



9 September 2011

Mr. James Gunn  
Technical Director  
IAASB  
545 Fifth Avenue, 14th Floor  
New York, New York 10017  
USA

Ref.: AUD/PRJ/HBL/LAN/SHA

Dear Mr. Gunn,

**Re: IAASB Exposure Draft on ISAE 3000 on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information**

FEE is pleased to provide you with its comments on the IAASB Exposure Draft on ISAE 3000 on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

FEE greatly appreciates the initiative to review and clarify the standard on assurance engagements. The developments regarding audit and assurance, with fewer companies being subject to audit, have resulted in a more pressing need for other assurance engagements, addressing qualitative aspects of reasonable assurance as well as limited assurance engagements. This also highlights the need for the use of professional judgment and professional scepticism in such engagements.

Our main comments on the exposure draft are summarised below:

1. ISAE 3000 should act as a standalone overarching standard providing a solid basis for the broad range of assurance engagements under this standard as well as for engagements in accordance with the additional requirements that may be set in subject-specific standards. In this context, to prevent confusion as to the authority attached to ISAE 3000 and to the subject-specific standards, specific requirements for instance with regard to assurance reports, should not contradict each other.
2. More explanation of the difference between direct and attestation engagements is needed, especially with regard to why there is a need to distinguish between the two engagement types and what the differences are for reasonable and limited assurance, respectively and with regard to the reporting.

3. Commonly used terms, such as practitioner, engagement partner, errors, etc. should not differ from one engagement type to another without a clear justification for the difference. Consistency between standards should therefore be the key driver when setting new standards to facilitate appropriate application of the standards in a practical manner without risking misunderstandings of the terms used in the different engagements.
4. Assurance reports need to be understandable. The general concept of a negative opinion in limited assurance engagements, regardless of the wording of the opinion, may be difficult to understand in practice and may not contribute, in the interest of the users, to close the expectation gap that already exists. However, FEE believes that limited assurance can probably be best conveyed through a negative opinion as this makes the limited assurance opinion different from a reasonable assurance opinion in its appearance. The specific wording of the opinion should be made simple, clear and to the extent possible, use non-technical language. This can be achieved by avoiding double negative wording.
5. Given the variety of engagements that will be performed under this standard and to facilitate consistent application of the standard, skeleton example assurance reports should be included in the standard, in particular to illustrate the wording of the opinion in attestation and direct assurance engagements.
6. When issued, ISAE 3410 should be fully aligned with the new ISAE 3000 and the two standards should be issued simultaneously with the same effective dates.

For further information on this FEE<sup>1</sup> letter, please contact Hilde Blomme at +32 2 285 40 77 or via email at [hilde.blomme@fee.be](mailto:hilde.blomme@fee.be) or Lotte Andersen at +32 2 285 40 80 or via email at [lotte.andersen@fee.be](mailto:lotte.andersen@fee.be) from the FEE Secretariat.

Yours sincerely,



Philip Johnson  
FEE President

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<sup>1</sup> FEE is the Fédération des Experts comptables Européens (Federation of European Accountants). It represents 45 professional institutes of accountants and auditors from 33 European countries, including all of the 27 European Union (EU) Member States. In representing the European accountancy profession, FEE recognises the public interest. It has a combined membership of more than 500.000 professional accountants, working in different capacities in public practice, small and big firms, government and education, who all contribute to a more efficient, transparent and sustainable European economy.

FEE's objectives are:

- To promote and advance the interests of the European accountancy profession in the broadest sense recognising the public interest in the work of the profession;
- To work towards the enhancement, harmonisation and liberalisation of the practice and regulation of accountancy, statutory audit and financial reporting in Europe in both the public and private sector, taking account of developments at a worldwide level and, where necessary, promoting and defending specific European interests;
- To promote co-operation among the professional accountancy bodies in Europe in relation to issues of common interest in both the public and private sector;
- To identify developments that may have an impact on the practice of accountancy, statutory audit and financial reporting at an early stage, to advise Member Bodies of such developments and, in conjunction with Member Bodies, to seek to influence the outcome;
- To be the sole representative and consultative organisation of the European accountancy profession in relation to the EU institutions;
- To represent the European accountancy profession at the international level.

Avenue d'Auderghem 22-28, B-1040 Brussels

Tel: +32 (0)2 285 40 85

Fax : +32 (0)2 231 11 12

[secretariat@fee.be](mailto:secretariat@fee.be)

[www.fee.be](http://www.fee.be)

Association Internationale reconnue par Arrêté Royal en date du 30 décembre 1986

## Appendix: Responses to Questions

### General

#### Relationship with the Assurance Framework

The Assurance Framework and ISAE 3000 will to some extent be duplicative, which in our view is acceptable as the Assurance Framework provides a useful short overview of the various types of engagements that it covers, i.e. audit, review and other assurance engagements.

A clear split between the two pronouncements is needed and can be achieved by ensuring that the Assurance Framework covers matters that are generic to all assurance engagements and also included an additional brief description of each type of engagement. Matters only relevant to one type of engagement should be covered in the specific standard. For instance, paragraphs 12-15 and 83 of the Framework displaying the differences between attestation and direct engagements should be included in ISAE 3000 and not in the Framework.

It may be useful to clarify even further in paragraph 4 how the Assurance Framework interacts with ISAE 3000. Such clarification would better place the Assurance Framework and ISAE 3000 in the hierarchy of authoritative pronouncements in line with the Preface.

#### Relationship with subject-specific standards

The overall split to be made between ISAE 3000 and its subject-specific standards could be clarified by an improved balance in relation to the interconnections with ISAE 3000, particularly through more guidance on how the standards should be read in conjunction with each other. The IAASB should ensure that there is, to the extent possible, no duplication of requirements between ISAE 3000 and its subject-specific standards.

As highlighted in our comment letter on the proposed ISAE 3410<sup>2</sup>, it needs to be clear which requirements for reporting from ISAE 3000, if any, are applicable when issuing a report on an engagement under the subject specific standard. Examples of current inconsistencies include:

- The structure of the paragraphs in the two standards are different, for example as follows:
  - ISAE 3410 introduces a headline preceding paragraph 2 stating “Scope of this ISAE” which is not included in ISAE 3000 and the paragraphs in the introduction (paragraphs 1-9 in ISAE 3000 and paragraphs 1-10 in ISAE 3410) differ.
  - ISAE 3410 introduces a headline for “*Skills, Knowledge and Experience*” under “*Acceptance and Continuance*” which is not done in ISAE 3000, where the paragraph requiring skills (paragraph 27 (b)) is under a dedicated headline of “*Quality control*” describing the “*Characteristics of the Engagement Partner*” after the section on “*Acceptance and Continuance*”.
  - In ISAE 3000 the main part of the procedures are included under the headline “*Obtaining Evidence*” whilst in ISAE 3410 such a headline is not included and instead

<sup>2</sup> FEE comment letter on the Proposed ISAE 3410 Assurance on Greenhouse Gas Statements, 20 July 2011 <http://www.fee.be/fileupload/upload/Gunn%20110720%20Assurance%20Engagements%20on%20Greenhouse%20Gas%20Statements2072011351432.pdf>

headlines like “*Understanding the Entity and Its Environment*” and “*Procedures to Obtain an Understanding and to Identify and Assess Risks*” are used. As the procedures in ISAE 3410 are to be add-on procedures to those included in ISAE 3000, the order, the use of bold and italics and the structure of the requirements should be the same.

- The use of tabular formats in ISAE 3410 for distinguishing between reasonable and limited assurance is not mirrored in ISAE 3000. This can lead to questioning which requirements are interlinked between ISAE 3000 and ISAE 3410 as a result of the reference to ISAE 3000 in paragraphs 3, 9 and 14 in ISAE 3410.
- ISAE 3000 sets specific requirements for qualifications, adverse and disclaimer of opinion, but no requirements regarding emphasis of matter or other matters paragraphs. The opposite approach is used in ISAE 3410. This can make the practitioner question whether it is not possible to include an emphasis of matter paragraph in an ISAE 3000 report and whether it is not possible to disclaim an ISAE 3410 report.

More examples and additional comments on the specific points above are included in the relevant questions below.

### Relationship with ISA 805<sup>3</sup>

It may also be useful to clarify the relationship between ISA 805 and ISAE 3000 as these two standards could to some extent cover the same engagements. Uncertainty on which standard to apply can occur in relation to hybrid engagements that contain historical financial information extracted from the financial statements supplemented with information (historical or forward looking information) from other sources. Another example could be where an assurance report provides reasonable assurance on part of the information and limited assurance on other parts of the assured information. In such situations, we presume that ISAE 3000 would be applicable to the hybrid engagement. Clarification as to the interrelationship between the two standards, for instance in the examples mentioned, would be helpful.

### Consistency throughout IAASB pronouncements

The same terms for various matters are being used in the different IAASB pronouncements, ie. in ISAs, in ISREs and in ISAEs. Examples of such terms are practitioner, firm, engagement partner, engagement team, understanding, errors, misstatements, etc. Such terms should not differ from one engagement type to another without a clear justification for the difference between for instance audit and assurance engagements.

Any differences between the various engagement types will complicate the application of IAASB standards and will not facilitate appropriate application in a practical manner of the standards due to misunderstandings of the terms in the different engagements. Consistency between standards should therefore be the key driver when setting new standards.

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<sup>3</sup> ISA 805 Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement

Also, we note that requirements addressing common aspects of limited and reasonable assurance engagements are not consistent in the various exposure drafts recently issued. We would urge the IAASB to review these standards to ensure common terminology is applied, where appropriate. In this context, we also refer to our comment letter on the proposed ISRE 2400<sup>4</sup> in which we suggested certain changes in relation to various matters including, but not limited to the understanding to be obtained by the practitioner, trigger points for the work effort, additional procedures in response to work performed and the wording of the practitioner's report. As such issues equally apply in the context of limited assurance engagements, FEE supports consistency in their treatment.

**Question 1 Do respondents believe that the nature and extent of requirements in proposed ISAE 3000 would enable consistent high quality assurance engagements while being sufficiently flexible given the broad range of engagements to which proposed ISAE 3000 will apply?**

Standalone standard

The standard will apply to a broad range of engagements and should act as a standalone overarching standard for all engagements. Any subject-specific standards should merely set the additional requirements and guidance that will be relevant for that particular engagement. Therefore, duplication of requirements should be avoided. More guidance could be added in the application material clearly explaining the relationship between ISAE 3000 as an umbrella standard and the subject-specific standards, as further discussed in our response to Question 2 below.

ISQC 1 and ethical requirements

As mentioned above, consistency in the structure of the various IAASB pronouncements facilitates their application as it eliminates the risk of practitioners having to question whether there are differences in the application of these matters in different engagements due to the differences in the standard setting. In respect of the applicability of and requirements for compliance with ISQC 1 there seems to be a different approach taken in the various standards. For example, paragraphs 4 and 24 of the proposed ISRE 2400 on review engagements explicitly state the responsibility of the engagement partner for compliance with the firm's quality control procedures for each individual engagement whilst this is not included as a requirement in ISAE 3000.

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<http://www.fee.be/fileupload/upload/Gunn%20110520%20ISRE%202400%20Engagements%20to%20Review%20Historical%20Financial%20Statements2452011521741.pdf>

We also suggest including an explicit requirement for compliance with ISQC 1<sup>5</sup> in the beginning of the standard in line with the approach taken in the IAASB standards for audit and review engagements<sup>6</sup>. This will highlight in the beginning of the standard that compliance with ISQC 1 is the responsibility of the audit firm.

### Materiality

The assurance standard only contains a short paragraph on materiality with some application material. It seems appropriate to include more application material regarding materiality, as considerations regarding materiality in assurance engagements should be the same as for audit and review engagements, especially in relation to performance materiality for reasonable assurance engagements.

As a number of assurance engagements deal with non-financial and qualitative information, requirements and application material regarding materiality for such information should be included in addition to the reference to the practitioner's considerations regarding qualitative and quantitative factors in paragraphs A87-A88.

### Documentation

The exposure draft does not address documentation of the planning. More should be added with regard to documentation of the planning in paragraphs 69-70, for instance by including a few additional points inspired by paragraph 12 of ISA 300<sup>7</sup> and noting any differences that should be apparent in the documentation between reasonable and limited assurance engagements.

### **Question 2 With respect to levels of assurance:**

**(a) Does proposed ISAE 3000 properly define, and explain the difference between, reasonable assurance engagements and limited assurance engagements?**

The proposed standard 3410<sup>8</sup> is structured differently than the proposed ISAE 3000 as it contains comparative tables for limited and reasonable assurance in the requirements section. Also, the order of the topics covered in the standards and the structure of the paragraphs in the two standards are different. FEE strongly encourages the IAASB to align the order and the structure of the umbrella standard in ISAE 3000 with ISAE 3410 and believes that the tabular format is the best way to show differentiation between limited and reasonable assurance.

Although a similar paragraph is included in ISA 200<sup>9</sup>, the IAASB should consider whether paragraph 7 stating the actions needed if no opinion can be drawn is actually part of the objective or whether it is merely a requirement to be included in the requirements section under the report (paragraphs 60 and seq.).

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<sup>5</sup> ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements.

<sup>6</sup> As for instance in the ISRE 2400 Review Engagements, paragraph 4 and in ISA 220 Quality Control for an Audit of Financial Statements, paragraph 2.

<sup>7</sup> ISA 300 Planning an Audit of Financial Statements

<sup>8</sup> ISAE 3410 Assurance on Greenhouse Gas Statements

<sup>9</sup> ISA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in accordance with International Standards on Auditing, paragraph 12

It would be beneficial to have examples of assurance procedures for reasonable and limited assurance in addition to what is already included in paragraph A92 with regard to obtaining an understanding. This is to some extent included in the exposure draft for ISAE 3410, especially for reasonable assurance. Also, test of detail could be added to the considerations on understanding in paragraph A92. In this context, we note that paragraph 42 (a) on procedures for limited assurance is not consistent with the equivalent paragraph in ISAE 3410. Consistency between the standards should be ensured.

FEE recommends that the words “may be” in paragraph 42 (c) are replaced by “are likely to” which would lead to a higher and more appropriate level for when additional procedures in limited assurance engagements are to be performed. This would ensure that the threshold for the trigger point for additional procedures is not set at too low a level.

As noted in our comment letter on ISAE 3410, we believe that the key principles of parts of the requirements currently included in ISAE 3410 are more appropriately placed in ISAE 3000 as they are generic to assurance engagements with the specific requirements relevant for the subject specific engagement included in the standard for assurance engagements on greenhouse gas statements. The areas where key principles should be included (and not duplicated in the subject specific standards) are:

- Reference to ISQC 1;
- Ethical Requirements;
- Acceptance and Continuance;
- Parts of Planning;
- Parts of Obtaining an Understanding;
- Use of an Expert (currently correctly not included in ISAE 3410);
- Use of the Work of Component Practitioners;
- Written Representations;
- Documentation.

Requirements specific to the engagement and the subject matter for each of these areas should be included in each of the subject-specific standards with clear references to the relevant paragraphs in ISAE 3000.

With regard to reporting, the basic structure of the assurance reports should be clear from the requirements in ISAE 3000. Subject-specific standards should be fully aligned with the requirements for assurance reports in ISAE 3000, for instance with the requirements for assurance reports on greenhouse gas statements in ISAE 3410. This will make it clear which ISAE 3000 requirements, if any, are applicable when issuing a report on an engagement under the subject-specific standard.

As discussed above, this is due to the crucial need for consistency between ISAE 3000 and the subject-specific standards to ensure that conflicts between requirements in the umbrella standard and the subject-specific standard will not arise.



Evaluation of the applicable criteria in paragraph 55 should also include a requirement for the appropriate action, if the practitioner concludes that the subject matter information does not adequately refer to the applicable criteria.

**(b) Are the requirements and other material in proposed ISAE 3000 appropriate to both reasonable assurance engagements and limited assurance engagements?**

ISAE 3000 should also include an explicit requirement under the Planning section for the practitioner to consider when it will be appropriate to use the work of an expert in addition to the requirement of reviewing the work done by an expert.

It should be possible for the practitioner to withdraw from the engagement when not prohibited by law or regulation, which does not seem to be addressed in the exposure draft.

**(c) Should the proposed ISAE 3000 require, for limited assurance, the practitioner to obtain an understanding of internal control over the preparation of the subject matter information when relevant to the underlying subject matter and other engagement circumstances?**

No, FEE does not find it appropriate to require the practitioner to obtain an understanding of internal control (as described in the question) in a limited assurance engagement performed under ISAE 3000. It is sufficient that the practitioner obtains an understanding of the subject matter as proposed in paragraph 37.

**Question 3 With respect to attestation and direct engagements:**

**(a) Do respondents agree with the proposed changes in terminology from “assurance-based engagements” to “attestation engagements” as well as those from “direct-reporting engagements” to “direct engagements”?**

The change in terminology does not appear to cause any concerns in respect of the application of the standard in practice. For linguistic reasons, the change from “assurance” to “attestation” may be impractical, as it may be difficult to distinguish between the terms in other languages.

**(b) Does proposed ISAE 3000 properly define, and explain the difference between, direct engagements and attestation engagements?**

We note that the definitions distinguish between direct and attestation engagements. However, we believe that a clearer description of the differences between direct and attestation engagements is required in the exposure draft. A cross-reference between paragraph A3 and the Appendix should be included as it would more clearly underline the differences between the two engagements, and it would give more prominence to the helpful guidance included in this appendix.

A clearer differentiation between the two types of engagements would aid the readers, and as mentioned above under our general comments, paragraphs 12-15 and 83 of the proposed Assurance Framework would be more appropriately placed in ISAE 3000 to display the

differences between the two. This could be done in a tabular format similar to paragraph 83 of the proposed Assurance Framework. The description of the differences should clearly identify:

- Why is there a need to distinguish between the two engagements?
- What are the differences between direct and attestation engagements for reasonable assurance and limited assurance, respectively?
- What are the differences between direct and attestation engagements in:
  - Requirements for obtaining evidence?
  - Procedures for performing the engagement?
  - Reporting?

More examples as to which kind of engagements are to be categorised as direct engagements and which are to be attestation engagements would also help. In particular, guidance and some examples should point out how independence and objectivity is ensured in direct engagements, in addition to the application material on independence already included in paragraphs A6 and A28-A32.

Reference is also made to our response to Question 5 below with regarding to a clearer differentiation in the reporting between attestation and direct engagements.

**(c) Are the objectives, requirements and other material in the proposed ISAE 3000 appropriate to both direct engagements and attestation engagements? In particular:**

**(i) In a direct engagement when the practitioner's conclusion is the subject matter information, do respondents believe that the practitioner's objective in paragraph 6(a) (that is, to obtain either reasonable assurance or limited assurance about whether the subject matter information is free of material misstatement) is appropriate in light of the definition of a misstatement (see paragraph 8(n))?**

The definition of "*misstatement*" in paragraph 8 (n) uses the terminology "*...intentional or unintentional*". The usual terminology is "*error and fraud*" with regard to audits, and it does not seem necessary to create an inconsistency in this terminology between audit engagements and assurance engagements.

**(ii) In some direct engagements the practitioner may select or develop the applicable criteria. Do respondents believe the requirements and guidance in proposed ISAE 3000 appropriately address such circumstances?**

FEE suggests to add more application material to cover this situation, as it could be made clearer how this form of practitioner involvement would impact on the requirements of paragraphs 20 (b) (ii) and 55.

**Question 4 With respect to describing the practitioner's procedures in the assurance report:**

**(a) Is the requirement to include a summary of the work performed as the basis for the practitioner's conclusion appropriate?**

Including a summary of procedures in the limited assurance report could give the impression to the user that more work is done in limited assurance engagements compared to reasonable assurance engagements. To mitigate this perception, a summary of procedures performed in the individual engagement should equally be included in the reasonable assurance report without adding unduly to the volume of the report. FEE notes that given the diversity of subject matters and thus procedures likely to be performed in a reasonable and limited assurance engagement, it may not be feasible to include a standardised text applicable to all assurance engagements performed under ISAE 3000, regardless of the level of assurance given. Instead, a descriptive explanation could be given in the application material.

**(b) Is the requirement, in the case of limited assurance engagements, to state that the practitioner's procedures are more limited than for a reasonable assurance engagement and consequently they do not enable the practitioner to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement, appropriate?**

Paragraph 60 (k) requires that, in case of a limited assurance engagement, the report should include a statement that *"... In a limited assurance engagement the summary of the work performed shall state that the practitioner's procedures are more limited than for a reasonable assurance engagement, and consequently they do not enable the practitioner to obtain the assurance necessary to become aware of all significant matters that might be identified in a reasonable assurance engagement"*.

To facilitate provisions that may be in national laws or regulations in particular jurisdictions, FEE suggests that the IAASB considers changing this requirement to be an option similar to examples that refer to national laws and regulations included in ISAs for instance as set forth in paragraph A73 of ISA 200 by including the phrase *"...unless prohibited by law or regulation ..."* before *"... the summary of the work performed ..."* in paragraph 60 (k). Additional application material could preferably explain how this option would be applied in case of hybrid engagements where reasonable assurance and limited assurance will be provided in the same assurance report. These proposed changes would result in a review report where the practitioner explains the content of the work carried out instead of referring to the extent of work that has not been carried out.

**(c) Should further requirements or guidance be included regarding the level of detail needed for the summary of the practitioner's procedures in a limited assurance engagement?**

FEE does not see a need to include any further requirements or guidance in this regard.

**Question 5 Do respondents believe that the form of the practitioner’s conclusion in a limited assurance engagement (that is, —based on the procedures performed, nothing has come to the practitioner’s attention to cause the practitioner to believe the subject matter information is materially misstated) communicates adequately the assurance obtained by the practitioner?**

#### Example assurance reports

Although not included in the current standard or in the exposure draft, the IAASB is encouraged to include skeleton example assurance reports in appendices to the final standard, in particular to illustrate the wording of the opinion in attestation and direct assurance engagements. This would be very helpful to practitioners given the variety of engagements that will be performed under this standard and will therefore, to a great extent, facilitate consistent application of the standard.

Examples of the following skeleton assurance reports would be helpful:

- Reasonable assurance attestation engagement;
- Limited assurance attestation engagement;
- Reasonable assurance direct engagement;
- Limited assurance direct engagement.

The requirements for the assurance reports in paragraph 60 do not differentiate between attestation and direct engagements. However, the definitions in paragraph 8 indicate that there will be a difference between the two types. Therefore, this should be reflected in paragraph 60.

#### Wording of the limited assurance opinion

Reporting will be crucial when considering the future role of the auditor, especially given the current discussions on this issue in the EU as a result of the recent consultation on audit policy initiated by the European Commission<sup>10</sup>. The current IAASB project on audit reports addresses this point with its focus on users’ perceptions on the audit report. These considerations are equally important for limited assurance reports as such reports will be issued in the future in increasing numbers than is currently the case and also more frequent than reasonable assurance reports on greenhouse gas statements. Considerations regarding limited assurance reports in general could therefore be addressed in the current project on audit reports to ensure consistency throughout the IAASB standards.

FEE recognises that the general concept of a negative opinion, regardless of the wording, may be difficult to understand in practice and may not contribute, in the interest of the users, to close the expectation gap that already exists. In addition, linguistic issues should be carefully considered, as the double negative in the opinion makes it difficult to understand in a number of languages other than English. However, FEE realises that the negative opinion probably best conveys the level of assurance that is being given. However, the specific wording of the opinion should be simple, clear and to the extent possible, use non-technical language.

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<sup>10</sup> European Commission Green Paper on Audit Policy: Lessons from the Crisis  
[http://ec.europa.eu/internal\\_market/consultations/docs/2010/audit/green\\_paper\\_audit\\_en.pdf](http://ec.europa.eu/internal_market/consultations/docs/2010/audit/green_paper_audit_en.pdf)

Additionally, adverse opinions or disclaimers of opinion are difficult to make understandable in a negative opinion as proposed, given the need for double negatives. This can be very difficult to understand for a non-audit technical user of the assurance report, in English and in other languages.

Therefore, to generally avoid the double negative in the review opinion and to address the problem of adverse opinions or disclaimers of opinion, FEE proposes simplification of the wording of the opinion, which could be done in one of the following ways:

- *“Based on the procedures performed, we are not aware of any material amendments that should be made to the financial statements in order for them to be in accordance with the applicable financial reporting framework.”* or
- *“Based on the procedures performed, nothing has come to our attention that causes us to believe that the financial statements require material amendment in order for them to be in accordance with the applicable financial reporting framework”.*

#### “Opinion” or “Conclusion”

The exposure draft appears to favour the use of the term “Conclusion” for all assurance reports, regardless of whether it is a report on reasonable assurance or limited assurance. FEE is of the view that the report should have an “Opinion” and not a “Conclusion” in line with the common terminology for audit reports. The difference between the two terms could in practice be too subtle, even in English, and does not seem to meet the purpose of distinguishing between a review and an audit in the way it is intended. Also, for linguistic purposes, the subtle difference between the two terms is quite difficult to translate, as a number of other languages do not have two words that can clearly display the intended difference. This point applies all through the standard.

#### Reference to experts

Paragraph 61 allows a reference to “*work of an expert*” to be included in the report. FEE considers such a reference in assurance reports inappropriate, unless required by law or regulation, as engagement teams often will consist of professionals with other skills than the practitioner, and as the practitioner accepts sole responsibility, there is no need to highlight the composition of the engagement team in the report. This is inconsistent with the approach used for audit engagements in accordance with ISA 620<sup>11</sup>. FEE recommends that paragraph 61 is deleted, as it refers to the responsibility of the engagement partner and it would be more appropriately placed in paragraph 45 by adding a reference to sole responsibility of the engagement partner when work is performed by an expert, as discussed also under our response to Question 2 (b) above.

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<sup>11</sup> ISA 620 Using the Work of an Auditor’s Expert

### “Measurer or evaluator” – paragraph 67

Paragraph 67 states that *“In those cases where the practitioner’s unqualified conclusion would be worded in terms of a statement made by the measurer or evaluator, and that statement has identified and properly described that the subject matter information is materially misstated, the practitioner shall either:*

- a) *express a qualified or adverse conclusion worded in terms of the underlying subject matter and the criteria, or*
- b) *if specifically required by the terms of the engagement to word the conclusion in terms of statement made by the measurer or evaluator, express an unqualified conclusion, but emphasise the matter by specifically referring to it in the assurance report”.*

It is noted in paragraphs A3-A4 that the practitioner is not the “*measurer or evaluator*” in attestation engagements, whilst this is the case in direct engagements. However, it is not clear who the “*measurer or evaluator*” is in case of attestation engagements as there is no definition for the term “measurer or evaluator”.

The concepts being described in paragraph 67 are not easy to understand and, therefore, application material to paragraph 67 could be added to clearly explain the context.

### Reference to ISQC 1 and ethical requirements in the assurance report

Paragraph 60 (i) requires that the assurance report includes “...*a statement that the firm of which the practitioner is a member applies ISQC 1 or equivalent...*” Furthermore, paragraph 60 (j) requires inclusion of “... *a statement that the practitioner complies with the independence and other ethical requirements of the IESBA Code, or other professional requirements...*”. Such statements are not normally included in audit or review reports and are not proposed to be included in assurance reports on greenhouse gas statements.

Paragraph 60 (h) requires the general statement of compliance with ISAE 3000 as a whole which encompasses compliance with ethical and quality control requirements, as stated in the proposed paragraphs 16 and 27. Additional explicit references to ethical requirements and ISQC 1 will therefore be duplicative and is counterintuitive as it does not seem justified that assurance reports under ISAE 3000 should differ on these matters from audit reports and from review reports. Also combined with the inclusion of the usual title of the assurance report of “*Independent Practitioner’s Report*” as well as for consistency with other IAASB pronouncements, FEE recommends that the IAASB considers whether paragraphs 60 (i) and (j) are needed.

### Emphasis of Matter paragraph and Other Matter paragraphs

Although the exposure draft addresses modified reports, it only sets requirements for qualifications. It would be appropriate to also include the possibility for emphasis of matter paragraphs in the report. Not including such requirements could be interpreted as it would not be possible to include emphasis of matter paragraphs, especially when considering the relationship between ISAE 3000 and ISAE 3410 on greenhouse gas statements, where the exposure draft for

ISAE 3410 includes such requirements on emphasis of matter paragraphs and other matter paragraphs.

**Question 6 With respect to those applying the standard:**

**(a) Do respondents agree with the approach taken in proposed ISAE 3000 regarding application of the standard by competent practitioners other than professional accountants in public practice?**

It is in the public interest that the standard allows for all competent persons to undertake this type of assurance engagement, regardless of whether or not they are in public practice. FEE agrees that anyone applying the standard should fully comply with the standard. We believe that the requirements in paragraphs 10, 13, 16 and 27 fully cover this with the specific references to ethical and quality control requirements. However, as mentioned in our answer to Question 1, it is important that there is consistency in the standards on the approach to the ethical and quality control standards.

**(b) Do respondents agree with proposed definition of “practitioner”?**

The proposed definition of “*practitioner*” differs significantly from the definition applicable in ISAs where the term “*practitioner*” is defined as “*a professional accountant in public practice*”. The proposed definition in ISAE 3000 also includes “... *other members of the engagement team, or, as applicable, the firm*” as well as references to the role of the practitioner in direct engagements. As the standard is intended to be used by professional accountants in public practice as well as practitioners not in public practice, using the term “*practitioner*” as defined in ISAE 3000 does not seem to fully explain this. It is also confusing that it is defined differently in ISAs.

As mentioned above, FEE encourages the IAASB to align the definition of the term in its various pronouncements and not to have numerous definitions of the same term. The proposed definition of “*practitioner*” indicating that a “*practitioner*” can be more than one person appears counterintuitive. It would, in our view, be more understandable in practice if “*practitioner*”, in line with what is the case for audit engagements, is restricted to only being “*a professional accountant in public practice*” and instead another term is used in ISAE 3000 to cover professional accountants in public practice as well as those not in public practice.

Also, it may be more appropriate to split up the definition in two parts, such as one definition applies to attestation engagements with a second part relevant for direct engagements. This will entail that the definition is concise and clearly understandable and will also highlight the separate responsibility in direct engagements.

The standard should clarify what is to be understood as the difference between “*engagement partner*” and the new term equivalent of the currently used “*practitioner*”. As drafted it is not apparent what the difference between the two terms is, if any. This is apparent when comparing paragraphs 17, 18 and 19 regarding acceptance and when comparing the respective responsibilities for the engagement partner and the practitioner regarding the engagement in paragraphs 20 and 28.

### **Comments on Other Matters**

***Effective Date***—The IAASB believes that an appropriate effective date for the final ISAE 3000 would be 12–15 months after approval of the final standard but with earlier application permitted. The IAASB welcomes comment on whether this would provide a sufficient period to support effective implementation of the ISAE.

When issued, ISAE 3410 should be fully aligned with the new ISAE 3000 and the two standards should be issued simultaneously with the same effective dates. It would be more efficient to have the new ISAE 3410 aligned with the new ISAE 3000 to avoid amending, translating and implementing an updated version of ISAE 3410 following the finalisation of ISAE 3000.