

CONFORMING AMENDMENTS TO OTHER SLSAEs

Note: The following are conforming amendments to other SLSAEs as a result of SLSAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. These amendments are effective for assurance engagements where the assurance report is dated on or after 31 March 2018. The footnote numbers within these amendments do not align with the SLSAEs that will be amended, and reference should be made to those SLSAEs. Changes may also be necessary to the Table of Contents of these SLSAEs due to changes in headings referred therein.

SLSAE 3402, *Assurance Reports on Controls at a Service Organization*

Introduction

Scope of this SLSAE

1. This Sri Lanka Standard on Assurance Engagements (SLSAE) deals with assurance engagements undertaken by a ~~professional accountant in public practice~~practitioner¹² to provide a report for use by user entities and their auditors on the controls at a service organization that provides a service to user entities that is likely to be relevant to user entities' internal control as it relates to financial reporting. It complements SLAuS 402,³ in that reports prepared in accordance with this SLSAE are capable of providing appropriate evidence under SLAuS 402. (Ref: Para. A1)
2. The *Sri Lanka Framework for Assurance Engagements* (the Assurance Framework) states that an assurance engagement may be a "reasonable assurance" engagement or a "limited assurance" engagement and; that an assurance engagement may be either an ~~"assertion-based" attestation~~ engagement or a ~~"direct reporting"~~ engagement; ~~and, that the assurance conclusion for an assertion-based engagement can be worded either in terms of the responsible party's assertion or directly in terms of the subject matter and the criteria.~~⁴ This SLSAE only deals with reasonable assurance attestationassertion-based engagements ~~that convey reasonable assurance, with the assurance conclusion worded directly in terms of the subject matter and the criteria.~~⁵

¹ SLSAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, paragraph 12(r)

² The *Code of Ethics for Professional Accountants* (CA Sri Lanka Code), issued by the Institute of Chartered Accountants of Sri Lanka, defines a professional accountant as "an individual who is a member of the Institute of Chartered Accountants of Sri Lanka," and a professional accountant in public practice as "a professional accountant, irrespective of functional classification (for example, audit, tax or consulting) in a firm that provides professional services. This term is also used to refer to a firm of professional accountants in public practice."

³ SLAuS 402, *Audit Considerations Relating to an Entity Using a Service Organization*

⁴ Assurance Framework, paragraphs 10, 11 and 57SLSAE 3000 (Revised), paragraph 12

⁵ Paragraphs 13 and 53(k) of this SLSAE

3. This SLSAE applies only when the service organization is responsible for, or otherwise able to make ~~an assertion statement~~ about, the suitable design of controls. This SLSAE does not deal with assurance engagements:
 - (a) To report only on whether controls at a service organization operated as described, or
 - (b) To report on controls at a service organization other than those related to a service that is likely to be relevant to user entities' internal control as it relates to financial reporting (for example, controls that affect user entities' production or quality control).

This SLSAE, however, provides some guidance for such engagements carried out under SLSAE 3000 (Revised).⁶(Ref: Para. A2)

...

Relationship with SLSAE 3000 (Revised), Other Professional Pronouncements and Other Requirements

5. The service auditor is required to comply with SLSAE 3000 (Revised) and this SLAuS when performing assurance engagements on controls at a service organization. The performance of assurance engagements other than audits or reviews of historical financial information requires the service auditor to comply with SLSAE 3000. SLSAE 3000 includes requirements in relation to such topics as engagement acceptance, planning, evidence, and documentation that apply to all assurance engagements, including engagements in accordance with this SLSAE. This SLSAE supplements, but does not replace, SLSAE 3000 (Revised), and expands on how SLSAE 3000 (Revised) is to be applied in a reasonable assurance engagement to report on controls at a service organization. The Assurance Framework, which defines and describes the elements and objectives of an assurance engagement, provides the context for understanding this SLSAE and SLSAE 3000.
6. Compliance with SLSAE 3000 (Revised) requires, among other things, compliance with Parts A and B of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding that the service auditor comply with the Institute of Chartered Accountants of Sri Lanka' Code of Ethics for Professional Accountants (CA Sri Lanka Code), and implement quality control procedures that are

⁶ SLSAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

~~applicable to the individual engagement.~~⁷ It also requires the engagement partner to be a member of a firm that applies SLSQC 1,⁸ or other professional requirements, or requirements in law or regulation, that are at least as demanding as SLSQC 1.

...

Definitions

9. For purposes of this SLSAE, the following terms have the meanings attributed below:

...

- (f) Criteria – Benchmarks used to evaluate or measure ~~a the underlying subject matter including, where relevant, benchmarks for presentation and disclosure.~~ The “applicable criteria” are the criteria used for the particular engagement.

...

- (h) Internal audit function – ~~An appraisal activity established or provided as a service to the service organization. Its functions include, amongst other things, examining, evaluating and monitoring the adequacy and effectiveness of internal control.~~ 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.

...

- (j) Report on the description and design of controls at a service organization (referred to in this SLSAE as a “type 1 report”) – A report that comprises:

- (i) ...

- (ii) A written ~~assertion statement~~ by the service organization that, in all material respects, and based on suitable criteria:

- a. ...

- b. ...

- (iii) A service auditor’s assurance report that conveys a reasonable assurance conclusion about the matters in (ii)a.–b. above.

⁷ SLSAE 3000 (Revised), paragraphs 3(a), 20 and 24-34

⁸ SLSAE 3000 (Revised), paragraphs 3(b) and 31(a). Sri Lanka Standard on Quality Control (SLSQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements

- (k) Report on the description, design and operating effectiveness of controls at a service organization (referred to in this SLSAE as a “type 2 report”) – A report that comprises:
 - (i) ...
 - (ii) A written ~~assertion statement~~ by the service organization that, in all material respects, and based on suitable criteria:
 - a. ...
 - b. ...
 - c. ...
 - (iii) A service auditor’s assurance report that:
 - a. Conveys a reasonable assurance conclusion about the matters in (ii)a.–c. above; and
 - b. ...
- (l) Service auditor – A ~~professional accountant in public practice~~practitioner who, at the request of the service organization, provides an assurance report on controls at a service organization.
...
- (n) Service organization’s ~~assertion~~statement – The written ~~assertion statement~~ about the matters referred to in paragraph 9(k)(ii) (or paragraph 9(j)(ii) in the case of a type 1 report).
...

Requirements

SLSAE 3000 (Revised)

- 10. The service auditor shall not represent compliance with this SLSAE unless the service auditor has complied with the requirements of this SLSAE and SLSAE 3000 (Revised).

Ethical Requirements

11. The service auditor shall comply with Parts A and B of the CA Sri Lanka Code ethical requirements, including those pertaining to independence, relating to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding. (Ref: Para. A5)

...

Acceptance and Continuance

13. Before agreeing to accept, or continue, an engagement the service auditor shall:
- (a) Determine whether:
 - (i) ...
 - (ii) The criteria the practitioner expects to be applied by the service organization to prepare the description of its system will be ~~are~~ suitable and will be available to user entities and their auditors; and
 - (iii) ...
 - (b) Obtain the agreement of the service organization that it acknowledges and understands its responsibility:
 - (i) For the preparation of the description of its system, and accompanying service organization's ~~assertion statement~~, including the completeness, accuracy and method of presentation of that description and ~~assertion statement~~; (Ref: Para. A8)
 - (ii) To have a reasonable basis for the service organization's ~~statement assertion~~ accompanying the description of its system; (Ref: Para. A9)
 - (ii) For stating in the service organization's ~~statement assertion~~ the criteria it used to prepare the description of its system;
 - (iv) ...
 - (v) To provide the service auditor with:
 - a. Access to all information, such as records, documentation and other matters, including service level agreements, of which the

service organization is aware that is relevant to the description of the service organization's system and the accompanying service organization's statement~~assertion~~;

b. ...

c. ...

...

Assessing~~Determining~~ the Suitability of the Criteria

15. ~~As required by SLSAE 3000, (~~The service auditor shall ~~assess~~determine whether the service organization has used suitable criteria in preparing the description of its system, in evaluating whether controls are suitably designed, and, in the case of a type 2 report, in evaluating whether controls are operating effectively.⁹

16. In ~~assessing~~determining the suitability of the criteria to evaluate the service organization's description of its system, the service auditor shall determine if the criteria encompass, at a minimum:

(a) – (c) ...

17. In ~~assess~~determining the suitability of the criteria to evaluate the design of controls, the service auditor shall determine if the criteria encompass, at a minimum, whether:

(a) – (b) ...

18. In ~~assessing~~determining the suitability of the criteria to evaluate the operating effectiveness of controls in providing reasonable assurance that the stated control objectives identified in the description will be achieved, the service auditor shall determine if the criteria encompass, at a minimum, whether the controls were consistently applied as designed throughout the specified period. This includes whether manual controls were applied by individuals who have the appropriate competence and authority (Ref: Para. A13–A15)

...

⁹ SLSAE 3000, paragraph 19

Written Representations

38. The service auditor shall request the service organization to provide written representations: (Ref: Para. A42)
- (a) That reaffirm the ~~statement~~assertion accompanying the description of the system;
 - (b) ...
 - (c) That it has disclosed to the service auditor any of the following of which it is aware:
 - (i) Non-compliance with laws and regulations, fraud, or uncorrected deviations attributable to the service organization that may affect one or more user entities;
 - (ii) – (iv) ...

...

Other Information

...

42. If the service auditor ~~becomes aware of~~identifies a material inconsistency or ~~becomes aware of~~ an apparent misstatement of fact in the other information, the service auditor shall discuss the matter with the service organization. If the service auditor concludes that there is a material inconsistency or a misstatement of fact in the other information that the service organization refuses to correct, the service auditor shall take further appropriate action. (Ref: Para. A44–A45)

Subsequent Events

43. The service auditor shall inquire whether the service organization is aware of any events subsequent to the period covered by the service organization's description of its system up to the date of the service auditor's assurance report that ~~may~~could have ~~caused significant effect on~~ the service auditor's ~~to amend the~~ assurance report. If the service auditor is aware of such an event, and information about that event is not disclosed by the service organization, the service auditor shall disclose it in the service auditor's assurance report.

...

Documentation

45. The service auditor 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 service auditor, having no previous connection with the engagement, to understand:

(a) – (c) ...

...

50. The service auditor shall assemble the 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 service auditor's assurance report.¹⁰

...

Preparing the Service Auditor's Assurance Report

Content of the Service Auditor's Assurance Report

53. The service auditor's assurance report shall include, at a minimum, the following basic elements: (Ref: Para. A47)

(a) – (b) ...

(c) Identification of:

- (i) The service organization's description of its system, and the service organization's ~~statement~~assertion, which includes the matters described in paragraph 9(k)(ii) for a type 2 report, or paragraph 9(j)(ii) for a type 1 report.

(ii) – (iv) ...

(d) Identification of the applicable criteria, and the party specifying the control objectives.

(e) ...

(f) A statement that the service organization is responsible for:

¹⁰ ~~Sri Lanka Standard on Quality Control (SLSQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance-Related Service Engagements, Paragraphs A54–A55, of SLSQC 1~~ provide further guidance.

- (i) Preparing the description of its system, and the accompanying ~~statement~~assertion, including the completeness, accuracy and method of presentation of that description and that ~~statement~~assertion;
- (ii) – (iv) ...
- (g) ...
- (h) A statement that the firm of which the practitioner is a member applies SLSQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as SLSQC 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 SLSQC 1.
- (i) A statement that the practitioner complies with the independence and other ethical requirements of the CA Sri Lanka Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as Parts A and B of the CA Sri Lanka 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 Parts A and B of the CA Sri Lanka Code related to assurance engagements.
- (~~h~~j) A statement that the engagement was performed in accordance with SLSAE 3402, *Assurance Reports on Controls at a Service Organization*, which requires that the service auditor ~~comply with ethical requirements and~~ plan and perform procedures to obtain reasonable assurance about whether, in all material respects, the service organization's description of its system is fairly presented and the controls are suitably designed and, in the case of a type 2 report, are operating effectively.

Paragraphs 53(i) – (m) will be renumbered accordingly.

- (n) The date of the service auditor's assurance report, which shall be no earlier than the date on which the service auditor has obtained ~~sufficient appropriate~~ the evidence on which to base the service auditor's opinion is based.
- (~~o~~m) The name of the service auditor, and the location in the jurisdiction where the service auditor practices.

...

Modified Opinions

55. If the service auditor concludes that: (Ref: Para. A50–A52)

(a) – (d) ...

the service auditor's opinion shall be modified, and the service auditor's assurance report shall include a section with ~~contain~~ a clear description of all the reasons for the modification.

Other Communication Responsibilities

56. If the service auditor becomes aware of non-compliance with laws and regulations, fraud, or uncorrected errors attributable to the service organization that are not clearly trivial and may affect one or more user entities, the service auditor shall determine whether the matter has been communicated appropriately to affected user entities. If the matter has not been so communicated and the service organization is unwilling to do so, the service auditor shall take appropriate action. (Ref: Para. A53)

Application and Other Explanatory Material

Scope of this SLSAE (Ref: Para. 1, 3)

A1. Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives related to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. Controls related to a service organization's operations and compliance objectives may be relevant to a user entity's internal control as it relates to financial reporting. Such controls may pertain to assertions about presentation and disclosure relating to account balances, classes of transactions or disclosures, or may pertain to evidence that the user auditor evaluates or uses in applying auditing procedures. For example, a payroll processing service organization's controls related to the timely remittance of payroll deductions to government authorities may be relevant to a user entity as late remittances could incur interest and penalties that would result in a liability for the user entity. Similarly, a service organization's controls over the acceptability of investment transactions from a regulatory perspective may be considered relevant to a user entity's presentation and disclosure of transactions and account balances in its financial statements. The determination of whether controls at a service organization related to operations and compliance are likely to be relevant to user entities' internal control as it relates to financial reporting is a matter of

professional judgment, having regard to the control objectives set by the service organization and the suitability of the criteria.

- A2. The service organization may not be able to assert that the system is suitably designed when, for example, the service organization is operating a system that has been designed by a user entity or is stipulated in a contract between a user entity and the service organization. Because of the inextricable link between the suitable design of controls and their operating effectiveness, the absence of an ~~statement~~~~assertion~~—with respect to the suitability of design will likely preclude the service auditor from concluding that the controls provide reasonable assurance that the control objectives have been met and thus from opining on the operating effectiveness of controls. As an alternative, the practitioner may choose to accept an agreed-upon procedures engagement to perform tests of controls, or an assurance engagement under SLSAE 3000 to conclude on whether, based on tests of controls, the controls have operated as described.

...

Acceptance and Continuance

Service Organization's ~~Assertion~~ Statement (Ref: Para. 13(b)(i))

- A8. Refusal, by a service organization, to provide a written ~~statement~~~~assertion~~, subsequent to an agreement by the service auditor to accept, or continue, an engagement, represents a scope limitation that causes the service auditor to withdraw from the engagement. If law or regulation does not allow the service auditor to withdraw from the engagement, the service auditor disclaims an opinion.

Reasonable Basis for Service Organization's ~~Assertion~~ Statement (Ref: Para. 13(b)(ii))

- A9. In the case of a type 2 report, the service organization's ~~statement~~~~assertion~~ includes a statement that the controls related to the control objectives stated in the service organization's description of its system operated effectively throughout the specified period. This ~~statement~~~~assertion~~ may be based on the service organization's monitoring activities. Monitoring of controls is a process to assess the effectiveness of controls over time. It involves assessing the effectiveness of controls on a timely basis, identifying and reporting deficiencies to appropriate individuals within the service organization, and taking necessary corrective actions. The service organization accomplishes monitoring of controls through ongoing activities, separate evaluations, or a combination of both. The greater the degree and effectiveness of ongoing monitoring activities, the less need for separate evaluations. Ongoing monitoring activities are often built into the normal recurring activities of a service organization and include regular management and supervisory activities. Internal auditors or personnel performing similar functions may contribute to the monitoring of a service organization's activities. Monitoring activities may also include using information communicated by external parties, such as customer complaints and regulator comments, which may indicate problems or highlight areas in need of improvement. The fact that the service auditor will report on the operating

effectiveness of controls is not a substitute for the service organization’s own processes to provide a reasonable basis for its statement~~assertion~~.

...

Acceptance of a Change in the Terms of the Engagement (Ref: Para. 14)

- A11. A request to change the scope of the engagement may not have a reasonable justification when, for example, the request is made to exclude certain control objectives from the scope of the engagement because of the likelihood that the service auditor’s opinion would be modified; or the service organization will not provide the service auditor with a written statement~~assertion~~ and the request is made to perform the engagement under SLSAE 3000.

...

Assessing the Suitability of the Criteria (Ref: Para. 15–18)

- A13. Criteria need to be available to the intended users to allow them to understand the basis for the service organization’s statement~~assertion~~ about the fair presentation of its description of the system, the suitability of the design of controls and, in the case of a type 2 report, the operating effectiveness of the controls related to the control objectives.
- A14. SLSAE 3000 (Revised) requires the service auditor, among other things, to determine whether the criteria to be used are suitable~~assess the suitability of criteria~~, and to determine the appropriateness of the underlying subject matter.¹¹ The underlying subject matter is the underlying condition of interest to intended users of an assurance report. The following table identifies the subject matter and minimum criteria for each of the opinions in type 2 and type 1 reports.

	Subject matter	Criteria	Comment
<i>Opinion about the fair presentation of the description of the service organization’s system (type 1 and type 2 reports)</i>	The service organization’s system that is likely to be relevant to user entities’ internal control as it relates to financial reporting and is covered by the	The description is fairly presented if it: (a) presents how the service organization’s system was designed and implemented including, as appropriate, the matters identified	The specific wording of the criteria for this opinion may need to be tailored to be consistent with criteria established by, for example, law or regulation, user groups, or a professional body. Examples of criteria for this opinion are provided in the illustrative service

¹¹ SLSAE 3000 (Revised), paragraphs 18–1924(b) and 41

	Subject matter	Criteria	Comment
	service auditor's assurance report.	<p>in paragraph 16(a)(i)–(viii);</p> <p>(b) in the case of a type 2 report, includes relevant details of changes to the service organization's system during the period covered by the description; and</p> <p>(c) does not omit or distort information relevant to the scope of the service organization's system being described, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities and may not, therefore, include every aspect of the service organization's system that each individual user entity may consider important in its own particular environment.</p>	<p>organization's statement<u>assertion</u> in Appendix 1. Paragraphs A21–A24 offer further guidance on determining whether these criteria are met. (In terms of the requirements of SLSAE 3000, the subject matter information¹² for this opinion is the service organization's description of its system and the service organization's statement<u>assertion</u> that the description is fairly presented.)</p>

¹² The “subject matter information” is the outcome of the measurement or evaluation or measurement of the underlying subject matter against the criteria, i.e., the information that results from applying the criteria to the underlying subject matter.

	Subject	Criteria	Comment	
<i>Opinion about suitability of design, and operating effectiveness (type 2 reports)</i>	The suitability of the design and operating effectiveness of those controls that are necessary to achieve the control objectives stated in the service organization's description of its system.	<p>The controls are suitably designed and operating effectively if:</p> <p>(a) the service organization has identified the risks that threaten achievement of the control objectives stated in the description of its system;</p> <p>(b) the controls identified in that description would, if operated as described, provide reasonable assurance that those risks do not prevent the stated control objectives from being achieved; and</p> <p>(c) the controls were consistently applied as designed throughout the specified period. This includes whether</p>	When the criteria for this opinion are met, controls will have provided reasonable assurance that the related control objectives were achieved throughout the specified period. (In terms of the requirements of SLSAE 3000, the subject matter information for this opinion is the service organization's statement assertion that controls are suitably designed and that they are operating effectively.)	The control objectives, which are stated in the service organization's description of its system, are part of the criteria for these opinions. The stated control objectives will differ from engagement to engagement. If, as part of forming the opinion on the description, the service auditor concludes the stated control objectives are not fairly presented then those control objectives would not be suitable as part of the criteria for forming an opinion on either the design or operating effectiveness of controls.

	Subject	Criteria	Comment	
		manual controls were applied by individuals who have the appropriate competence and authority.		
<i>Opinion about suitability of design (type 1 reports)</i>	The suitability of the design of those controls that are necessary to achieve the control objectives stated in the service organization's description of its system.	The controls are suitably designed if: (a) the service organization has identified the risks that threaten achievement of the control objectives stated in the description of its system; and (b) the controls identified in that description would, if operated as described, provide reasonable assurance that those risks do not prevent the stated control objectives from being achieved.	Meeting these criteria does not, of itself, provide any assurance that the related control objectives were achieved because no assurance has been obtained about the operation of controls. (In terms of the requirements of SLSAE 3000, the subject matter information for this opinion is the service organization's statement assertion that controls are suitably designed.)	

Obtaining an Understanding of the Service Organization’s System (Ref: Para. 20)

A19. Obtaining an understanding of the service organization’s system, including controls, included in the scope of the engagement, assists the service auditor in:

- Identifying the boundaries of that system, and how it interfaces with other systems.
- Assessing whether the service organization’s description fairly presents the system that has been designed and implemented.
- Obtaining an understanding of internal control over the preparation of the service organization’s statement.

...

Obtaining Evidence Regarding the Description (Ref: Para. 21–22)

A21. Considering the following questions may assist the service auditor in determining whether those aspects of the description included in the scope of the engagement are fairly presented in all material respects:

- Is the description prepared at a level of detail that could reasonably be expected to provide a broad range of user auditors with sufficient information to obtain an understanding of internal control in accordance with SLAuS 315 (Revised)?¹³ The description need not address every aspect of the service organization’s processing or the services provided to user entities, and need not be so detailed as to potentially allow a reader to compromise security or other controls at the service organization.

...

Written Representations (Ref: Para. 38, 40)

A42. The written representations required by paragraph 38 are separate from, and in addition to, the service organization’s ~~statement~~^{assertion}, as defined at paragraph 9(o).

...

¹³ SLAuS 315 (Revised), *Identifying and Assessing Risks of Material Misstatement through Understanding the Entity and Its Environment*

Documentation (Ref: Para. 51)

A46. SLSQC 1 (or ~~other professional national requirements, or requirements in law or regulation~~ that are at least as demanding as SLSQC 1) requires firms to establish policies and procedures for the timely completion of the assembly of engagement files.¹⁴ 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 service auditor's report.¹⁵

Preparing the Service Auditor's Assurance Report

Content of the Service Auditor's Assurance Report (Ref: Para. 53)

A47. Illustrative examples of service auditors' assurance reports and related service organizations' ~~statements~~assertions are contained in Appendices 1 and 2.

...

¹⁴ SLSQC 1, paragraph 45

¹⁵ SLSQC 1, paragraph A54

APPENDIX 1

(Ref. Para. A47)

Example Service Organization's ~~Assertions~~ Statements

The following examples of service organization's ~~statements~~ assertions are for guidance only and are not intended to be exhaustive or applicable to all situations.

Example 1: Type 2 Service Organization's ~~Statement~~ Assertion**~~Statement~~ Assertion by the Service Organization**

The accompanying description has been prepared for customers who have used *[the type or name of]* system and their auditors who have a sufficient understanding to consider the description, along with other information including information about controls operated by customers themselves, when assessing the risks of material misstatements of customers' financial statements. *[Entity's name]* confirms that:

- (a) The accompanying description at pages *[bb–cc]* fairly presents *[the type or name of]* system for processing customers' transactions throughout the period *[date]* to *[date]*. The criteria used in making this ~~statement~~ assertion were that the accompanying description:
 - (i) – (iii) ...
- (b) The controls related to the control objectives stated in the accompanying description were suitably designed and operated effectively throughout the period *[date]* to *[date]*. The criteria used in making this ~~statement~~ assertion were that:
 - (i) – (iii) ...

Example 2: Type 1 Service Organization's ~~Assertion~~ Statement

The accompanying description has been prepared for customers who have used *[the type or name of]* system and their auditors who have a sufficient understanding to consider the description, along with other information including information about controls operated by customers themselves, when obtaining an understanding of customers' information systems relevant to financial reporting. *[Entity's name]* confirms that:

- (a) The accompanying description at pages *[bb–cc]* fairly presents *[the type or name of]* system for processing customers' transactions as at *[date]*. The criteria used in making this ~~statement~~ assertion were that the accompanying description:
 - (i) – (ii) ...
- (b) The controls related to the control objectives stated in the accompanying description were suitably designed as at *[date]*. The criteria used in making this ~~statement~~ assertion were that:
 - (i) – (ii) ...

APPENDIX 2

(Ref. Para. A47)

Illustrations of Service Auditor's Assurance Reports

The following illustrations of reports are for guidance only and are not intended to be exhaustive or applicable to all situations.

Illustration 1: Type 2 Service Auditor's Assurance Report**Independent Service Auditor's Assurance Report on****the Description of Controls, their Design and Operating Effectiveness**

...

XYZ Service Organization's Responsibilities

XYZ Service Organization is responsible for: preparing the description and accompanying ~~statement~~~~assertion~~—at page [aa], including the completeness, accuracy and method of presentation of the description and ~~statement~~~~assertion~~; providing the services covered by the description; stating the control objectives; and designing, implementing and effectively operating controls to achieve the stated control objectives.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1¹⁶ and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Service Auditor's Responsibilities

¹⁶ SLSQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

Our responsibility is to express an opinion on XYZ Service Organization's description and on the design and operation of controls related to the control objectives stated in that description, based on our procedures. We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements 3402, *Assurance Reports on Controls at a Service Organization*, issued by the the Institute of Chartered Accountants of Sri Lanka. That standard requires that we ~~comply with ethical requirements and~~ plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls are suitably designed and operating effectively.

...

**Illustration 2: Type 1 Service Auditor's Assurance Report Independent Service Auditor's Assurance Report on
the Description of Controls and their Design**

...

XYZ Service Organization's Responsibilities

XYZ Service Organization is responsible for: preparing the description and accompanying ~~statement assertion~~—at page [aa], including the completeness, accuracy and method of presentation of the description and the ~~statement assertion~~; providing the services covered by the description; stating the control objectives; and designing, implementing and effectively operating controls to achieve the stated control objectives.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1¹⁷ and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

¹⁷ SLSQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

Service Auditor's Responsibilities

Our responsibility is to express an opinion on XYZ Service Organization's description and on the design of controls related to the control objectives stated in that description, based on our procedures. We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements 3402, *Assurance Reports on Controls at a Service Organization*, issued by the the Institute of Chartered Accountants of Sri Lanka. That standard requires that we ~~comply with ethical requirements and~~ plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls are suitably designed in all material respects.

...

APPENDIX 3

(Ref. Para. A50)

Illustrations of Modified Service Auditor's Assurance Reports

The following illustrations of modified reports are for guidance only and are not intended to be exhaustive or applicable to all situations. They are based on the illustrations of reports in Appendix 2.

Illustration 1: Qualified opinion – the service organization's description of the system is not fairly presented in all material respects

...

Qualified Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion were those described in XYZ Service Organization's ~~statement~~assertion—at page [aa]. In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph:

...

Illustration 2: Qualified opinion – the controls are not suitably designed to provide reasonable assurance that the control objectives stated in the service organization's description of its system will be achieved if the controls operate effectively

...

Qualified Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion were those described in XYZ Service Organization's ~~statement~~assertion—at page [aa]. In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph:

...

Illustration 3: Qualified opinion – the controls did not operate effectively throughout the specified period (type 2 report only)

...

Qualified Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion were those described in XYZ Service Organization's ~~statement~~assertion—at page [aa]. In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph:

...

IllustrationExample 4: Qualified opinion – the service auditor is unable to obtain sufficient appropriate evidence

...

Qualified Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion were those described in XYZ Service Organization's ~~statement~~assertion—at page [aa]. In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph:

...

SLSAE 3410, Assurance Engagements on Greenhouse Gas Statements

Introduction

...

Scope of this SLSAE

...

3. The practitioner's conclusion in an assurance engagement may cover information in addition to a GHG statement, for example, when the practitioner is engaged to

report on a sustainability report of which a GHG statement is only one part. In such cases: (Ref: Para. A1–A2)

- (a) ...
- (b) SLSAE 3000 (Revised)¹⁸ (or another SLSAE dealing with a specific underlying subject matter) applies to assurance procedures performed with respect to the remainder of the information covered by the practitioner's conclusion.

...

~~Assertion-Based~~ Attestation and Direct Reporting Engagements

- 5. The *Sri Lanka Framework for Assurance Engagements* (the Assurance Framework) notes that an assurance engagement may be either an attestation ~~assertion-based~~ engagement or a direct ~~reporting~~ engagement. This SLSAE deals only with ~~assertion-based~~ attestation engagements.¹⁹

Procedures for Reasonable Assurance and Limited Assurance Engagements

- 6. ~~The Assurance Framework~~ SLSAE 3000 (Revised) notes that an assurance engagement may be either a reasonable assurance engagement or a limited assurance engagement.²⁰ This SLSAE deals with both reasonable and limited assurance engagements.

...

- 8. Unless otherwise stated, each requirement of this SLSAE applies to both reasonable and limited assurance engagements. Because the level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement, the procedures the practitioner will perform in a limited assurance engagement will vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.²¹ Requirements that apply to only one or the other type of engagement have been presented in a columnar format with the letter “L” (limited assurance) or “R” (reasonable assurance) after the paragraph number. Although some procedures are required only for reasonable assurance engagements, they may nonetheless be appropriate in some limited assurance engagements (see also paragraph A90, which outlines the primary differences between the practitioner's further procedures for a reasonable

¹⁸ SLSAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. ~~SLSAE 3000 is currently being revised by CA Sri Lanka. There may be conforming amendments to this SLSAE as a result of changes to SLSAE 3000.~~

¹⁹ SLSAE 3000 (Revised), paragraph 12 (a) (ii)

²⁰ SLSAE 3000 (Revised), paragraph (12) (a) (i) (b)

²¹ SLSAE 3000 (Revised), paragraph (12) (a) (iii)

assurance engagement and a limited assurance engagement on a GHG statement). (Ref: Para. A4, A90)

Relationship with SLSAE 3000 (Revised), Other Professional Pronouncements, and Other Requirements

9. The practitioner is required to comply with SLSAE 3000 (Revised) and this SLSAE when performing an assurance engagement to report on an entity's GHG statement.~~The performance of assurance engagements other than audits or reviews of historical financial information requires the practitioner to comply with SLSAE 3000. SLSAE 3000 includes requirements in relation to such topics as engagement acceptance, planning, evidence, and documentation that apply to all assurance engagements, including engagements in accordance with this SLSAE. This SLSAE supplements, but does not replace, SLSAE 3000 (Revised), and expands on how SLSAE 3000 (Revised) is to be applied in an assurance engagement to report on an entity's GHG statement. The Assurance Framework, which defines and describes the elements and objectives of an assurance engagement, provides context for understanding this SLSAE and SLSAE 3000.~~ (Ref: Para. A17)
10. Compliance with SLSAE 3000 (Revised) requires, among other things, compliance with Parts A and B of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding that the practitioner comply with the independence and other requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka Code) and implement quality control procedures that are applicable to the individual engagement.²² It also requires the engagement partner to be a member of a firm that applies SLSQC 1,²³ or other professional requirements, or requirements in law or regulation, that are at least as demanding as SLSQC 1. (Ref: Para. A5–A6)
11. Where the engagement is subject to local law or regulation or the provisions of an emissions trading scheme, this SLSAE does not override ~~that those~~ laws, regulations or provisions. In the event that local laws or regulation or the provisions of an emissions trading scheme differ from this SLSAE, an engagement conducted in accordance with local laws or regulations or the

²² SLSAE 3000 (Revised), paragraphs 4 and 63(a), 20 and 34

²³ SLSAE 3000 (Revised), paragraphs 3(b) and 31(a). Sri Lanka Standard on Quality Control (SLSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

provisions of a particular scheme will not automatically comply with this SLSAE. The practitioner is entitled to represent compliance with this SLSAE in addition to compliance with local laws or regulations or the provisions of the emissions trading scheme only when all applicable requirements of this SLSAE have been met. (Ref: Para. A7)

...

Objectives

13. The objectives of the practitioner are:
- (a) To obtain either reasonable assurance or limited assurance, as appropriate, about whether the GHG statement is free from material misstatement, whether due to fraud or error, thereby enabling the practitioner to express a reasonable assurance or limited assurance conclusion ~~conveying that level of assurance~~;
 - (b) – (c) ...

Definitions

14. For purposes of this SLSAE, the following terms have the meanings attributed below:²⁴
- (a) – (l) ...
 - (m) GHG statement – A statement setting out constituent elements and quantifying an entity's GHG emissions for a period (sometimes known as an emissions inventory) and, where applicable, comparative information and explanatory notes including a summary of significant quantification and reporting policies. An entity's GHG statement may also include a categorized listing of removals or emissions deductions. Where the engagement does not cover the entire GHG statement, the term "GHG statement" is to be read as that portion that is covered by the engagement. The GHG statement is the "subject matter information" of the engagement.²⁵
 - (n) – (w) ...

²⁴ The definitions in SLSAE 3000 (Revised) also apply to this SLSAE.

²⁵ ~~Assurance Framework, paragraph 8~~ SLSAE 3000 (Revised), paragraph 12(x)

Requirements

SLSAE 3000 (Revised)

15. The practitioner shall not represent compliance with this SLSAE unless the practitioner has complied with the requirements of both this SLSAE and SLSAE 3000 (Revised). (Ref: Para. A5–A6, A17, A21–A22, A37, A127)

...

Acceptance and Continuance of the Engagement

Skills, Knowledge and Experience

16. The engagement partner shall:
- (a) Have ~~competence in assurance skills and techniques developed through extensive training and practical applications~~ sufficient assurance skills, knowledge and experience, and sufficient competence in the quantification and reporting of emissions, to accept responsibility for the assurance conclusion; and
 - (b) Be satisfied that ~~those persons who are to perform the engagement the engagement team and any practitioner's external experts collectively possess the necessary professional competencies~~ have the appropriate competence and capabilities, including in the quantification and reporting of emissions and in assurance, to perform the assurance engagement in accordance with this SLSAE. (Ref: Para. A18–A19)

Preconditions for the Engagement

17. In order to establish whether the preconditions for the engagement are present:
- (a) ...
 - (b) When ~~assessing~~ determining the suitability of the applicable criteria, as required by SLSAE 3000 (Revised),²⁶ the practitioner shall determine whether the criteria encompass at a minimum: (Ref: Para. A23–A26)
 - (c) ...

²⁶ SLSAE 3000 (Revised), paragraphs ~~24(b)(ii)~~ 49 and 41

Agreement on the Terms of the Engagement ~~Terms~~

18. The ~~agreed~~ terms of the engagement required to be agreed by SLSAE 3000 (Revised)²⁷ shall include: (Ref: Para. A37)
- (a) – (f) ...

Planning

19. When planning the engagement as required by SLSAE 3000(Revised),²⁸ the practitioner shall: (Ref: Para. A38–A41)

...

Understanding the Entity and Its Environment, Including the Entity’s Internal Control, and Identifying and Assessing Risks of Material Misstatement

...

Obtaining an Understanding of the Entity’s Internal Control

Limited Assurance	Reasonable Assurance
...	...
	26R. When obtaining the understanding required by paragraph 25R, the practitioner shall evaluate the design of controls and determine whether they have been implemented by performing procedures in addition to inquiry of the entity’s personnel <u>responsible for the GHG statement</u> . (Ref: Para. A52–A53)

²⁷ SLSAE 3000 (Revised), paragraph 27~~40~~

²⁸ SLSAE 3000 (Revised), paragraph 40~~42~~

Other Procedures to Obtain an Understanding and to Identify and Assess Risks of Material Misstatement

...

28. The practitioner shall make inquiries of management, and others within the entity as appropriate, to determine whether they have knowledge of any actual, suspected or alleged fraud or non-compliance with laws ~~and~~ or regulations affecting the GHG statement. (Ref: Para. A84–A86)

...

Overall Responses to Assessed Risks of Material Misstatement and Further Procedures

...

Fraud, Laws and Regulations

47. The practitioner shall respond appropriately to fraud or suspected fraud and non-compliance or suspected non-compliance with laws ~~and~~ or regulations identified during the engagement. (Ref: Para. A106–A107)

...

Limited Assurance	Reasonable Assurance
...	...
<i>Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement</i> 49L. If the practitioner becomes aware of a matter(s) that causes the practitioner to believe the GHG statement may be materially misstated, the practitioner shall design and perform additional procedures <u>to obtain further evidence until sufficient to enable the practitioner is able to</u> : (Ref: Para. A109–A110) (a) Conclude that the matter(s) is not likely to cause the GHG statement to be materially misstated; or (b) Determine that the matter(s) causes the GHG statement to be materially misstated. (Ref: Para. A111)	<i>Revision of Risk Assessment in a Reasonable Assurance Engagement</i> 49R. The practitioner’s assessment of the risks of material misstatement at the assertion level may change during the course of the engagement as additional evidence is obtained. In circumstances where the practitioner obtains evidence from performing further procedures, or if new information is obtained, either of —which is inconsistent with the evidence on which the practitioner originally based the assessment, the practitioner shall revise the assessment and modify the planned procedures accordingly. (Ref: Para. A109)

...

Using the Work of ~~Another~~ Other Practitioners

57. When the practitioner intends ~~using to use~~ the work of another practitioners, the practitioner shall:
- (a) Communicate clearly with ~~those the~~ other practitioners about the scope and timing of their work and ~~their findings~~ of the other practitioner; and (Ref: Para. A113–A114)
 - (b) ...

Written Representations

58. The practitioner shall request written representations from a person(s) within the entity with appropriate responsibilities for, and knowledge of, the matters concerned: (Ref: Para. A116)
- (a) – (e) ...
 - (f) Whether they have disclosed to the practitioner their knowledge of actual, suspected or alleged fraud or non-compliance with laws ~~and~~ or regulations where the fraud or non-compliance could have a material effect on the GHG statement.

...

60. The practitioner shall disclaim a conclusion on the GHG statement or withdraw from the engagement, where withdrawal is possible under applicable laws or regulations, if:
- (a) – (b) ...

...

Other Information

64. The practitioner shall read other information included in documents containing the GHG statement and the assurance report thereon ~~and, if, in the practitioner's judgment, that other information could undermine the credibility of the GHG statement and the assurance report to identify material inconsistencies, if any, with the GHG statement or the assurance report and, if on reading that other information, the practitioner:~~ (Ref: Para. A139)

- (a) Identifies a material inconsistency between that other information and the GHG statement 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 GHG statement or the assurance report.

the practitioner shall discuss the matter with the entity and take further action as appropriate. (Ref: Para. A124–A126)

...

Engagement Quality Control Review

71. For those engagements, if any, for which a quality control review is required by laws or regulations or for which the firm has determined that an engagement quality control review is required, the engagement quality control reviewer shall perform an objective evaluation of the significant judgments made by the engagement team, and the conclusions reached in formulating the assurance report. This evaluation shall involve: (Ref: Para. A130)

- (a) – (d) ...

Forming the Assurance Conclusion

72. The practitioner shall form a conclusion about~~conclude as to~~ whether the practitioner has obtained reasonable or limited assurance, as appropriate, about the GHG statement. That conclusion shall take into account the requirements of paragraphs 56 and 73–75 of this SLSAE.

...

Assurance Report Content

76. The assurance report shall include, at a minimum, the following basic elements: (Ref: Para. A134)
- (a) A title that clearly indicates the report is an independent ~~limited assurance or reasonable~~ assurance report.
 - (b) The~~An~~ addressee ~~of the assurance report~~.
 - (c) An identification or description of the level of assurance, either reasonable or limited, obtained by the practitioner.

Paragraphs 76(d) – (f) will be renumbered accordingly. ~~(e)(h)~~ Identification of the applicable criteria;

- (i) ...
- (ii) If those criteria are available only to specific intended users, or are relevant only to a specific purpose, a statement alerting readers to this fact and that, as a result, the GHG statement may not be suitable for another purpose. The statement shall also restricting the use of the assurance report to those intended users or that purpose; and (Ref: Para. A140–A141)
- (iii) ...
- (i) A statement that the firm of which the practitioner is a member applies SLSQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as SLSQC 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 SLSQC 1.
- (j) A statement that the practitioner complies with the independence and other ethical requirements of the CA Sri Lanka Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as Parts A and B of the CA Sri Lanka 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 Parts A and B of the CA Sri Lanka Code related to assurance engagements.
- ~~(h)(k)~~ A description of the practitioner’s responsibility, including:
 - (i) ...
 - (ii) An informative summary of the work performed as the basis for the practitioner’s procedures 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 the case of a limited assurance engagement, this the summary of the work performed shall state shall include a statement that:
 - ~~¶~~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

- ~~As a result~~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. A142–A144)

(l) The practitioner’s conclusion, ~~expressed~~:

(i) In a reasonable assurance engagement, the conclusion shall be expressed in the positive form in the case of a reasonable assurance engagement; or

(ii) in the negative form in the case of a limited assurance engagement, about whether the GHG statement is prepared, in all material respects, in accordance with the applicable criteria. 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 GHG statement is not prepared, in all material respects, in accordance with the applicable criteria.

(iii) 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.

(j) ~~If the practitioner expresses a conclusion that is modified, a clear description of all the reasons therefore.~~

~~(k)(m)~~The practitioner’s signature. (Ref: Para. A145)

~~(h)(n)~~ The date of the assurance report. The assurance report shall be dated no earlier than the date on which 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 GHG statement.

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

Emphasis of Matter Paragraphs and Other Matter Paragraphs

77. If the practitioner considers it necessary to: (Ref: Para. A146–A152)

(a) – (b) ...

and this is not prohibited by laws or regulations, 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.

Other Communication Requirements

78. The practitioner shall communicate to those person(s) with oversight responsibilities for the GHG statement the following matters that come to the practitioner’s attention during the course of the engagement, and shall determine whether there is a responsibility to report them to another party within or outside the entity:

(a) – (b) ...

(c) Matters involving non-compliance with laws ~~and~~ or regulations, other than when the matters are clearly trivial. (Ref: Para. A87)

Application and Other Explanatory Material

Introduction

...

Key Performance Indicators Based on GHG Data (Ref: Para. 4(b))

A3. An example of a key performance indicator based on GHG data is the weighted average of emissions per kilometer of vehicles manufactured by an entity during a period, which is required to be calculated and disclosed by laws or regulations in some jurisdictions.

...

A6. Safeguards created by the profession, laws or regulations, or safeguards in the work environment, may eliminate or reduce such threats to an acceptable level.

Local Laws ~~and/or~~ Regulations and the Provisions of an Emissions Trading Scheme
(Ref: Para. 11)

- A7. Local laws or regulations or the provisions of an emissions trading scheme may include requirements in addition to the requirements of this SLSAE; require that specific procedures be undertaken on all engagements; or require that procedures be undertaken in a particular way. For example, local laws or regulations or the provisions of an emissions trading scheme may require the practitioner to report in a format that is not in compliance with this SLSAE. When the law or regulation prescribes the layout or wording of the assurance report in a form or in terms that are significantly different from this SLSAE, and the practitioner concludes that additional explanation in the assurance report cannot mitigate possible misunderstanding, the practitioner may consider including a statement in the report that the engagement is not conducted in accordance with this SLSAE.

...

SLSAE 3000 (Revised) (Ref: Para. 9, 15)

- A17. SLSAE 3000 (Revised) includes ~~a number of~~ requirements that apply to ~~all~~ assurance engagements (other than audits or reviews of historical financial information), including engagements in accordance with this SLSAE. In some cases, this SLSAE may include additional requirements or application material in relation to those topics.

...

~~Assessing~~ Determining the Appropriateness of the Subject Matter (Ref: Para. 15)

- A21. SLSAE 3000 (Revised) requires the practitioner to ~~assess the appropriateness of~~ determine whether the underlying subject matter is appropriate.²⁹ In the case of a GHG statement, the entity's emissions (and removals and emissions deductions if applicable) are the underlying subject matter of the engagement. That underlying subject matter will be appropriate if, among other things, the entity's emissions are capable of consistent quantification using suitable criteria.³⁰

...

²⁹ SLSAE 3000 (Revised), paragraph 24(b)(i)48

³⁰ ~~Assurance Framework, paragraphs 34-38, and~~ SLSAE 3000 (Revised), paragraphs 19-2124(b)(ii)

~~Assessing~~*Determining the Suitability of the Criteria*

Specifically Developed and Established Criteria (Ref: Para. 17(b))

- A23. Suitable criteria exhibit the following characteristics: relevance, completeness, reliability, neutrality, and understandability. Criteria may be “specifically developed” or they may be “established,” ~~that is for example,~~ embodied in laws or regulations, or issued by authorized or recognized bodies of experts that follow a transparent due process.³¹ Although criteria established by a regulator can be presumed to be relevant when that regulator is the intended user, some established criteria may be developed for a special purpose and be unsuitable for application in other circumstances. For example, criteria developed by a regulator that include emissions factors for a particular region may render misleading information if used for emissions in another region; or criteria that are designed to report only on particular regulatory aspects of emissions may be unsuitable for reporting to intended users other than the regulator that established the criteria.

...

- A25. The ~~applicable~~—criteria may comprise established criteria supplemented by disclosures, in the explanatory notes to the GHG statement, of specific boundaries, methods, assumptions, emissions factors, etc. In some cases, established criteria may not be suitable, even when supplemented by disclosures in the explanatory notes to the GHG statement, for example, when they do not encompass the matters noted in paragraph 17(b).
- A26. It should be noted that the suitability of the ~~applicable~~—criteria is not affected by the level of assurance, that is, if they are not suitable for a reasonable assurance engagement, they are also not suitable for a limited assurance engagement, and vice versa.
- A27. Determining which operations owned or controlled by the entity to include in the entity’s GHG statement is known as determining the entity’s organizational boundary. In some cases, laws ~~and or~~ regulations define the boundaries of the entity for reporting GHG emissions for regulatory purposes. In other cases, the applicable criteria may allow a choice between different methods for determining the entity’s organizational boundary, for example, the criteria may allow a choice between an approach that aligns the entity’s GHG statement with its financial statements and another approach that treats, for example, joint ventures or associates differently. Determining the entity’s organizational

³¹ SLSAE 3000 (Revised), paragraphs A45–A48~~Assurance Framework, paragraphs 36–37~~

boundary may require the analysis of complex organizational structures such as joint ventures, partnerships, and trusts, and complex or unusual contractual relationships. For example, a facility may be owned by one party, operated by another, and process materials solely for another party.

...

Adequate Disclosures (Ref: Para. 17(b)(iv), 74(d))

- A29. In regulatory disclosure regimes, disclosures specified in the relevant laws or regulations are adequate for reporting to the regulator. Disclosure in the GHG statement of such matters as the following may be necessary in voluntary reporting situations for intended users to understand the significant judgments made in preparing the GHG statement:

(a) – (e) ...

...

Changing the Terms of the Engagement (Ref: Para. 15, 18)

- A37. SLSAE 3000 (Revised) requires that the practitioner not agree to a change in the terms of the engagement where there is no reasonable justification for doing so.³² A request to change the scope of the engagement may not have a reasonable justification when, for example, the request is made to exclude certain emissions sources from the scope of the engagement because of the likelihood that the practitioner's conclusion would be modified.

...

Planning to Use a Practitioner's the Work of Expert or of Other Another Practitioners (Ref: Para. 19(e))

- A42. The engagement may be performed by a multidisciplinary team that includes one or more experts, particularly on relatively complex engagements when specialist competence in the quantification and reporting of emissions is likely to be required (see paragraph A19). SLSAE 3000 (Revised) contains a number of requirements with respect to using the work of an expert that may need to be considered at the planning stage when ascertaining the nature, timing and extent of resources necessary to perform the engagement.³³

³² SLSAE 3000 (Revised), paragraph 2944

³³ SLSAE 3000 (Revised), paragraphs 26–3245(c), 52, and 54

...

Materiality in Planning and Performing the Engagement

Determining Materiality When Planning the Engagement (Ref: Para. 20–21)

A44. The criteria may discuss the concept of materiality in the context of the preparation and presentation of the GHG statement. Although criteria may discuss materiality in different terms, the concept of materiality generally includes that:

...

- Judgments about matters that are material to intended users of the GHG statement are based on a consideration of the common information needs of intended users as a group. ~~The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. 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.~~

...

A47. Intended users and their information needs may include, for example:

- ...

The practitioner may not be able to identify all those who will read the assurance report, particularly where there are a large number of people who have access to it. In such cases, particularly where possible ~~readers~~ users are likely to have a broad range of interests with respect to emissions, 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 engaging party or by laws or regulations.

...

Understanding the Entity and Its Environment, Including the Entity's Internal Control, and Identifying and Assessing the Risks of Material Misstatement (Ref: Para. 23–26)

...

Uncertainty (Ref: Para. 23(b)(i)c, 76(e))

...

A55. The fact that quantifying an entity's emissions is subject to uncertainty does not mean that an entity's emissions are inappropriate as a subject matter. For example, the applicable criteria may require Scope 2 emissions from electricity to be calculated by applying a prescribed emissions factor to the number of kilowatt hours consumed. The prescribed emissions factor will be based on assumptions and models that may not hold true in all circumstances. However, as long as the assumptions and models are reasonable in the circumstances and adequately disclosed, information in the GHG statement will ordinarily be capable of being ~~assured~~ subjected to an assurance engagement.

A56. The situation in paragraph A55 can be contrasted with quantification in accordance with criteria that use models and assumptions based on an entity's individual circumstances. Using entity-specific models and assumptions will likely result in more accurate quantification than using, for example, average emissions factors for an industry; it will also likely introduce additional risks of material misstatement with respect to how the entity-specific models and assumptions were arrived at. As noted in paragraph A55, as long as the assumptions and models are reasonable in the circumstances and adequately disclosed, information in the GHG statement will ordinarily be capable of being subjected to an assurance engagement~~assured~~.

...

A58. A discussion in the explanatory notes to the GHG statement of the nature, causes, and effects of the uncertainties that affect the entity's GHG statement alerts intended users to the uncertainties associated with the quantification of emissions. This may be particularly important where the intended users did not determine the criteria to be used. For example, a GHG statement may be available to a broad range of ~~intended~~ users even though the criteria used were developed for a particular regulatory purpose.

A59. Because uncertainty is a significant characteristic of all GHG statements, paragraph 76(e) requires it to be mentioned in the assurance report regardless of what, if any, disclosures are included in the explanatory notes to the GHG statement.³⁴

...

Causes of Material Misstatement (Ref: Para. 34)

³⁴ See also SLSAE 3000 (Revised), paragraph 69(c)49(e).

...

Non-Compliance with Laws and Regulations (Ref: Para. 34(b), 78(c))

A87. This SLSAE distinguishes the practitioner's responsibilities in relation to compliance with two different categories of laws and regulations as follows:

- (a) The provisions of ~~these~~ laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the GHG statement in that they determine the reported quantities and disclosures in an entity's GHG statement. Paragraph 34(b) requires the practitioner to consider the likelihood of material misstatement due to non-compliance with the provisions of such laws ~~and/or~~ regulations when performing the procedures required by paragraphs 33L or 33R; and
- (b) Other laws ~~and/or~~ regulations that do not have a direct effect on the determination of the quantities and disclosures in the GHG statement, but compliance with which may be fundamental to the operating aspects of the business, to an entity's ability to continue its business, or to avoid material penalties (for example, compliance with the terms of an operating license, or compliance with environmental regulations). Maintaining Planning and performing an engagement with professional skepticism throughout the engagement, as required by SLSAE 3000 (Revised),³⁵ is important in the context of remaining alert to the possibility that procedures applied for the purpose of forming a conclusion on the GHG statement may bring instances of identified or suspected non-compliance with such laws and regulations to the practitioner's attention.

...

Overall Responses to Assessed Risks of Material Misstatement and Further Procedures

Limited and Reasonable Assurance Engagements (Ref: Para. 8, 35–41R, 42L–43R, 46)

A90. Because the level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement, the procedures the practitioner ~~will~~ performs in a limited assurance engagement ~~will~~ vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The primary differences between the practitioner's overall responses to address

³⁵ SLSAE 3000 (Revised), paragraph 3744

the assessed risks of material misstatement and further procedures for a reasonable assurance engagement and a limited assurance engagement on a GHG statement ~~are as follows~~include:

- (a) ~~The emphasis placed on the nature of various procedures:~~ 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 tests of controls and obtaining evidence from external sources than ~~would~~may be the case for a reasonable assurance engagement.
- ...
- (b) ~~The extent of further procedures:~~ In a limited assurance engagement, The extent of the further procedures performed in a limited assurance engagement ~~are~~is less than in a reasonable assurance engagement. This may involve:
- Selecting less items for examination~~Reducing the number of items to be examined, for example, reducing sample sizes for tests of details;~~
- ...
- (c) ~~The nature of analytical procedures:~~ In a reasonable assurance engagement, analytical procedures performed in response to assessed risks of material misstatement involve developing expectations of quantities or ratios that are sufficiently precise to identify material misstatements. In a limited assurance engagement, ~~on the other hand,~~ analytical procedures may be~~are often~~ 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.³⁶
- ...

³⁶ This may not always be the case; for example, in some circumstances the practitioner may develop a precise expectation based on fixed physical or chemical relationships even in a limited assurance engagement.

Fraud, Laws and Regulations (Ref: Para. 47)

...

A107. The actions noted in the paragraph A106 may be appropriate in responding to non-compliance or suspected non-compliance with laws—and regulations identified during the engagement. It may also be appropriate to describe the matter in an Other Matter paragraph in the assurance report in accordance with paragraph 77 of this SLSAE, unless the practitioner:

...

- (b) Is precluded by the entity from obtaining sufficient appropriate evidence to evaluate whether non-compliance that may be material to the GHG statement has, or is likely to have, occurred, in which case paragraph 54- 66 of SLSAE 3000 (Revised) applies.

...

Using the Work of ~~Another~~Other Practitioners

Communication to ~~Another~~Other Practitioners (Ref: Para. 57(a))

A113. Relevant matters that the engagement team may communicate to another practitioner in respect of the work to be performed, the use to be made of that work, and the form and content of the other practitioner’s communication with the engagement team may include:

- ...

Communication from ~~Another~~Other Practitioners (Ref: Para. 57(a))

A114. Relevant matters that the engagement team may request ~~the~~another practitioner to communicate include:

...

- Information on instances of non-compliance with laws or regulations that could give rise to a material misstatement of the GHG statement.

Evidence (Ref: Para. 57(b))

A115. Relevant considerations when obtaining evidence regarding the work of ~~the~~another practitioner may include:

- ...

...

Restatements (Ref: Para. 62(a))

A121. The GHG quantities reported in a prior period may need to be restated in accordance with laws or regulations or the applicable criteria because of, for example, improved scientific knowledge, significant structural changes in the entity, the availability of more accurate quantification methods, or the discovery of a significant error.

...

Other Information (Ref: Para. 64)

...

A126. Further actions that may be appropriate when other information could undermine the credibility of the GHG statement and the assurance report include, for example:

...

- Withdrawing from the engagement, where withdrawal is possible under applicable laws or regulations.

Documentation

Documentation of the Procedures Performed and Evidence Obtained (Ref: Para. 15, 65–66)

A127. SLSAE 3000 (Revised) requires the practitioner to ~~document matters that are significant~~ prepare on a timely basis engagement documentation that provides a record of the basis of in providing evidence that supports the assurance report and that the engagement was performed in accordance with SLSAEs.³⁷ The following are examples of matters that may be appropriate to include in the engagement documentation:

...

³⁷ SLSAE 3000 (Revised), paragraph 7942

- Laws ~~and/or~~ Regulations: Identified or suspected non-compliance with laws ~~and/or~~ regulations and the results of discussions with the entity and other parties outside the entity.

Assembly of the Final Engagement File (Ref: Para. 69)

A129. SLSQC 1 (or ~~other professional national~~ requirements, or requirements in law or regulation, that are at least as demanding as SLSQC 1) requires firms to establish policies and procedures for the timely completion of the assembly of engagement files.³⁸ 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.³⁹

...

Assurance Report Content

Information Not Covered by the Practitioner's Conclusion (Ref: Para. 76(c)) Emissions Deductions (Ref: Para. 76(c))

...

A139. A statement of the practitioner's responsibility with respect to emissions deductions may be worded as follows when the emissions deductions are comprised of offsets: "The GHG statement includes a deduction from ABC's emissions for the year of yyy tonnes of CO_{2-e} relating to offsets. We have performed procedures as to whether these offsets were acquired during the year, and whether the description of them in the GHG statement is a reasonable summary of the relevant contracts and related documentation. We have not, however, performed any procedures regarding the external providers of these offsets, and express no ~~opinion~~ conclusion about whether the offsets have resulted, or will result, in a reduction of yyy tonnes of CO_{2-e}."

...

Summary of the Practitioner's Procedures (Ref: Para. 76(h)(ii))

...

³⁸ SLSQC 1, paragraph 45

³⁹ SLSQC 1, paragraph A54

A143. In a limited assurance engagement, an appreciation of the nature, timing and extent of procedures performed is essential for the intended users to understand the conclusion expressed in a limited assurance report. The description of the practitioner's procedures in a limited assurance engagement is therefore ordinarily more detailed than in a reasonable assurance engagement. It also may be appropriate to include a description of procedures that were not performed that would ordinarily 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 assessment of risks of material misstatement are less than in a reasonable assurance engagement.

Factors to consider in making that determination and the level of detail to be provided include:

...

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

...

Emphasis of Matter Paragraphs and Other Matter Paragraphs (Ref: Para. 77)

...

A152. An Other Matter paragraph does not include information that the practitioner is prohibited from providing by laws, regulations or other professional standards, for example, ethical standards relating to confidentiality of information. An Other Matter paragraph also does not include information that is required to be provided by management.

APPENDIX 2

(Ref: Para. A134)

Illustrations of Assurance Reports ON GHG Statements

Illustration 1:

Circumstances include the following:

- Reasonable assurance engagement.
- The entity's GHG statement contains no Scope 3 emissions.
- The entity's GHG statement contains no emissions deductions.
- The GHG statement contains no comparative information.

The following illustrative report is for guidance only and is not intended to be exhaustive or applicable to all situations.

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON ABC'S GREENHOUSE GAS (GHG) STATEMENT

...

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which ~~includes independence and other requirements~~is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1⁴⁰ and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. ~~In accordance with Sri Lanka Standard on Quality Control 1,⁴¹ [name of firm] maintains a comprehensive system of quality~~

⁴⁰ SLSQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

⁴¹ SLSQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

~~control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.~~

...

Illustration 2:

Circumstances include the following:

- Limited assurance engagement.
- The entity's GHG statement contains no Scope 3 emissions.
- The entity's GHG statement contains no emissions deductions.
- The GHG statement contains no comparative information

The following illustrative report is for guidance only and is not intended to be exhaustive or applicable to all situations.

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON ABC'S GREENHOUSE GAS (GHG) STATEMENT

...

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka, which ~~includes independence and other requirements~~^{is} founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1⁴² and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. ~~In accordance with Sri Lanka Standard on Quality Control 1,⁴³ [name of firm] maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with~~

⁴² SLSQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

⁴³ SLSQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

~~ethical requirements, professional standards and applicable legal and regulatory requirements.~~

...

Our Responsibility

...

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. ~~As a result~~ Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether ABC's GHG statement has been prepared, in all material respects, in accordance with the [*applicable criteria*] applied as explained in Note 1 to the GHG statement.

...

SLSAE 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

Introduction

Scope of this SLSAE

1. This Sri Lanka Standard on Assurance Engagements (SLSAE) deals with reasonable assurance attestation engagements undertaken by a practitioner⁴⁴ to report on the responsible party's⁴⁵ compilation of pro forma financial information included in a prospectus. The SLSAE applies where:

...

Relationship with SLSAE 3000 (Revised), Other Professional Pronouncements, and Other Requirements

⁴⁴ The term "practitioner" is described in SLSAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, paragraph 12(r)~~paragraph 1~~.

⁴⁵ The *Sri Lanka Framework for Assurance Engagements* (the Assurance Framework), paragraphs 25–26, describes the meaning of the term "responsible party." SLSAE 3000 (Revised), paragraph 12(v)

7. The practitioner is required to comply with SLSAE 3000 (Revised) and this SLSAE when performing an assurance engagement to report on the compilation of pro forma financial information included in a prospectus. The performance of assurance engagements other than audits or reviews of historical financial information requires the practitioner to comply with SLSAE 3000. SLSAE 3000 includes requirements in relation to such topics as engagement acceptance, planning, evidence, and documentation that apply to all assurance engagements, including engagements in accordance with this SLSAE. This SLSAE supplements, but does not replace, SLSAE 3000 (Revised), and expands on how SLSAE 3000 (Revised) is to be applied in a reasonable assurance engagement to report on the compilation of pro forma financial information included in a prospectus.

~~The Sri Lanka Framework for Assurance Engagements (Assurance Framework), which defines and describes the elements and objectives of an assurance engagement, provides context for understanding this SLSAE and SLSAE 3000.~~

8. Compliance with SLSAE 3000 (Revised) requires, among other things, that the practitioner: compliance with Parts A and B of the *Code of Ethics for Professional Accountants* issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka Code) related to assurance engagements, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding.⁴⁶ It also requires the engagement partner to be a member of a firm that applies SLSQC 1,⁴⁷ or other professional requirements, or requirements in law or regulation, that are at least as demanding as SLSQC 1.
- ~~Comply with the independence and other requirements of the *Code of Ethics for Professional Accountants* issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka Code); and~~
 - ~~Implement quality control procedures that are applicable to the individual engagement.⁴⁸~~

...

⁴⁶ SLSAE 3000 (Revised), paragraphs 3(a), 20 and 34

⁴⁷ SLSAE 3000 (Revised), paragraphs 3(b) and 31(a). Sri Lanka Standard on Quality Control (SLSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

⁴⁸ SLSAE 3000, paragraphs 4 and 6

Requirements

SLSAE 3000 (Revised)

12. The practitioner shall not represent compliance with this SLSAE unless the practitioner has complied with the requirements of both this SLSAE and SLSAE 3000 (Revised).

Engagement Acceptance

13. Before agreeing to accept an engagement to report on whether pro forma financial information included in a prospectus has been compiled, in all material respects, on the basis of the applicable criteria, the practitioner shall:
 - (a) Determine that ~~the practitioner~~ those persons who are to perform the engagement collectively have ~~has the~~ appropriate competence and capabilities and competence to perform the engagement; (Ref: Para. A10)
 - (b) On the basis of a preliminary knowledge of the engagement circumstances and discussion with the responsible party, determine that the ~~applicable~~ criteria that the practitioner expects to be applied are suitable and that it is unlikely that the pro forma financial information will be misleading for the purpose for which it is intended;

...

Planning and Performing the Engagement

~~Assessing~~Determining the Suitability of the Applicable Criteria

14. The practitioner shall ~~assess—determine~~ whether the applicable criteria are suitable, as required by SLSAE 3000 (Revised),⁴⁹ and in particular shall determine that they include, at a minimum, that:
 - (a) – (c) ...

...

Evaluating the Presentation of the Pro Forma Financial Information

⁴⁹ SLSAE 3000 (Revised), paragraphs 42 (b) (ii) and A45.

...

27. The practitioner shall read the other information included in the prospectus containing the pro forma financial information to identify material inconsistencies, if any, with the pro forma financial information or the assurance report. If, on reading the other information, the practitioner identifies a material inconsistency or becomes aware of a material misstatement of fact in that other information, the practitioner shall discuss the matter with the responsible party. If correction of the matter is necessary and the responsible party refuses to do so, the practitioner shall take further appropriate action. (Ref: Para. A44)

...

Form of Opinion

...

Modified Opinion

32. In many jurisdictions, the relevant law or regulation precludes publication of a prospectus that contains a modified opinion with regard to whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria. Where this is the case and the practitioner concludes that a modified opinion is nevertheless appropriate in accordance with SLSAE 3000 (Revised), the practitioner shall discuss the matter with the responsible party. If the responsible party does not agree to make the necessary changes, the practitioner shall:
33. In some jurisdictions, the relevant law or regulation may not preclude publication of a prospectus that contains a modified opinion with regard to whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria. In such jurisdictions, if the practitioner determines that a modified opinion is appropriate in accordance with SLSAE 3000 (Revised), the practitioner shall apply the requirements in SLSAE 3000 (Revised)⁵⁰ regarding modified opinions.

...

⁵⁰ SLSAE 3000 (Revised), paragraphs 51–5274

Preparing the Assurance Report

35. The practitioner's report shall include, at a minimum, the following basic elements: (Ref: Para. A57)

(a) – (e)

...

(f) A statement that the engagement was performed in accordance with SLSAE 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, which requires that the practitioner ~~comply with ethical requirements and~~ plan and perform procedures to obtain reasonable assurance about whether the responsible party has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria;

(g) A statement that the firm of which the practitioner is a member applies SLSQC 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding as SLSQC 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 SLSQC 1.

(h) A statement that the practitioner complies with the independence and other ethical requirements of the CA Sri Lanka Code, or other professional requirements, or requirements imposed by law or regulation, that are at least as demanding as Parts A and B of the CA Sri Lanka 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 Parts A and B of the CA Sri Lanka Code related to assurance engagements.

Paragraphs 35(g) – (k) will be renumbered accordingly.

Application and Other Explanatory Material

Definitions

Applicable Criteria (Ref: Para. 11(a))

...

- A8. The applicable criteria for compiling the pro forma financial information will be suitable in the circumstances if they meet the ~~benchmark requirements~~ set out in paragraph 14.

...

Engagement Acceptance

...

The Responsible Party's Responsibilities (Ref: Para. 13(g))

- A11. An engagement in accordance with this SLSAE is conducted on the premise that the responsible party has acknowledged and understands that it has the responsibilities set out in paragraph 13(g). In some jurisdictions, such responsibilities may be specified in the relevant law or regulation. In others, there may be little or no legal or regulatory definition of such responsibilities. An assurance engagement to report on whether pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria is based on the assumption that:

(a – b) ...

Accordingly, this premise is fundamental to the conduct of the engagement. To avoid misunderstanding, agreement is reached with the responsible party that it acknowledges and understands that it has such responsibilities as part of agreeing and recording the terms of the engagement as required by SLSAE 3000 (Revised).⁵¹

...

Preparing the Assurance Report

Title (Ref: Para. 35(a))

- A51. A title indicating that the report is the report of an independent practitioner, for example, "Independent Practitioner's Assurance Report on the Compilation of Pro Forma Financial Information Included in a Prospectus," affirms that the practitioner has met all of the relevant ethical requirements regarding independence

⁵¹ SLSAE 3000 (Revised), paragraph 2740

as required by SLSAE 3000 (Revised).⁵² This distinguishes the report of the independent practitioner from reports issued by others.

...

Appendix

Illustrative Practitioner's Report with an Unmodified Opinion

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A
PROSPECTUS

[Appropriate Addressee(s)]

Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

...

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the Institute of Chartered Accountants of Sri Lanka, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Sri Lanka Standard on Quality Control 1⁵³ and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

...

⁵² SLSAE 3000 (Revised), paragraph 20¹⁴

⁵³ SLSQC 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements

We conducted our engagement in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Chartered Accountants of Sri Lanka. This standard requires that the practitioner ~~comply with ethical requirements and~~ plan and perform procedures to obtain reasonable assurance about whether [*the responsible party*] has compiled, in all material respects, the pro forma financial information on the basis of the [*applicable criteria*].

