



*Statement on
Standards for
Attestation Engagements*

*December 2019
20*

Issued by the Auditing Standards Board

**STATEMENT ON STANDARDS FOR
ATTESTATION ENGAGEMENTS**

**AMENDMENTS TO THE DESCRIPTION OF THE
CONCEPT OF MATERIALITY**

(Amends the following sections of Statement on Standards for Attestation Engagements [SSAE] No. 18, Attestation Standards: Clarification and Recodification:

- Section 205, Examination Engagements [AICPA, Professional Standards, AT-C sec. 205];*
- Section 210, Review Engagements [AICPA, Professional Standards, AT-C sec. 210])*

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(2019–2020)

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Note: *Statements on Standards for Attestation Engagements* are issued by senior committees of the AICPA designated to issue pronouncements on attestation matters applicable to the preparation and issuance of attestation reports for entities that are nonissuers. The “Compliance With Standards Rule”(ET sec. 1.310.001)¹ of the AICPA Code of Professional Conduct requires compliance with these standards when performing an attestation engagement for a nonissuer.

¹ All ET sections can be found in AICPA *Professional Standards*.

Statement on Standards for Attestation Engagements

Amendments to the Description of the Concept of Materiality

Boldface italics denotes new language. Deleted text is in ~~strikethrough~~.

SSAE No. 18, *Attestation Standards: Clarification and Recodification*

AT-C Section 205, *Examination Engagements*¹

[No amendment to paragraphs .01–.A16.]

.A17 In general, misstatements, including omissions, are considered to be material if *there is a substantial likelihood that*, individually or in the aggregate, they ~~could reasonably be expected to~~ *would* influence ~~the judgment~~ *relevant decisions of* ~~made by~~ intended users ~~that are made~~ based on the subject matter. The practitioner’s consideration of materiality is a matter of professional judgment and is affected by the practitioner’s perception of the common information needs of intended users as a group. ~~In this context~~ *For purposes of determining materiality*, it is reasonable for the practitioner to ~~may~~ assume that intended users

- a. have a reasonable knowledge of the subject matter and a willingness to study the subject matter with reasonable diligence.
- b. understand that the subject matter is measured or evaluated and examined to appropriate levels of materiality and have an understanding of any materiality concepts included in the criteria.
- c. understand any inherent uncertainties involved in measuring or evaluating the subject matter.
- d. make reasonable ~~decisions on the basis of~~ *judgments based on* the subject matter ~~taken as a whole~~.

Unless the engagement has been designed to meet the particular information needs of specific users, the possible effect of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered.

[No further amendment to AT-C section 205.]

1. This amendment is effective for practitioners’ examination reports dated on or after December 15, 2020.

¹ All AT-C sections can be found in AICPA *Professional Standards*.

AT-C Section 210, *Review Engagements*

[No amendment to paragraphs .01–.A15.]

.A16 In general, misstatements, including omissions, are considered to be material if *there is a substantial likelihood that*, individually or in the aggregate, they ~~could reasonably be expected to~~ *would* influence ~~the judgment~~ *relevant decisions of* ~~made by~~ intended users ~~that are made~~ based on the subject matter. The practitioner's consideration of materiality is a matter of professional judgment and is affected by the practitioner's perception of the common information needs of intended users as a group. ~~In this context~~ *For purposes of determining materiality*, it is reasonable for the practitioner ~~to~~ *may* assume that intended users

- a. have a reasonable knowledge of the subject matter and a willingness to study the subject matter with reasonable diligence.
- b. understand that the subject matter is measured or evaluated and reviewed to appropriate levels of materiality and have an understanding of any materiality concepts included in the criteria.
- c. understand any inherent uncertainties involved in measuring or evaluating the subject matter.
- d. make reasonable ~~decisions on the basis of~~ *judgments based on* the subject matter ~~taken as a whole~~.

Unless the engagement has been designed to meet the particular information needs of specific users, the possible effect of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered.

[No further amendment to AT-C section 215.]

2. This amendment is effective for practitioners' review reports dated on or after December 15, 2020.