



Agenda Item 3E

Preface to the Attestation Standards

The Statements on Standards for Attestation Engagements (SSAEs), which are also known as the attestation standards, establish requirements and provide guidance for performing and reporting on examination, review, and agreed-upon procedures engagements (attestation engagements) that address subject matter other than historical financial statements, for example, a schedule of investment returns, the effectiveness of an entity's controls over the security of a system, or a statement of greenhouse gas emissions.

The SSAEs apply only to attestation engagements performed under the SSAEs. They are issued under Rule 202, *Compliance With Standards* (AICPA, *Professional Standards*, ET sec. 202 par. .01), of the Code of Professional Conduct, which requires an AICPA member who performs an attestation engagement to comply with such pronouncements. The attestation standards are developed and issued through a due process that includes deliberation in meetings open to the public, public exposure of proposed attestation standards, and a formal vote by an authorized standard-setting body.

This preface provides an overview of the attestation standards but does not establish requirements and does not carry any authority. It is intended to be helpful in understanding attestation engagements.

Structure of the SSAEs

The attestation standards apply to three types of services—examination, review, and agreed-upon procedures—which can be applied to innumerable types of subject matter. The applicability of specific chapters of the attestation standards to each service depends on both the type of service provided and the subject matter on which the practitioner is engaged to report.

Chapter 1, “Concepts Common to All Attestation Engagements,” of the proposed SSAE contains concepts that are common to all attestation engagements. Chapters 2, “Examination Engagements;” 3, “Review Engagements;” and 4, “Agreed-Upon Procedures Engagements;” contain additional requirements and application guidance specific to examinations, reviews, or agreed-upon procedures engagements, respectively. Under the proposed restructured attestation standards, the applicable requirements and application guidance for any attestation engagement is contained in at least two chapters: chapter 1, the common concepts chapter, and either chapter 2, 3, or 4 depending on the type of service being provided. In addition, incremental performance and reporting requirements and application guidance unique to a specific subject matter, such as prospective financial information or compliance with laws and regulations, is contained in chapters 5–~~9~~¹⁰. The applicable guidance for a subject-matter specific engagement is contained in three chapters of the attestation standards: the common concepts chapter; the examination, review, or agreed-upon procedures chapter, as applicable; and the subject-matter specific chapter.

Purpose of the Engagement and Premise on Which an Attestation Engagement Is Conducted

The purpose of an attestation engagement is to provide users of information, generally third parties, with an opinion, conclusion, or findings regarding the reliability of subject matter, or an assertion about the subject matter, as measured against criteria that are suitable and available. (An examination engagement results in an opinion, a review engagement results in a conclusion, and an agreed-upon procedures engagement results in findings.) The practitioner's report is intended to enhance the degree of confidence that intended users can place in the subject matter.

Responsibilities

An engagement in accordance with the attestation standards is conducted on the premise that the responsible party has responsibility for

- the preparation and fair presentation of (a) the subject matter in conformity with the applicable criteria or (b) an assertion about the subject matter;
- measuring, evaluating, and, when applicable, presenting subject matter that is free from material misstatement, whether due to fraud or error; and
- providing the practitioner with
 - access to all information, such as records, documentation, and other matters of which the responsible party is aware, that is relevant to the measurement, evaluation, and presentation of the subject matter;
 - additional information that the practitioner may request from the responsible party for the purpose of the engagement; and
 - unrestricted access to persons within the entity from whom the practitioner determines it is necessary to obtain evidence.

Practitioners are responsible for complying with the performance and reporting requirements established in the attestation standards when they are engaged to issue, or do issue, an examination, review, or agreed-upon procedures report on subject matter or an assertion about subject matter that is the responsibility of another party. Although a practitioner may assist the responsible party in developing or presenting the subject matter, the responsible party remains responsible for the subject matter's measurement, evaluation, and presentation.

Performance

In all services provided under the attestation standards, practitioners are responsible for

- having the appropriate competence and capabilities to perform the engagement,
- complying with relevant ethical requirements,
- maintaining professional skepticism, and
- exercising professional judgment throughout the planning and performance of the engagement.

To express an opinion in an examination, the practitioner obtains reasonable assurance about whether the subject matter, or an assertion about the subject matter, is free from material misstatement, whether due to fraud or error. To obtain reasonable assurance, which is a high, but not absolute, level of assurance, the practitioner

- plans the work and properly supervises ~~any~~ other members of the engagement team~~assistants~~.
- identifies and assesses the risks of material misstatement, whether due to fraud or error, based on an understanding of the subject matter, its measurement or evaluation, the criteria, and other engagement circumstances.
- obtains sufficient appropriate evidence about whether material misstatements exist by designing and implementing appropriate responses to the assessed risks. Examination procedures may involve inspection, observation, analysis, inquiry, reperformance, recalculation, or confirmation with outside parties.

To express a conclusion in a review, the practitioner obtains limited assurance about whether the subject matter, or an assertion about the subject matter, is free from material misstatement, whether due to fraud or error. In a review, the nature and extent of the procedures are substantially less than in an examination. To obtain limited assurance in a review, the practitioner

- plans the work and properly supervises ~~any~~ other members of the engagement team~~assistants~~.
- focuses procedures in those areas in which the practitioner believes increased risks of misstatements exist, whether due to fraud or error, based on the practitioner's understanding of the subject matter, its measurement or evaluation, the criteria, and other engagement circumstances.
- obtains review evidence, through the application of inquiry and analytical procedures or other procedures as appropriate, to obtain limited assurance that no material modifications should be made to the subject matter in order for it to be in conformity with the criteria.

To report on the application of agreed-upon procedures, the practitioner applies procedures determined by the specified parties who are the intended users of the practitioner's report and who are responsible for the sufficiency of the procedures for their purposes. As a result of the engagement, the practitioner reports on the results of the engagement but does not provide an opinion or conclusion on the subject matter or assertion. In an agreed-upon procedures engagement, the practitioner

- plans the work and properly supervises other members of the engagement team~~any assistants~~.
- applies the procedures agreed to by the specified parties and reports on their results.

Reporting

Based on evidence obtained, the practitioner expresses, in the form of a written report, the practitioner's opinion, conclusion, or findings. In the case of an examination, a report provides

an opinion about whether the subject matter, as measured against the criteria, is free from material misstatement (or whether the assertion about the subject matter is fairly stated) in all material respects. In a review, the report expresses a conclusion about whether based on the limited procedures the practitioner is aware of any material modification that should be made to the subject matter for it to be in conformity with the criteria or the assertion in order for it to be fairly stated. In an agreed-upon procedures report, the practitioner describes the specified procedures that were applied to the subject matter and the results of their application.