other similar hospitals. If three of these applicable criteria are satisfied but one applicable criterion is not satisfied by a small margin, then professional judgment is needed to conclude whether the hospital's emergency department represents value for money as a whole.

- In a compliance engagement, the entity may have complied with nine provisions of the relevant law or regulation, but did not comply with one provision. Professional judgment is needed to conclude whether the entity complied with the relevant law or regulation as a whole. For example, the practitioner may consider the significance of the provision with which the entity did not comply, as well as the relationship of that provision to the remaining provisions of the relevant law or regulation.

Understanding the Engagement Circumstances (Ref: Para. 45–47R)

A101. Discussions between the engagement partner and other key members of the engagement team, and any key practitioner's external experts, about the susceptibility of the subject matter information to material misstatement, and the application of the applicable criteria to the facts and circumstances of the engagement, may assist the engagement team in planning and performing the engagement. It is also useful to communicate relevant matters to members of the engagement team, and to any practitioner's external experts not involved in the discussion.

A102. The practitioner may have additional responsibilities under law, regulation or relevant ethical requirements regarding an entity's non-compliance with laws and regulations, which may differ from or go beyond the practitioner's responsibilities under this ISAE (Ireland), such as:

(a) Responding to identified or suspected non-compliance with laws and regulations, including requirements in relation to specific communications with management and those charged with governance and considering whether further action is needed;

(b) Communicating identified or suspected non-compliance with laws and regulations to an auditor;[19] and

(c) Documentation requirements regarding identified or suspected non-compliance with laws and regulations.

Complying with any additional responsibilities may provide further information that is relevant to the practitioner's work in accordance with this and any other ISAE[2] (e.g., regarding the integrity of the responsible party or those charged with governance). Paragraphs A194–A198 further address the practitioner's responsibilities under law, regulation or relevant ethical requirements regarding communicating and reporting identified or suspected non-compliance with laws and regulations.

A103. Obtaining an understanding of the underlying subject matter and other engagement circumstances provides the practitioner with a frame of reference for exercising professional judgment throughout the engagement, for example when:

- Considering the characteristics of the underlying subject matter;
- Assessing the suitability of criteria;
- Considering the factors that, in the practitioner's professional judgment, are significant in directing the engagement team's efforts, including where special consideration may be necessary; for example, the need for specialized skills or the work of an expert;
- Establishing and evaluating the continued appropriateness of quantitative materiality levels (where appropriate), and considering qualitative materiality factors;
- Developing expectations for use when performing analytical procedures;
- Designing and performing procedures; and
- Evaluating evidence, including the reasonableness of the oral and written representations received by the practitioner.

A104. The practitioner ordinarily has a lesser depth of understanding of the underlying subject matter and other engagement circumstances than the responsible party. The practitioner also ordinarily has a lesser depth of understanding of the underlying subject matter and other engagement circumstances for a limited assurance engagement than for a reasonable assurance engagement, for example, while in some limited assurance engagements the practitioner may obtain an understanding of internal control over the preparation of the subject matter information, this is often not the case.

A105. In a limited assurance engagement, identifying the areas where a material misstatement of the subject matter information is likely to arise enables the practitioner to focus procedures on those areas. For example, in an engagement when the subject matter information is a sustainability report, the practitioner may focus on certain areas of the sustainability report. The practitioner may design and perform procedures over the entire subject matter information when the subject matter information consists of only a single area or when obtaining assurance over all areas of the subject matter information is necessary to obtain meaningful assurance.

A106. In a reasonable assurance engagement, understanding internal control over the subject matter information assists the practitioner in identifying the types of misstatements and factors that affect the risks of material misstatements in the subject matter information. The practitioner is required to evaluate the design of relevant controls and determines

[19] See, for example, paragraphs R360.31–360.35 A1 of the IESBA Code

whether they have been implemented, by performing procedures in addition to inquiry of the responsible party. Professional judgment is needed to determine which controls are relevant in the engagement circumstances.

A107. In a limited assurance engagement, considering the process used to prepare the subject matter information assists the practitioner in designing and performing procedures that address the areas where a material misstatement of the subject matter information is likely to arise. In considering the process used, the practitioner uses professional judgment to determine which aspects of the process are relevant to the engagement, and may make inquiries of the appropriate party about those aspects.

A108. In both a reasonable assurance and a limited assurance engagement, the results of the entity's risk assessment process may also assist the practitioner in obtaining an understanding of the underlying subject matter and other engagement circumstances.

Obtaining Evidence

The Nature, Timing and Extent of Procedures (Ref: Para. 48(L)–49(R))

A109. The practitioner chooses a combination of procedures to obtain reasonable assurance or limited assurance, as appropriate. The procedures listed below may be used, for example, for planning or performing the engagement, depending on the context in which they are applied by the practitioner:

- Inspection;
- Observation;
- Confirmation;
- Recalculation;
- Reperformance;
- Analytical procedures; and
- Inquiry.

A110. Factors that may affect the practitioner's selection of procedures include the nature of the underlying subject matter; the level of assurance to be obtained; and the information needs of the intended users and the engaging party, including relevant time and cost constraints.

A111. In some cases, a subject matter-specific ISAE[2] may include requirements that affect the nature, timing and extent of procedures. For example, a subject matter-specific ISAE may describe the nature or extent of particular procedures to be performed or the level of assurance expected to be obtained in a particular type of engagement. Even in such cases, determining the exact nature, timing and extent of procedures is a matter of professional judgment and will vary from one engagement to the next.

A112. In some engagements, the practitioner may not identify any areas where a material misstatement of the subject matter information is likely to arise. Irrespective of whether any such areas have been identified, the practitioner designs and performs procedures to obtain a meaningful level of assurance.

A113. An assurance engagement is an iterative process, and information may come to the practitioner's attention that differs significantly from that on which the determination of planned procedures was based. As the practitioner

performs planned procedures, the evidence obtained may cause the practitioner to perform additional procedures. Such procedures may include asking the measurer or evaluator to examine the matter identified by the practitioner, and to make adjustments to the subject matter information if appropriate.

Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement (Ref: Para. 49L)

A114. The practitioner may become aware of misstatements that are, after applying professional judgment, clearly not indicative of the existence of material misstatements. The following examples illustrate when additional procedures may not be needed because, in the practitioner's professional judgment, the identified misstatements are clearly not indicative of the existence of material misstatements:

- If materiality is 10,000 units, and the practitioner judges that a potential error of 100 units may exist, then additional procedures would not generally be required, unless there are other qualitative factors that need to be considered, because the risk of a material misstatement is likely to be acceptable in the engagement circumstances.

- If, in performing a set of procedures over an area where material misstatements are likely, a response to one inquiry among many was not as expected, additional procedures may not be needed if the risk of a material misstatement is, nevertheless, at a level that is acceptable in the circumstances of the engagement in light of the results of other procedures.

A115. The practitioner may become aware of a matter(s) that causes the practitioner to believe that the subject matter information may be materially misstated. The following examples illustrate when additional procedures may be needed as the identified misstatements indicate that the subject matter information may be materially misstated:

- When performing analytical procedures, the practitioner may identify a fluctuation or relationship that is inconsistent with other relevant information or that differs significantly from expected amounts or ratios.

- The practitioner may become aware of a potential material misstatement from reviewing external sources.

- If the applicable criteria permit a 10% error rate and, based on a particular test, the practitioner discovered a 9% error rate, then additional procedures may be needed because the risk of a material misstatement may not be acceptable in the engagement circumstances.

- If the results of analytical procedures are within expectations but are, nevertheless, close to exceeding the expected value, then additional procedures may be needed because the risk of a material misstatement may not be acceptable in the engagement circumstances.

A116. If, in the case of a limited assurance engagement, a matter(s) comes to the practitioner's attention that causes the practitioner to believe the subject matter information may be materially misstated, the practitioner is required by paragraph 49L to design and perform additional procedures. Additional procedures may include, for example, inquiring of the appropriate party(ies) or performing other procedures as appropriate in the circumstances.

A117. If, having performed the additional procedures required by paragraph 49L, the practitioner is not able to obtain sufficient appropriate evidence to either conclude that the matter(s) is not likely to cause the subject matter information to be materially misstated or determine that it does cause the subject matter information to be materially misstated, a scope limitation exists and paragraph 66 applies.

A118. The practitioner's judgment about the nature, timing and extent of additional procedures that are needed to obtain evidence to either conclude that a material misstatement is not likely, or determine that a material misstatement

exists, is, for example, guided by:

- Information obtained from the practitioner's evaluation of the results of the procedures already performed;
- The practitioner's updated understanding of the underlying subject matter and other engagement circumstances obtained throughout the course of the engagement; and
- The practitioner's view on the persuasiveness of evidence needed to address the matter that causes the practitioner to believe that the subject matter information may be materially misstated.

Accumulating Uncorrected Misstatements (Ref: Para. 51, 65)

A119. Uncorrected misstatements are accumulated during the engagement (see paragraph 51) for the purpose of evaluating whether, individually or in aggregate, they are material when forming the practitioner's conclusion.

A120. The practitioner may designate an amount below which misstatements would be clearly trivial and would not need to be accumulated because the practitioner expects that the accumulation of such amounts clearly would not have a material effect on the subject matter information. "Clearly trivial" is not another expression for "not material." Matters that are clearly trivial will be of a wholly different (smaller) order of magnitude than materiality determined in accordance with paragraph 44, and will be matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. When there is any uncertainty about whether one or more items are clearly trivial, the matter is considered not to be clearly trivial.

Considerations When a Practitioner's Expert Is Involved on the Engagement

Nature, Timing and Extent of Procedures (Ref: Para. 52)

A121. The following matters are often relevant when determining the nature, timing and extent of procedures with respect to the work of a practitioner's expert when some of the assurance work is performed by one or more practitioner's expert (see paragraph A70):

(a) The significance of that expert's work in the context of the engagement (see also paragraphs A122–A123);

(b) The nature of the matter to which that expert's work relates;

(c) The risks of material misstatement in the matter to which that expert's work relates;

(d) The practitioner's knowledge of and experience with previous work performed by that expert; and

(e) Whether that expert is subject to the practitioner's firm's quality management policies or procedures (see also paragraphs A124–A125).

Integrating the work of a practitioner's expert

A122. Assurance engagements may be performed on a wide range of underlying subject matters that require specialized skills and knowledge beyond those possessed by the engagement partner and other members of the engagement team and for which the work of a practitioner's expert is used. In some situations, the practitioner's expert will be consulted to provide advice on an individual matter, but the greater the significance of the practitioner's expert's work in the context of the engagement, the more likely it is that expert will work as part of a multi-disciplinary team comprising subject matter experts and other assurance personnel. The more that expert'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 expert and other assurance personnel. Effective two-way communication facilitates the proper integration of the expert's work with the work of others on the engagement.

A123. As noted in paragraph A71, when the work of a practitioner's expert is to be used, it may be appropriate to perform some of the procedures required by paragraph 52 at the engagement acceptance or continuance stage. This is particularly so when the work of the practitioner's expert will be fully integrated with the work of other assurance personnel and when the work of the practitioner's expert is to be used in the early stages of the engagement, for example during initial planning and risk assessment.

The practitioner's firm's quality management policies or procedures

A124. A practitioner's internal expert may be a partner or staff, including temporary staff, of the practitioner's firm, and therefore subject to the firm's system of quality management, including its policies or procedures, in accordance with ISQM (Ireland) 1 or other professional requirements, or requirements in law or regulation, that are at least as demanding as ISQM (Ireland) 1. Alternatively, a practitioner's internal expert may be a partner or staff, including temporary staff, of a network firm, which may share common quality management policies or procedures with the practitioner's firm. A practitioner's external expert is not a member of the engagement team.

A125. Ordinarily, the engagement team may depend on the firm's system of quality management (see paragraph A65). The extent of dependence will vary with the circumstances, and may affect the nature, timing and extent of the practitioner's procedures with respect to such matters as:

- Competence and capabilities, through recruitment and training programs.
- The practitioner's evaluation of the objectivity of the practitioner's expert. Practitioner's internal experts are subject to relevant ethical requirements, including those pertaining to independence.
- The practitioner's evaluation of the adequacy of the practitioner's expert's work. For example, the firm's training programs may provide the practitioner's internal experts with an appropriate understanding of the interrelationship of their expertise with the evidence gathering process. Depending on such training and other firm processes, such as protocols for scoping the work of the practitioner's internal experts, may affect the nature, timing and extent of the practitioner's procedures to evaluate the adequacy of the practitioner's expert's work.
- Adherence to regulatory and legal requirements, through the firm's monitoring and remediation process.
- Agreement with the practitioner's expert.

Such dependence does not reduce the practitioner's responsibility to meet the requirements of this ISAE (Ireland).

The Competence, Capabilities and Objectivity of the Practitioner's Expert (Ref: Para. 52(a))

A126. Information regarding the competence, capabilities and objectivity of a practitioner's expert may come from a variety of sources, such as:

- Personal experience with previous work of that expert.
- Discussions with that expert.
- Discussions with other practitioners or others who are familiar with that expert's work.

- Knowledge of that expert's qualifications, membership of a professional body or industry association, license to practice, or other forms of external recognition.

- Published papers or books written by that expert.

- The firm's quality management policies or procedures (see also paragraphs A124–A125).

A127. While practitioner's experts do not require the same proficiency as the practitioner in performing all aspects of an assurance engagement, a practitioner's expert whose work is used may need a sufficient understanding of relevant ISAE (Ireland) to enable that expert to relate the work assigned to them to the engagement objective.

A128. The evaluation of whether the threats to objectivity are at an acceptable level may depend upon the role of the practitioner's expert and the significance of the expert's work in the context of the engagement. In some cases, it may not be possible to eliminate circumstances that create threats or apply safeguards to reduce threats to an acceptable level, for example, if a proposed practitioner's expert is an individual who has played a significant role in preparing the subject matter information.

A129. When evaluating the objectivity of a practitioner's external expert, 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 expert that may affect that expert's objectivity.

- Discuss with that expert any applicable safeguards, including any professional requirements that apply to that expert, and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that it may be relevant to discuss with the practitioner's expert include:

    - Financial interests.

    - Business and personal relationships.

    - Provision of other services by the expert, including by the organization in the case of an external expert 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 expert about any interests or relationships with the appropriate party(ies) of which that expert is aware.

Obtaining an Understanding of the Field of Expertise of the Practitioner's Expert (Ref: Para. 52(b))

A130. Having a sufficient understanding of the field of expertise of the practitioner's expert enables the practitioner to:

(a) Agree with the practitioner's expert the nature, scope and objectives of that expert's work for the practitioner's purposes; and

(b) Evaluate the adequacy of that work for the practitioner's purposes.

A131. Aspects of the practitioner's expert's field relevant to the practitioner's understanding may include:

- Whether that expert'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 where applicable, are used by the practitioner's expert, and whether they are generally accepted within that expert's field and appropriate in the circumstances of the engagement.

- The nature of internal and external data or information the practitioner's expert uses.

Agreement with the Practitioner's Expert (Ref: Para. 52(c))

A132. It may be appropriate for the practitioner's agreement with the practitioner's expert to also include matters such as the following:

(a) The respective roles and responsibilities of the practitioner and that expert;

(b) The nature, timing and extent of communication between the practitioner and that expert, including the form of any report to be provided by that expert; and

(c) The need for the practitioner's expert to observe confidentiality requirements.

A133. The matters noted in paragraph A125 may affect the level of detail and formality of the agreement between the practitioner and the practitioner's expert, including whether it is appropriate that the agreement be in writing. The agreement between the practitioner and a practitioner's external expert is often in the form of an engagement letter.

Evaluating the Adequacy of the Practitioner's Expert's Work (Ref: Para. 52(d))

A134. The following matters may be relevant when evaluating the adequacy of the practitioner's expert's work for the practitioner's purposes:

(a) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other evidence;

(b) If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances; and

(c) If that expert's work involves the use of source data that is significant to that expert's work, the relevance, completeness, and accuracy of that source data.

A135. If the practitioner determines that the work of the practitioner's expert is not adequate for the practitioner's purposes, options available to the practitioner include:

(a) Agreeing with that expert on the nature and extent of further work to be performed by that expert; or

(b) Performing additional procedures appropriate to the circumstances.

Work Performed by Another Practitioner, a Responsible Party's or Measurer's or Evaluator's Expert, or an Internal Auditor (Ref: Para. 53–55)

A136. While paragraphs A121–A135 have been written in the context of using work performed by a practitioner's expert, they may also provide helpful guidance with respect to using work performed by another practitioner, a responsible party's or measurer's or evaluator's expert, or an internal auditor.

Written Representations (Ref: Para. 56)

A137. Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and the appropriate party(ies). The person(s) from whom the practitioner requests written representations will ordinarily be a member of senior management or those charged with governance depending on, for example, the management and governance structure of the appropriate party(ies), which may vary by jurisdiction and by entity, reflecting influences such as different cultural and legal backgrounds, and size and ownership characteristics.

A138. Other written representations requested may include the following:

- Whether the appropriate party(ies) believes the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the subject matter information. A summary of such items is ordinarily included in or attached to the written representation;

- That significant assumptions used in making any material estimates are reasonable;

- That the appropriate party(ies) has communicated to the practitioner all deficiencies in internal control relevant to the engagement that are not clearly trivial and inconsequential of which the appropriate party(ies) is aware; and

- When the responsible party is different from the measurer or evaluator, that the responsible party acknowledges responsibility for the underlying subject matter.

A139. Representations by the appropriate party(ies) cannot replace other evidence the practitioner could reasonably expect to be available. Although written representations provide necessary evidence, they do not provide sufficient appropriate evidence on their own about any of the matters with which they deal. Furthermore, the fact that the practitioner has received reliable written representations does not affect the nature or extent of other evidence that the practitioner obtains.

Requested Written Representations Not Provided or Not Reliable (Ref: Para. 60)

A140. Circumstances in which the practitioner may not be able to obtain requested written representations include, for example, when:

- The responsible party contracts a third party to perform the relevant measurement or evaluation and later engages the practitioner to undertake an assurance engagement on the resultant subject matter information. In some such cases, for example where the responsible party has an ongoing relationship with the measurer or evaluator, the responsible party may be able to arrange for the measurer or evaluator to provide requested written representations, or the responsible party may be in a position to provide such representations if the responsible party has a reasonable basis for doing so, but, in other cases, this may not be so.

- An intended user engages the practitioner to undertake an assurance engagement on publicly available information but does not have a relationship with the responsible party of the kind necessary to ensure that party responds to the practitioner's request for a written representation.

- The assurance engagement is undertaken against the wishes of the measurer or evaluator. This may be the case when, for example, the engagement is undertaken pursuant to a court order, or a public sector practitioner is required by the legislature or other competent authority to undertake a particular engagement.

In these or similar circumstances, the practitioner may not have access to the evidence needed to support the practitioner's conclusion. If this is the case, paragraph 66 of this ISAE (Ireland) applies.

Subsequent Events (Ref: Para. 61)

A141. Consideration of subsequent events in some assurance engagements may not be relevant because of the nature of the underlying subject matter. For example, when the engagement requires a conclusion about the accuracy of a statistical return at a point in time, events occurring between that point in time and the date of the assurance report may not affect the conclusion or require disclosure in the return or the assurance report.

A142. As noted in paragraph 61, the practitioner has no responsibility to perform any procedures regarding the subject matter information after the date of the practitioner's report. However, if, after the date of the practitioner's report, a fact becomes known to the practitioner that, had it been known to the practitioner at the date of the practitioner's report, may have caused the practitioner to amend the report, the practitioner may need to discuss the matter with the appropriate party(ies) or take other action as appropriate in the circumstances.

Other Information (Ref: Para. 62)

A143. Further actions that may be appropriate if the practitioner identifies a material inconsistency or becomes aware of a material misstatement of fact include, for example:

- Requesting the appropriate party(ies) to consult with a qualified third party, such as the appropriate party(ies)'s legal counsel.
- Obtaining legal advice about the consequences of different courses of action.
- Communicating with third parties (for example, a regulator).
- Withholding the assurance report.
- Withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.
- Describing the material inconsistency in the assurance report.

Description of Applicable Criteria (Ref: Para. 63)

A144. The description of the applicable criteria advises intended users of the framework on which the subject matter information is based, and is particularly important when there are significant differences between various criteria regarding how particular matters may be treated in the subject matter information.

A145. A description that the subject matter information is prepared in accordance with particular applicable criteria is appropriate only if the subject matter information complies with all relevant requirements of those applicable criteria that are effective.

A146. A description of the applicable criteria that contains imprecise qualifying or limiting language (for example, "the subject matter information is in substantial compliance with the requirements of XYZ") is not an adequate description as it may mislead users of the subject matter information.

Forming the Assurance Conclusion

Sufficiency and Appropriateness of Evidence (Ref: Para. 12(i), 64)

A147. Evidence is necessary to support the practitioner's conclusion and assurance report. It is cumulative in nature and is primarily obtained from procedures performed during the course of the engagement. It may, however, also include information obtained from other sources such as previous engagements (provided the practitioner has determined whether changes have occurred since the previous engagement that may affect its relevance to the current engagement) or a firm's policies or procedures for the acceptance and continuance of client relationships and assurance engagements. Evidence may come from sources inside and outside the appropriate party(ies). Also, information that may be used as evidence may have been prepared by an expert employed or engaged by the appropriate party(ies). Evidence comprises both information that supports and corroborates aspects of the subject matter information, and any information that contradicts aspects of the subject matter information. In addition, in some cases, the absence of information (for example, refusal by the appropriate party(ies) to provide a requested representation) is used by the practitioner, and therefore, also constitutes evidence. Most of the practitioner's work in forming the assurance conclusion consists of obtaining and evaluating evidence.

A148. The sufficiency and appropriateness of evidence are interrelated. Sufficiency is the measure of the quantity of evidence. The quantity of evidence needed is affected by the risks of the subject matter information being materially misstated (the higher the risks, the more evidence is likely to be required) and also by the quality of such evidence (the higher the quality, the less may be required). Obtaining more evidence, however, may not compensate for its poor quality.

A149. Appropriateness is the measure of the quality of evidence; that is, its relevance and its reliability in providing support for the practitioner's conclusion. The reliability of evidence is influenced by its source and by its nature, and is dependent on the individual circumstances under which it is obtained. Generalizations about the reliability of various kinds of evidence can be made; however, such generalizations are subject to important exceptions. Even when evidence is obtained from sources external to the appropriate party(ies), circumstances may exist that could affect its reliability. For example, evidence obtained from an external source may not be reliable if the source is not knowledgeable or objective. While recognizing that exceptions may exist, the following generalizations about the reliability of evidence may be useful:

- Evidence is more reliable when it is obtained from sources outside the appropriate party(ies).
- Evidence that is generated internally is more reliable when the related controls are effective.
- Evidence obtained directly by the practitioner (for example, observation of the application of a control) is more reliable than evidence obtained indirectly or by inference (for example, inquiry about the application of a control).
- Evidence is more reliable when it exists in documentary form, whether paper, electronic, or other media (for example, a contemporaneously written record of a meeting is ordinarily more reliable than a subsequent oral representation of what was discussed).

A150. The practitioner ordinarily obtains more assurance from consistent evidence obtained from different sources or of a different nature than from items of evidence considered individually. In addition, obtaining evidence from different sources or of a different nature may indicate that an individual item of evidence is not reliable. For example, corroborating information obtained from a source independent of the appropriate party(ies) may increase the assurance the practitioner obtains from a representation from the appropriate party(ies). Conversely, when evidence obtained from one source is inconsistent with that obtained from another, the practitioner

determines what additional procedures are necessary to resolve the inconsistency.

A151. In terms of obtaining sufficient appropriate evidence, it is generally more difficult to obtain assurance about subject matter information covering a period than about subject matter information at a point in time. In addition, conclusions provided on processes ordinarily are limited to the period covered by the engagement; the practitioner provides no conclusion about whether the process will continue to function in the specified manner in the future.

A152. Whether sufficient appropriate evidence has been obtained on which to base the practitioner's conclusion is a matter of professional judgment.

A153. In some circumstances, the practitioner may not have obtained the sufficiency or appropriateness of evidence that the practitioner had expected to obtain through the planned procedures. In these circumstances, the practitioner considers that the evidence obtained from the procedures performed is not sufficient and appropriate to be able to form a conclusion on the subject matter information. The practitioner may:

- Extend the work performed; or
- Perform other procedures judged by the practitioner to be necessary in the circumstances.

Where neither of these is practicable in the circumstances, the practitioner will not be able to obtain sufficient appropriate evidence to be able to form a conclusion. This situation may arise even though the practitioner has not become aware of a matter(s) that causes the practitioner to believe the subject matter information may be materially misstated, as addressed in paragraph 49L.

Evaluating the Sufficiency and Appropriateness of Evidence (Ref: Para. 65)

A154. An assurance engagement is a cumulative and iterative process. As the practitioner performs planned procedures, the evidence obtained may cause the practitioner to change the nature, timing or extent of other planned procedures. Information may come to the practitioner's attention that differs significantly from that expected and upon which planned procedures were based. For example:

- The extent of misstatements that the practitioner identifies may alter the practitioner's professional judgment about the reliability of particular sources of information.
- The practitioner may become aware of discrepancies in relevant information, or inconsistent or missing evidence.
- If analytical procedures were performed towards the end of the engagement, the results of those procedures may indicate a previously unrecognized risk of material misstatement.

In such circumstances, the practitioner may need to reevaluate the planned -procedures.

A155. The practitioner's professional judgment as to what constitutes sufficient appropriate evidence is influenced by such factors as the following:

- Significance of a potential misstatement and the likelihood of its having a material effect, individually or when aggregated with other potential misstatements, on the subject matter information.
- Effectiveness of the appropriate party(ies)'s responses to address the known risk of material misstatement.
- Experience gained during previous assurance engagements with respect to similar potential

misstatements.

- Results of procedures performed, including whether such procedures identified specific misstatements.
- Source and reliability of the available information.
- Persuasiveness of the evidence.
- Understanding of the appropriate party(ies) and its environment.

Scope Limitations (Ref: Para. 26, 66)

A156. A scope limitation may arise from:

(a) Circumstances beyond the control of the appropriate party(ies). For example, documentation the practitioner considers it necessary to inspect may have been accidentally destroyed;

(b) Circumstances relating to the nature or timing of the practitioner's work. For example, a physical process the practitioner considers it necessary to observe may have occurred before the practitioner's engagement; or

(c) Limitations imposed by the responsible party, the measurer or evaluator, or the engaging party on the practitioner that, for example, may prevent the practitioner from performing a procedure the practitioner considers to be necessary in the circumstances. Limitations of this kind may have other implications for the engagement, such as for the practitioner's consideration of engagement risk and the acceptance and continuance of the client relationship and the assurance engagement.

A157. An inability to perform a specific procedure does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate evidence by performing alternative procedures.

A158. The procedures performed in a limited assurance engagement are, by definition, limited compared with that necessary in a reasonable assurance engagement. Limitations known to exist prior to accepting a limited assurance engagement are a relevant consideration when establishing whether the preconditions for an assurance engagement are present, in particular, whether the engagement exhibits the characteristics of access to evidence (see paragraph 24(b)(iv)) and a rational purpose (see paragraph 24(b)(vi)). If a further limitation is imposed by the appropriate party(ies) after a limited assurance engagement has been accepted, it may be appropriate to withdraw from the engagement, where withdrawal is possible under applicable law or regulation.

Preparing the Assurance Report

Form of Assurance Report (Ref: Para. 67–68)

A159. Oral and other forms of expressing conclusions can be misunderstood without the support of a written report. For this reason, the practitioner does not report orally or by use of symbols without also providing a written assurance report that is readily available whenever the oral report is provided or the symbol is used. For example, a symbol could be hyperlinked to a written assurance report on the Internet.

A160. This ISAE (Ireland) does not require a standardized format for reporting on all assurance engagements. Instead it identifies the basic elements the assurance report is to include. Assurance reports are tailored to the specific engagement circumstances. The practitioner may use headings, paragraph numbers, typographical devices, for example the bolding of text, and other mechanisms to enhance the clarity and readability of the assurance report.

A161. The practitioner may choose a “short-form” or “long-form” style of reporting to facilitate effective communication to the intended users. “Short-form” reports ordinarily include only the basic elements. “Long-form” reports include other information and explanations that are not intended to affect the practitioner’s conclusion. In addition to the basic elements, long-form reports may describe in detail the terms of the engagement, the applicable criteria being used, findings relating to particular aspects of the engagement, details of the qualifications and experience of the practitioner and others involved with the engagement, disclosure of materiality levels, and, in some cases, recommendations. The practitioner may find it helpful to consider the significance of providing such information to the information needs of the intended users. As required by paragraph 68, additional information is clearly separated from the practitioner’s conclusion and phrased in such a manner so as make it clear that it is not intended to detract from that conclusion.

Assurance Report Content

Title (Ref: Para. 69(a))

A162. An appropriate title helps to identify the nature of the assurance report, and to distinguish it from reports issued by others, such as those who do not have to comply with the same ethical requirements as the practitioner.

Addressee (Ref: Para. 69(b))

A163. An addressee identifies the party or parties to whom the assurance report is directed. The assurance report is ordinarily addressed to the engaging party, but, in some cases, there may be other intended users.

Subject Matter Information and Underlying Subject Matter (Ref: Para. 69(c))

A164. Identification and description of the subject matter information and, when appropriate, the underlying subject matter may include, for example:

- The point in time or period of time to which the measurement or evaluation of the underlying subject matter relates.
- Where applicable, the name of the responsible party or component of the responsible party to which the underlying subject matter relates.
- An explanation of those characteristics of the underlying subject matter or the subject matter information of which the intended users should be aware, and how such characteristics may influence the precision of the measurement or evaluation of the underlying subject matter against the applicable criteria, or the persuasiveness of available evidence. For example:
    - The degree to which the subject matter information is qualitative versus quantitative, objective versus subjective, or historical versus prospective.
    - Changes in the underlying subject matter or other engagement circumstances that affect the comparability of the subject matter information from one period to the next.

Applicable Criteria (Ref: Para. 69(d))

A165. The assurance report identifies the applicable criteria against which the underlying subject matter was measured or evaluated so the intended users can understand the basis for the practitioner’s conclusion. The assurance report may include the applicable criteria, or refer to them if they are included in the subject matter information or if they are otherwise available from a readily accessible source. It may be relevant in the circumstances, to

disclose:

- The source of the applicable criteria, and whether or not the applicable criteria are embodied in law or regulation, or issued by authorized or recognized bodies of experts that follow a transparent due process, that is, whether they are established criteria in the context of the underlying subject matter (and if they are not, a description of why they are considered suitable).

- Measurement or evaluation methods used when the applicable criteria allow for choice between a number of methods.

- Any significant interpretations made in applying the applicable criteria in the engagement circumstances.

- Whether there have been any changes in the measurement or evaluation methods used.

Inherent Limitations (Ref: Para. 69(e))

A166. While in some cases, inherent limitations can be expected to be well-understood by the intended users of an assurance report, in other cases it may be appropriate to make explicit reference to them in the assurance report. For example, in an assurance report related to the effectiveness of internal control, it may be appropriate to note that the historic evaluation of effectiveness is not relevant to future periods due to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Specific Purpose (Ref: Para. 69(f))

A167. In some cases, the applicable criteria used to measure or evaluate the underlying subject matter may be designed for a specific purpose. For example, a regulator may require certain entities to use particular applicable criteria designed for regulatory purposes. To avoid misunderstandings, the practitioner alerts readers of the assurance report to this fact and that, therefore, the subject matter information may not be suitable for another purpose.

A168. In addition to the alert required by paragraph 69(f), the practitioner may consider it appropriate to indicate that the assurance report is intended solely for specific users. Depending on the engagement circumstances, for example, the law or regulation of the particular jurisdiction, this may be achieved by restricting the distribution or use of the assurance report. While an assurance report may be restricted in this way, the absence of a restriction regarding a particular user or purpose does not itself indicate that a legal responsibility is owed by the practitioner in relation to that user or for that purpose. Whether a legal responsibility is owed will depend on the legal circumstances of each case and the relevant jurisdiction.

Relative Responsibilities (Ref: Para. 69(g))

A169. Identifying relative responsibilities informs the intended users that the responsible party is responsible for the underlying subject matter, that the measurer or evaluator is responsible for the measurement or evaluation of the underlying subject matter against the applicable criteria, and that the practitioner's role is to independently express a conclusion about the subject matter information.

Performance of the Engagement in Accordance with this ISAE (Ireland) 3000 and a Subject Matter Specific ISAE[2] (Ref: Para. 69(h))

A170. Where a subject matter specific ISAE applies to only part of the subject matter information, it may be appropriate to cite both that subject matter specific ISAE and this ISAE.

A171. A statement that contains imprecise qualifying or limiting language (for example “the engagement was performed by reference to ISAE (Ireland) 3000”) may mislead users of assurance reports.

Applicable Quality Management Requirements (Ref: Para. 69(i))

A172. The following is an illustration of a statement in the assurance report regarding applicable quality management requirements:

> The firm applies International Standard on Quality Management (Ieland) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Compliance with Independence and Other Ethical Requirements (Ref: Para. 69(j))

A173. The following is an illustration of a statement in the assurance report regarding compliance with ethical requirements:

> We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Summary of the Work Performed (Ref: Para. A6, 69(k))

A174. The summary of the work performed helps the intended users understand the practitioner’s conclusion. For many assurance engagements, infinite variations in procedures are possible in theory. In practice, however, these are difficult to communicate clearly and unambiguously. Other authoritative pronouncements issued by the International Auditing and Assurance Standards Board may be useful to practitioners in preparing the summary.

A175. Where no specific ISAE provides guidance on procedures for a particular underlying subject matter, the summary might include a more detailed description of the work performed. It may be appropriate to include in the summary a statement that the work performed included evaluating the suitability of the applicable criteria.

A176. In a limited assurance engagement the summary of the work performed is ordinarily more detailed than for a reasonable assurance engagement and identifies the limitations on the nature, timing and extent of procedures. This is because an appreciation of the nature, timing and extent of procedures performed is essential to understanding a conclusion expressed in a form that conveys whether, based on the procedures performed, a material matter(s) has come to the practitioner’s attention to cause the practitioner to believe the subject matter information is materially misstated. It also may be appropriate to indicate in the summary of the work performed certain procedures that were not performed that would ordinarily be expected to be performed in a reasonable assurance engagement. However, a complete identification of all such procedures may not be possible because the practitioner’s required understanding and consideration of engagement risk is less than in a reasonable assurance engagement.

A177. Factors to consider in determining the level of detail to be provided in the summary of the work performed may include:

- Circumstances specific to the entity (for example, the differing nature of the entity’s activities compared to those typical in the sector).
- Specific engagement circumstances affecting the nature and extent of the procedures performed.

- The intended users' expectations of the level of detail to be provided in the report, based on market practice, or applicable law or regulation.

A178. It is important that the summary be written in an objective way that allows intended users to understand the work done as the basis for the practitioner's conclusion. In most cases, this will not involve detailing the entire work plan, but on the other hand it is important for it not to be so summarized as to be ambiguous, nor written in a way that is overstated or embellished.

The Practitioner's Conclusion (Ref: Para. 12(a)(i)(a), 69(l))

A179. Examples of conclusions expressed in a form appropriate for a reasonable assurance engagement include:

- When expressed in terms of the underlying subject matter and the applicable criteria, "In our opinion, the entity has complied, in all material respects, with XYZ law;"

- When expressed in terms of the subject matter information and the applicable criteria, "In our opinion, the forecast of the entity's financial performance is properly prepared, in all material respects, based on XYZ criteria;" or

- When expressed in terms of a statement made by the appropriate party, "In our opinion, the [appropriate party's] statement that the entity has complied with XYZ law is, in all material respects, fairly stated," or "In our opinion, the [appropriate party's] statement that the key performance indicators are presented in accordance with XYZ criteria is, in all material respects, fairly stated".

A180. It may be appropriate to inform the intended users of the context in which the practitioner's conclusion is to be read when the assurance report includes an explanation of particular characteristics of the underlying subject matter of which the intended users should be aware. The practitioner's conclusion may, for example, include wording such as: "This conclusion has been formed on the basis of the matters outlined elsewhere in this independent assurance report."

A181. Examples of conclusions expressed in a form appropriate for a limited assurance engagement include:

- When expressed in terms of the underlying subject matter and the applicable criteria, "Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that [the entity] has not complied, in all material respects, with XYZ law."

- When expressed in terms of the subject matter information and the applicable criteria, "Based on the procedures performed and evidence obtained, we are not aware of any material amendments that need to be made to the assessment of key performance indicators for them to be in accordance with XYZ criteria."

- When expressed in terms of a statement made by the appropriate party, "Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [appropriate party's] statement that [the entity] has complied with XYZ law, is not, in all material respects, fairly stated."

A182. Forms of expression that may be useful for underlying subject matters include, for example, one, or a combination of, the following:

- For compliance engagements—"in compliance with" or "in accordance with."

- For engagements when the applicable criteria describe a process or methodology for the preparation or

presentation of the subject matter information—"properly prepared."

- For engagements when the principles of fair presentation are embodied in the applicable criteria—"fairly stated."

A183. Inclusion of a heading above paragraphs containing modified conclusions, and the matter(s) giving rise to the modification, aids the understandability of the practitioner's report. Examples of appropriate heading include "Qualified Conclusion," "Adverse Conclusion," or "Disclaimer of Conclusion" and "Basis for Qualified Conclusion," "Basis for Adverse Conclusion," as appropriate.

The Practitioner's Signature (Ref: Para. 69(m))

A184. The practitioner's signature is either in the name of the practitioner's firm, the personal name of the individual practitioner or both, as appropriate for the particular jurisdiction. In addition to the practitioner's signature, in certain jurisdictions, the practitioner may be required to make a declaration in the practitioner's report about professional designations or recognition by the appropriate licensing authority in that jurisdiction.

Date (Ref: Para. 69(n))

A185. Including the assurance report date informs the intended users that the practitioner has considered the effect on the subject matter information and on the assurance report of events that occurred up to that date.

Reference to the Practitioner's Expert in the Assurance Report (Ref: Para. 70)

A186. In some cases, law or regulation may require a reference to the work of a practitioner's expert in the assurance report, for example, for the purposes of transparency in the public sector. It may also be appropriate in other circumstances, for example, to explain the nature of a modification of the practitioner's conclusion, or when the work of an expert is integral to findings included in a long-form report.

A187. Nonetheless, the practitioner has sole responsibility for the conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's expert. It is important therefore that if the assurance report refers to a practitioner's expert, that the wording of that report does not imply that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of that expert.

A188. A generic reference in a long-form report to the engagement having been conducted by suitably qualified personnel including subject matter experts and assurance specialists is unlikely to be misunderstood as reduced responsibility. The potential for misunderstanding is higher, however, in the case of short-form reports, where minimum contextual information is able to be presented, or when the practitioner's expert is referred to by name. Therefore, additional wording may be needed in such cases to prevent the assurance report implying that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of the expert.

Unmodified and Modified Conclusions (Ref: Para. 74–77, Appendix)

A189. The term 'pervasive' describes the effects on the subject matter information of misstatements or the possible effects on the subject matter information of misstatements, if any, that are undetected due to an inability to obtain sufficient appropriate evidence. Pervasive effects on the subject matter information are those that, in the practitioner's professional judgment:

(a) Are not confined to specific aspects of the subject matter information;

(b) If so confined, represent or could represent a substantial proportion of the subject matter information; or

(c) In relation to disclosures, are fundamental to the intended users' understanding of the subject matter information.

A190. The nature of the matter, and the practitioner's judgment about the pervasiveness of the effects or possible effects on the subject matter information, affects the type of conclusion to be expressed.

A191. Examples of qualified and adverse conclusions and a disclaimer of conclusion are:

- Qualified conclusion (an example for limited assurance engagements with a material misstatement) – "Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the [appropriate party's] statement does not present fairly, in all material respects, the entity's compliance with XYZ law."

- Adverse conclusion (an example for a material and pervasive misstatement for both reasonable assurance and limited assurance engagements) – "Because of the significance of the matter described in the Basis for Adverse Conclusion section of our report, the [appropriate party's] statement does not present fairly the entity's compliance with XYZ law."

- Disclaimer of conclusion (an example for a material and pervasive limitation of scope for both reasonable assurance and limited assurance engagements) – "Because of the significance of the matter described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the [appropriate party's] statement. Accordingly, we do not express a conclusion on that statement."

A192. In some cases, the measurer or evaluator may identify and properly describe that the subject matter information is materially misstated. For example, in a compliance engagement the measurer or evaluator may correctly describe the instances of non-compliance. In such circumstances, paragraph 76 requires the practitioner to draw the intended users' attention to the description of the material misstatement, by either expressing a qualified or adverse conclusion or by expressing an unqualified conclusion but emphasizing the matter by specifically referring to it in the assurance report.

Other Communication Responsibilities (Ref: Para. 78)

A193. Matters that may be appropriate to communicate with the responsible party, the measurer or evaluator, the engaging party or others include fraud or suspected fraud, and bias in the preparation of the subject matter information.

Communication with Management and Those Charged with Governance

A194. Relevant ethical requirements may include a requirement to report identified or suspected non-compliance with laws and regulations to an appropriate level of management or those charged with governance. In some jurisdictions, law or regulation may restrict the practitioner's communication of certain matters with the responsible party, management or those charged with governance. Law or regulation may specifically prohibit a communication, or other action, that might prejudice an investigation by an appropriate authority into an actual, or suspected, illegal act, including alerting the entity, for example, when the practitioner is required to report the identified or suspected non-compliance to an appropriate authority pursuant to anti-money laundering legislation. In these circumstances, the issues considered by the practitioner may be complex and the practitioner may consider it appropriate to obtain legal advice.

Reporting of Identified or Suspected Non-Compliance with Laws and Regulations to an Appropriate Authority outside the Entity

A195. Law, regulation or relevant ethical requirements may:

(a) Require the practitioner to report identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity.

(b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.[20]

A196. Reporting identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be required or appropriate in the circumstances because:

(a) Law, regulation or relevant ethical requirements require the practitioner to report;

(b) The practitioner has determined reporting is an appropriate action to respond to identified or suspected non-compliance in accordance with relevant ethical requirements; or

(c) Law, regulation or relevant ethical requirements provide the practitioner with the right to do so.

A197. The reporting of identified or suspected non-compliance with laws and regulations in accordance with law, regulation or relevant ethical requirements may include non-compliance with laws and regulations that the practitioner comes across or is made aware of when performing the engagement but which may not affect the subject matter information. Under this ISAE (Ireland), the practitioner is not expected to have a level of understanding of laws and regulations beyond those affecting the subject matter information. However, law, regulation or relevant ethical requirements may expect the practitioner to apply knowledge, professional judgment and expertise in responding to such non-compliance. Whether an act constitutes actual non-compliance is ultimately a matter to be determined by a court or other appropriate adjudicative body.

A198. In some circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner's duty of confidentiality under law, regulation, or relevant ethical requirements. In other cases, reporting identified or suspected non-compliance to an appropriate authority outside the entity would not be considered a breach of the duty of confidentiality under the relevant ethical requirements.[21]

A199. The practitioner may consider consulting internally (e.g., within the firm or network firm), obtaining legal advice to understand the professional or legal implications of taking any particular course of action, or consulting on a confidential basis with a regulator or a professional body (unless doing so is prohibited by law or regulations or would breach the duty of confidentiality).[22]

Documentation (Ref: Para. 79–83)

A200. Documentation includes a record of the practitioner's reasoning on all significant matters that require the exercise of professional judgment, and related conclusions. When difficult questions of principle or professional judgment exist, documentation that includes the relevant facts that were known by the practitioner at the time the conclusion

[20] See, for example, paragraphs R360.36–R360.37 of the IESBA Code

[21] See, for example, paragraphs R114.1, 114.1 A1 and R360.37 of the IESBA Code

[22] See, for example, paragraph 360.39 A1 of the IESBA Code

was reached may assist in demonstrating the practitioner's knowledge.

A201. It is neither necessary nor practical to document every matter considered, or professional judgment made, during an engagement. Further, it is unnecessary for the practitioner to document separately (as in a checklist, for example) compliance with matters for which compliance is demonstrated by documents included within the engagement file. Similarly, the practitioner need not include in the engagement file superseded drafts of working papers, notes that reflect incomplete or preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of documents.

A202. In applying professional judgment to assessing the extent of documentation to be prepared and retained, the practitioner may consider what is necessary to provide an understanding of the work performed and the basis of the principal decisions taken (but not the detailed aspects of the engagement) to another practitioner who has no previous experience with the engagement. That other practitioner may only be able to obtain an understanding of detailed aspects of the engagement by discussing them with the practitioner who prepared the documentation.

A203. Documentation may include a record of, for example:

- The identifying characteristics of the specific items or matters tested;
- Who performed the engagement work and the date such work was completed;
- Who reviewed the engagement work performed and the date and extent of such review; and
- Discussions of significant matters with the appropriate party(ies) and others, including the nature of the significant matters discussed and when and with whom the discussions took place.

A204. Documentation may include a record of, for example:

- Issues identified with respect to compliance with relevant ethical requirements and how they were resolved.
- Conclusions on compliance with independence requirements that apply to the engagement, and any relevant discussions with the firm that support these conclusions.
- Conclusions reached regarding the acceptance and continuance of client relationships and assurance engagements.
- The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the engagement.

Assembly of the Final Engagement File

A205. ISQM (Ireland) 1 (or other professional requirements, or requirements in law or regulation that are at least as demanding as ISQM (Ireland) 1) requires firms to establish a quality objective that addresses the assembly of engagement documentation on a timely basis after the date of the engagement report.[23] An appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the assurance report.[24]

A206. The completion of the assembly of the final engagement file after the date of the assurance report is an

[23] ISQM (Ireland) 1, paragraph 31(f)
[24] ISQM (Ireland) 1, paragraph A83

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:

- 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 assurance report.

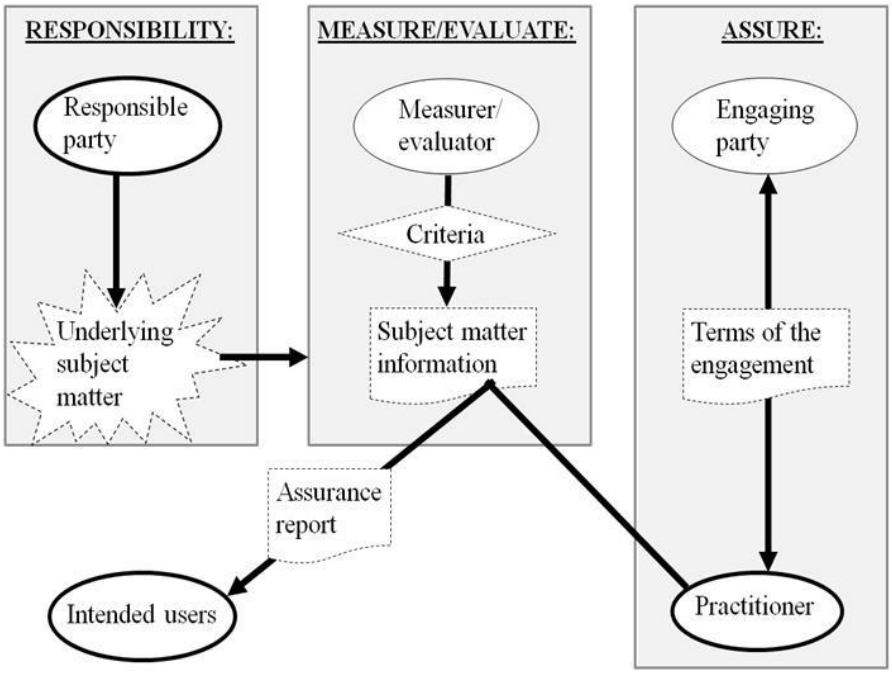
A207. ISQM (Ireland) 1 (or national requirements that are at least as demanding as ISQM (Ireland) 1) requires firms to establish a quality objective that addresses the maintenance and retention of engagement documentation to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards.[25] The retention period for assurance engagements ordinarily is no shorter than five years from the date of the assurance report.[26]

[25] ISQM (Ireland) 1, paragraph 31(f)
[26] ISQM (Ireland) 1, paragraph A85

Appendix

(Ref: Para. 2, A8, A11, A16, A36–A38)

Roles and Responsibilities



1. All assurance engagements have at least three parties: the responsible party, the practitioner, and the intended users. Depending on the engagement circumstances, there may also be a separate role of measurer or evaluator, or engaging party.

2. The above diagram illustrates how the following roles relate to an assurance engagement:

   (a) The responsible party is responsible for the underlying subject matter.

   (b) The measurer or evaluator uses the criteria to measure or evaluate the underlying subject matter resulting in the subject matter information.

   (c) The engaging party agrees the terms of the engagement with the practitioner.

   (d) The practitioner obtains 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.

   (e) The intended users make decisions on the basis of the subject matter information. The intended users are the individual(s) or organization(s), or group(s) thereof that the practitioner expects will use the assurance report.

3. The following observations can be made about these roles:

   - Every assurance engagement has at least a responsible party and intended users, in

addition to the practitioner.

- The practitioner cannot be the responsible party, the engaging party or an intended user.
- In a direct engagement, the practitioner is also the measurer or evaluator.
- In an attestation engagement, the responsible party, or someone else, but not the practitioner, can be the measurer or evaluator.
- When the practitioner has measured or evaluated the underlying subject matter against the criteria, the engagement is a direct engagement. The character of that engagement cannot be changed to an attestation engagement by another party assuming responsibility for the measurement or evaluation, for example, by the responsible party attaching a statement to the subject matter information accepting responsibility for it.
- The responsible party can be the engaging party.
- In many attestation engagements the responsible party may also be the measurer or evaluator, and the engaging party. An example is when an entity engages a practitioner to perform an assurance engagement regarding a report it has prepared about its own sustainability practices. An example of when the responsible party is different from the measurer or evaluator, is when the practitioner is engaged to perform an assurance engagement regarding a report prepared by a government organization about a private company's sustainability practices.
- In an attestation engagement, the measurer or evaluator ordinarily provides the practitioner with a written representation about the subject matter information. In some cases, the practitioner may not be able to obtain such a representation, for example, when the engaging party is not the measurer or evaluator.
- The responsible party can be one of the intended users, but not the only one.
- The responsible party, the measurer or evaluator, and the intended users may be from different entities or the same entity. As an example of the latter case, in a two-tier board structure, the supervisory board may seek assurance about information provided by the executive board of that entity. The relationship between the responsible party, the measurer or evaluator, and the intended users needs to be viewed within the context of a specific engagement and may differ from more traditionally defined lines of responsibility. For example, an entity's senior management (an intended user) may engage a practitioner to perform an assurance engagement on a particular aspect of the entity's activities that is the immediate responsibility of a lower level of management (the responsible party), but for which senior management is ultimately responsible.
- An engaging party that is not also the responsible party can be the intended user.

4. The practitioner's conclusion may be phrased either in terms of:

- The underlying subject matter and the applicable criteria;
- The subject matter information and the applicable criteria; or

- A statement made by the appropriate party.

5. The practitioner and the responsible party may agree to apply the principles of the ISAE (Ireland) to an engagement when there are no intended users other than the responsible party but where all other requirements of the ISAE (Ireland) are met. In such cases, the practitioner's report includes a statement restricting the use of the report to the responsible party.

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