

# Attestation Services

---

---

Attestation services include audits, reviews, and examinations of prospective financial information. In attestations services, accountants issue reports that express a conclusion about the reliability of an assertion that is made by another party. Generally, in an attestation engagement, a company's management asserts claims about its business and hires an accountant to attest that its assertions are reliable, so that third parties can rely on the company's assertions. The accountant takes the appropriate action depending on the type of attestation services requested and determines the reliability of the assertions made by management. For example, a company may assert that it has the ability to repay a bank loan within 5 years. A CPA then performs an attestation service to determine if management's assertion is reliable. The bank may then rely on the CPA's report in its evaluation of the company.

The purpose is to ascertain the degree of reliability of the assertions, whether they followed established criteria, and communicate the results to interested users (i.e. regulators, investors and the public).

Since an attestation's primary benefit is to satisfy external reporting requirement, attestations engagements generally include:

- Financial statement audits
- Reporting on forecasts and projections
- Reporting on pro-forma information
- Reporting on effectiveness of internal control
- Reporting on the client's compliance with specified laws and regulations
- Reporting on the client's compliance with contracts
- Reporting on the client's compliance with grants

Attestation Standards: These standards are similar to Generally Accepted Auditing Standards (GAAS), but they establish a broad framework for and set reasonable boundaries around a variety of attest services. Attestation standards provide guidance to improve the consistency and quality of attest engagements.

## **Attestation Standards** \*

*General Standards -*

1. The practitioner must have adequate technical training and proficiency to perform in the attestation engagement.
2. The practitioner must have adequate knowledge of the subject matter.
3. The practitioner must have reason to believe that the subject matter is capable of evaluation against criteria that are suitable and available to users.

# Attestation Services

---

---

4. The practitioner must maintain independence in mental attitude in all matters relating to the engagement.

5. The practitioner must exercise due professional care in the planning and performance of the engagement and the preparation of the report

## *Fieldwork Standards –*

1. The practitioner must adequately plan the work and must properly supervise any assistants.

2. The practitioner must obtain sufficient evidence to provide a reasonable basis for the conclusion that is expressed in the report.

## *Reporting Standards -*

1. The practitioner must identify the subject matter or the assertion being reported on and state the character of the engagement in the report.

2. The practitioner must state the practitioner's conclusion about the subject matter or the assertion in relation to the criteria against which the subject matter was evaluated.

3. The practitioner must state all of the practitioner's significant reservations about the engagement, the subject matter, and, if applicable, the assertion related thereto in the report.

4. The practitioner must state in the report that the report is intended solely for the information and use of the specified parties under the following circumstances:

- When the criteria used to evaluate the subject matter are determined by the practitioner to be appropriate only for a limited number of parties who either participated in their establishment or can be presumed to have an adequate understanding of the criteria
- When the criteria used to evaluate the subject matter are available only to specified parties
- When reporting on subject matter and a written assertion has not been provided by the responsible party
- When the report is on an attestation engagement to apply agreed-upon procedures to the subject matter.

\* Auditing and Attestation. Chapter 1. Professional Standards, Audit Process, and Audit Planning. (Course 5294 Copyright 2013.)

These sample engagement letters, checklists, and practice and consent forms are for illustrative purposes only. We recommend you use these letters and forms only after you have consulted with your attorney. Since your practice may be different than those described in the sample letters and forms, we recommend that you modify them to suit your individual practice needs. Use of these sample letters and forms is not intended to constitute a binding contract, does not constitute legal advice, and does not satisfy your obligation to do thorough research. © Gilsbar Specialty Insurance Services, L.L.C. and Date.