

## **Protecting the Public Interest: Updating our State Accountancy Act Definition of “Attest”**

While certified public accountants (CPAs) perform a broad range of services for the public that other individuals also can perform, attest services are a set of protected services that can **only** be performed by a CPA operating within a CPA firm. CPA firms, like individual CPAs, are subject to oversight by our state Board of Accountancy, according to strict standards.

The Alabama Society of CPAs is teaming with the Alabama State Board of Public Accountancy asking lawmakers to amend the definition of “attest”. CPAs are being asked to provide assurance services on a whole host of new types of engagements. The marketplace has been changing rapidly and our original laws did not contemplate this. It is important to ensure that only a CPA can apply the attest label to such engagements.

There is an implicit expectation that attest work was performed by a CPA. Attest work includes audits and reviews of financial statements, examinations of prospective financial information, examinations of standards of organization controls, sustainability reports, and engagements required by the Public Company Accounting Oversight Board.

**Why we must amend Alabama’s Uniform Accountancy Act:** Two major changes have necessitated a review of the scope of “attest” definition.

- 1) While all Statements on Auditing Standards (SAS) are covered under our state’s definition of attest, only “examinations of prospective financial information” under the Statement on Standards on Attestation Engagements (SSAE) are covered. Now that Service Organization (SOC) Reports are considered to be SSAEs by the American Institute of CPAs, they have fallen out of our definition of attest.

The state statute should be amended so that all SSAEs are covered – not just “examinations of prospective financial information”.

- 2) Clients are asking for attest services to be performed on not just concerns such as reports on service organizations, but also on a whole host of new types of engagements related to sustainability, greenhouse gases, eXtensible Business Reporting Language (XBRL), cloud computing, and many other issues.

Others in the marketplace without the same credentials, experience, and regulation are also offering these services and they are using the CPA profession’s standards as written under the SSAEs.

Non-CPAs should be able to provide these services to the public. However, those individuals should not be allowed to use CPA professional standards for attestation when they perform such engagements. The state Board of Accountancy only monitors attest engagements performed by CPAs, not by others in the market using CPA profession standards.