The overarching assurance standard

MODULE 5 | 5.3.1 | STUDENT COMPANION

ISAE 3000 (Revised), and **ASAE 3000** in Australia, cover assurance engagements other than audits or reviews of historical financial information, and now other than sustainability assurance, either alone or with a subject-specific standard. Before accepting, the practitioner checks the **conditions for acceptance**, including what the standard calls the **preconditions**. The work then depends on the **level of assurance**, and the written report gives a clear conclusion, with a fuller description of the work when the assurance is limited.

The umbrella standard and its family

The umbrella: ISAE 3000 (Revised), and ASAE 3000 in Australia
Assurance engagements other than audits or reviews of historical financial information, now excluding sustainability assurance. Used alone, or with a subject-specific standard that adds requirements

International subject-specific standards

ISAE 3402	ISAE 3400	ISAE 3420
Controls at a service organisation	Prospective financial information	Pro forma information in a prospectus

Australian subject-specific standards

ASAE 3100	ASAE 3150	ASAE 3450	ASAE 3500	ASAE 3610 / AWAS 2
Compliance engagements	Engagements on controls	Fundraisings and prospective information	Performance engagements	Water accounting reports

Sustainability assurance now has its own standards
ASSA 5000 in Australia since 2025; ISSA 5000 internationally for periods beginning on or after 15 December 2026, replacing the greenhouse gas standard, ISAE 3410

Whatever the subject, the five elements from Module One still apply
Three parties | an appropriate subject matter | suitable criteria | sufficient appropriate evidence | a written report

Umbrella plus specific standard. A compliance engagement, for example, follows ASAE 3100 for the matters particular to compliance and ASAE 3000 for everything else. **Sustainability assurance**, including greenhouse gas emissions, has moved to standards of its own: ASSA 5000 in Australia since 2025, and ISSA 5000 internationally for periods beginning on or after 15 December 2026, when it replaces ISAE 3410. The next lesson covers them.

Not only for accountants. A practitioner who isn't a professional accountant, such as an engineer or an environmental scientist, can perform an engagement under the standard, provided it meets ethical and quality management requirements at least as demanding as those for accountants and says so in its report.

Before accepting: conditions for acceptance

About the practitioner

Ethics, including independence
The engagement partner is satisfied the team will meet the relevant ethical requirements

Quality management
The firm applies the quality management standards, or requirements at least as demanding

Competence
Together, the team has assurance skills and subject knowledge, with experts where needed

What the standard calls the preconditions

Suitable roles
The parties' roles and responsibilities are suitable

Appropriate subject matter
Something that can be identified and measured or evaluated

Suitable criteria
Available to the intended users

Access to evidence
The practitioner expects it can get the evidence it needs

A written report
Containing a conclusion in a form that suits the level of assurance

A rational purpose
Including assurance that is meaningful to users

Scope so restricted the assurance wouldn't be meaningful? Don't accept
For example, management wants assurance only on the parts of a report that are easy to support

Two kinds of condition. Some conditions concern the practitioner: the team must meet the relevant ethical requirements, including independence, and be competent, and the firm must apply quality management standards, or requirements at least as demanding. The **preconditions** concern the engagement: suitable roles, an appropriate subject matter, suitable criteria, access to evidence, a written report and a rational purpose. If management wants assurance only on the parts of a report that are easy to support, the assurance wouldn't be meaningful, so the practitioner shouldn't accept.

Applying it: Swellcraft's delivery claim (imagined)

Element	Swellcraft
Subject matter information	The claim on its website that 95% of its custom boards are delivered within four weeks of the order; limited assurance requested
Underlying subject matter	The company's order fulfilment
Criteria	Swellcraft's definitions of a custom order, a delivery and the four weeks, and its method for calculating the percentage, disclosed alongside the claim
Intended users	Customers, retailers and investors
Evidence	Order records showing when each custom board was ordered; workshop and dispatch records; courier delivery confirmations; the calculation itself; tracing a sample of orders from order to delivery
Materiality	Size and nature: a 95% claim that is really 88% might matter to customers choosing Swellcraft for its speed

How the work differs with the level of assurance

Reasonable assurance	Limited assurance
• Understands the subject matter and the engagement circumstances, including the relevant controls • Identifies and assesses the risks of material misstatement • Designs and performs procedures that respond to those risks • Concludes in a positive form: 'In our opinion...'	• Understands enough to identify the areas where a material misstatement is likely to arise • Designs procedures focused on those areas; they are more limited • If a matter suggests a material misstatement, does more until it can conclude • Concludes in a negative form: 'nothing has come to our attention...'

At both levels

Written representations | events after the period | the work of experts, under requirements much like those in the auditing standards

What the assurance report contains

The report must be written and must give a clear conclusion. It contains a title and an addressee; the **level of assurance**; the subject matter information and the underlying subject matter; the criteria; any significant inherent limitations; a **warning if the criteria were designed for a specific purpose**; the responsibilities of the responsible party and of the practitioner; a statement that the engagement followed the standard; statements on independence and quality management; a **summary of the work**, which for limited assurance must show users what the conclusion rests on; the conclusion; and the signature, date and location. A material misstatement, or a lack of evidence, leads to a **qualified** or **adverse** conclusion, or a **disclaimer**.

Practice questions

MODULE 5 | 5.3.1 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Can the practitioner accept each request?

Request (all imagined)	Met?	Which conditions fail, or why they are met
(a) Marigold Tea Co wants reasonable assurance on its claim to be 'Australia's favourite tea'; there is no survey or definition behind it		
(b) Thornbill Telecom wants limited assurance that it resolved 92% of complaints within ten business days under the industry code; your firm designed its complaints system and prepares its monthly reports		
(c) Messmate Timber Mills wants limited assurance, for its builder customers, that every batch of structural timber it sold last year passed the strength tests in a published industry standard; it keeps test records		

Question 2 - Plan the evidence for a gate-entry claim

Sandstone Park Stadium Ltd (imagined) runs a 40,000-seat stadium that hosts football, cricket and concerts. Its website claims that 90% of fans pass through its gates within fifteen minutes of arriving, and it wants assurance on the claim for the year to 30 June 2026. Scanners at every gate record when each ticket is scanned. Counters at the main gates record when fans join a queue; at the other gates, staff note arrival times for a sample of fans. Plan the evidence the practitioner would need.

Question 3 - Draft the conclusion at both levels

Draft the conclusion paragraph of the assurance report on Sandstone Park's claim, first for a reasonable assurance engagement and then for a limited assurance engagement. Assume the criteria are set out in the basis of preparation published with the claim.

Worked answers

MODULE 5 | 5.3.1 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - The conditions for acceptance

Request	Met?	Why
(a) Marigold Tea	No	No suitable criteria: 'favourite' isn't defined and can't be measured consistently, so there is no appropriate subject matter and no evidence to gather. A slogan isn't a rational purpose for assurance. Decline unless Marigold makes a measurable claim, such as one based on an independent survey with a disclosed method
(b) Thornbill Telecom	No, for your firm	The preconditions exist (subject matter, criteria in the industry code, evidence), but the ethical condition for acceptance fails: your firm would be assuring a system it designed and reports it prepares, a self-review threat that also puts it in management's shoes. Your firm should decline; an independent firm could accept
(c) Messmate Timber	Yes	An identifiable subject matter (the timber batches sold and their test results); suitable, published criteria available to users (the industry standard); evidence (test and grading records, calibration of the testing equipment, sales records); clear users and a rational purpose. The team needs timber-testing knowledge, or an expert

Question 2 - Sandstone Park's gate-entry claim (sample plan)

Area	Evidence
Criteria first	What counts as arriving: joining a queue, entering the precinct, or getting off the train? Is passing through the gates the ticket scan? Which events, gates and fans are in (members, staff, guests)? Is the 90% worked out over all fans in the year, or event by event? Check that the criteria are disclosed with the claim
Gate times	Scanner timestamps for every entry. Test that the scan logs are complete (scans agree with attendance; manual or ticketless entries are identified) and that scanner clocks match the queue counters' clocks
Arrival times	Queue-counter data, and how each arrival is matched to a scan; test the counters' accuracy by observing at an event. For sampled gates: the sampling method, the staff's records, and whether samples cover the busiest times
Event sampling	Choose events across types (football, cricket, concerts), crowd sizes and start times, including the biggest crowds; attend some to watch the queues and time a sample of fans
Calculation and analytics	Recalculate the 90% from the underlying data; check that any events or gates left out are allowed by the criteria; compare waiting times by gate, crowd size and month, and follow up missing data and outliers
Other	Enquire of operations staff; compare with complaints about queues and with gate staffing; obtain written representations. Materiality: a true figure of, say, 82% could mislead fans

Question 3 - Sandstone Park's conclusion (sample answer)

Reasonable assurance: 'In our opinion, Sandstone Park Stadium Ltd's statement that 90% of fans passed through its gates within fifteen minutes of arriving in the year ended 30 June 2026 is prepared, in all material respects, in accordance with the criteria set out in the basis of preparation.'

Limited assurance: 'Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Sandstone Park Stadium Ltd's statement that 90% of fans passed through its gates within fifteen minutes of arriving in the year ended 30 June 2026 is not prepared, in all material respects, in accordance with the criteria set out in the basis of preparation.'

- **Positive versus negative form:** the opinion says the claim is right in all material respects; the limited conclusion says only that nothing found suggests it is wrong.
- **The rest of the report changes too:** it states the level of assurance; for limited assurance, the summary of work is more detailed, and the report explains that the procedures were less extensive, and the assurance lower, than for a reasonable assurance engagement.