The attestation standards do not supersede any of the existing standards in Statements on Auditing Standards (SASs), Statements on Standards for Accounting and Review Services (SSARSs); and Statement on Standards for Accountants' Services on Prospective Financial Information. Therefore, the practitioner who is engaged to perform an engagement subject to these existing standards should follow such standards.

Attestation Standards

General Standards

1.The engagement shall be performed by a practitioner or practitioners having adequate technical training and proficiency in the attest function.

2.The engagement shall be performed by a practitioner or practitioners having adequate knowledge in the subject matter of the assertion.

3.The practitioner shall perform an engagement only if he or she has reason to believe that the following two conditions exist:

-The assertion is capable of evaluation against reasonable criteria that either have been established by a recognized body or are stated in the presentation of the assertion in a sufficiently clear and comprehensive manner for a knowledgeable reader to be able to understand them.

-The assertion is capable of reasonably consistent estimation or measurement using such criteria.

4.In all matters relating to the engagement, an independence in mental attitude shall be maintained by the practitioner or practitioners.

5.Due professional care shall be exercised in the performance of the engagement.

Standards of Fieldwork

1.The work shall be adequately planned and assistants, if any, shall be properly supervised.

2.Sufficient evidence shall be obtained to provide a reasonable basis for the conclusion that is expressed in the report.

Standards of Reporting

1.The report shall identify the assertion being reported on and state the character of the engagement.

2.The report shall state the practitioner's conclusion about whether the assertion is presented in conformity with the established or stated criteria against which it was measured.

3.The report shall state all of the practitioner's significant reservations about the engagement and the presentation of the assertion.

4.The report on an engagement to evaluate an assertion that has been prepared in conformity with agreed-upon criteria or on an engagement to apply agreed-upon procedures should contain a statement limiting its use to the parties who have agreed upon such criteria or procedures.

These Statements are issued by the Auditing Standards Board, the Accounting and Review Services Committee, and the Management Consulting Services Executive Committee under the authority granted them by the Council of the Institute to interpret Rule 201, General Standards¯, and Rule 202, Compliance With Standards¯, of the Institute's Code of Professional Conduct. Members should be prepared to justify departures from this Statement.

Interpretations are issued by the Audit Issues Task Force of the Auditing Standards Board to provide timely guidance on the application of pronouncements of that Board. Interpretations are reviewed by the Auditing Standards Board. An interpretation is not as authoritative as a pronouncement of that Board, but members should be aware that they may have to justify a departure from an interpretation if the quality of their work is questioned.

AT 100 Attestation Standards
AT Section 100
Attestation Standards
Source: SSAE No. 1; SSAE No. 4; SSAE No. 5.
See section 9100¯ for interpretations of this section.
Effective for attest reports issued on or after September 30, 1986, unless otherwise indicated.

AT 100.01 Attestation Standards
Attest Engagement

.01 When a certified public accountant in the practice of public accounting¯ (herein referred to as "a practitioner") performs an attest engagement, as defined below, the engagement is subject to the attestation standards and related interpretive commentary in this pronouncement and to any other authoritative interpretive standards that apply to the particular engagement.¯

An attest engagement is one in which a practitioner is engaged to issue or does issue a written communication that expresses a conclusion about the reliability of a written assertion¯ that is the responsibility of another party.¯

AT 100.02 Attestation Standards

.02 Examples of professional services typically provided by practitioners that would not be considered attest engagements include--

a.Management consulting engagements in which the practitioner is engaged to provide advice or recommendations to a client.

b.Engagements in which the practitioner is engaged to advocate a client's position--for example, tax matters being reviewed by the Internal Revenue Service.

c.Tax engagements in which a practitioner is engaged to prepare tax returns or provide tax advice.

d.Engagements in which the practitioner compiles financial statements, because he is not required to examine or review any evidence supporting the information furnished by the client and does not express any conclusion on its reliability.
e.Engagements in which the practitioner's role is solely to assist the client--for example, acting as the company accountant in preparing information other than financial statements.
f.Engagements in which a practitioner is engaged to testify as an expert witness in accounting, auditing, taxation, or other matters, given certain stipulated facts.
g.Engagements in which a practitioner is engaged to provide an expert opinion on certain points of principle, such as the application of tax laws or accounting standards, given specific facts provided by another party so long as the expert opinion does not express a conclusion about the reliability of the facts provided by the other party.

AT 100.03 Attestation Standards

.03 The practitioner who does not explicitly express a conclusion about the reliability of an assertion that is the responsibility of another party should be aware that there may be circumstances in which such a conclusion could be reasonably inferred. For example, if the practitioner issues a report that includes an enumeration of procedures that could reasonably be expected to provide assurance about an assertion, the practitioner may not be able to avoid the inference that the report is an attest report merely by omitting an explicit conclusion on the reliability of the assertion.

AT 100.04 Attestation Standards

.04 The practitioner who has assembled or assisted in assembling an assertion should not claim to be the asserter if the assertion is materially dependent on the actions, plans, or assumptions of some other individual or group. In such a situation, that individual or group is the "asserter," and the practitioner will be viewed as an attester if a conclusion about the reliability of the assertion is expressed.

AT 100.05 Attestation Standards

.05 An attest engagement may be part of a larger engagement--for example, a feasibility study or business acquisition study that includes an examination of prospective financial information. In such circumstances, these standards apply only to the attest portion of the engagement.

AT 100.06 Attestation Standards
General Standards

.06 The first general standard is--The engagement shall be performed by a practitioner or practitioners having adequate technical training and proficiency in the attest function.

AT 100.07 Attestation Standards

.07 Performing attest services is different from preparing and presenting an assertion. The latter involves collecting, classifying, summarizing, and communicating information; this usually entails reducing a mass of detailed data to a manageable and

understandable form. On the other hand, performing attest services involves gathering evidence to support the assertion and objectively assessing the measurements and communications of the asserter. Thus, attest services are analytical, critical, investigative, and concerned with the basis and support for the assertions.

AT 100.08 Attestation Standards

.08 The attainment of proficiency as an attester begins with formal education and extends into subsequent experience. To meet the requirements of a professional, the attester's training should be adequate in technical scope and should include a commensurate measure of general education.

AT 100.09 Attestation Standards

.09 The second general standard is--The engagement shall be performed by a practitioner or practitioners having adequate knowledge in the subject matter of the assertion.

AT 100.10 Attestation Standards

.10 A practitioner may obtain adequate knowledge of the subject matter to be reported on through formal or continuing education, including self-study, or through practical experience. However, this standard does not necessarily require a practitioner to personally acquire all of the necessary knowledge in the subject matter to be qualified to judge an assertion's reliability. This knowledge requirement may be met, in part, through the use of one or more specialists on a particular attest engagement if the practitioner has sufficient knowledge of the subject matter (a) to communicate to the specialist the objectives of the work and (b) to evaluate the specialist's work to determine if the objectives were achieved.

AT 100.11 Attestation Standards

.11 The third general standard is--The practitioner shall perform an engagement only if he or she has reason to believe that the following two conditions exist:
a.The assertion is capable of evaluation against reasonable criteria that either have been established by a recognized body or are stated in the presentation of the assertion in a sufficiently clear and comprehensive manner for a knowledgeable reader to be able to understand them.
b.The assertion is capable of reasonably consistent estimation or measurement using such criteria.

AT 100.12 Attestation Standards

.12 The attest function should be performed only when it can be effective and useful. Practitioners should have a reasonable basis for believing that a meaningful conclusion can be provided on an assertion.

AT 100.13 Attestation Standards

.13 The first condition requires an assertion to have reasonable criteria against which it can be evaluated. Criteria promulgated by a body designated by Council under

the AICPA Code of Professional Conduct are, by definition, considered to be reasonable criteria for this purpose. Criteria issued by regulatory agencies and other bodies composed of experts that follow due-process procedures, including procedures for broad distribution of proposed criteria for public comment, normally should also be considered reasonable criteria for this purpose.

AT 100.14 Attestation Standards

.14 However, criteria established by industry associations or similar groups that do not follow due process or do not as clearly represent the public interest should be viewed more critically. Although established and recognized in some respects, such criteria should be considered similar to measurement and disclosure criteria that lack authoritative support, and the practitioner should evaluate whether they are reasonable. Such criteria should be stated in the presentation of the assertion in a sufficiently clear and comprehensive manner for knowledgeable readers to be able to understand them.

AT 100.15 Attestation Standards

.15 Reasonable criteria are those that yield useful information. The usefulness of information depends on an appropriate balance between relevance and reliability. Consequently, in assessing the reasonableness of measurement and disclosure criteria, the practitioner should consider whether the assertions generated by such criteria have an appropriate balance of the following characteristics.

a.Relevance

-Capacity to make a difference in a decision--The assertions are useful in forming predictions about the outcomes of past, present, and future events or in confirming or correcting prior expectations.

-Ability to bear upon uncertainty--in confirming or altering the degree of uncertainty about the result of a decision.

-Timeliness--The assertions are available to decision makers before they lose their capability to influence decisions.

-Completeness--The assertions do not omit information that could alter or confirm a decision.

-Consistency--The assertions are measured and presented in materially the same manner in succeeding time periods or (if material inconsistencies exist) changes are disclosed, justified, and, where practical, reconciled to permit proper interpretations of sequential measurements.

b.Reliability

-Representational faithfulness--The assertions correspond or agree with the phenomena they purport to represent.

-Absence of unwarranted inference of certainty or precision--The assertions may sometimes be presented more appropriately through the use of ranges or indications of the probabilities attaching to different values rather than as single point estimates.

-Neutrality--The primary concern is the relevance and reliability of the assertions rather than their potential effect on a particular interest.

-Freedom from bias--The measurements involved in the assertions are equally likely to fall on either side of what they represent rather than more often on one side than the other.

AT 100.16 Attestation Standards

.16 Some criteria are reasonable in evaluating a presentation of assertions for only a limited number of specified users who participated in their establishment. For instance, criteria set forth in a purchase agreement for the preparation and presentation of financial statements of a company to be acquired, when materially different from generally accepted accounting principles (GAAP), are reasonable only when reporting to the parties to the agreement.

AT 100.17 Attestation Standards

.17 Even when reasonable criteria exist, the practitioner should consider whether the assertion is also capable of reasonably consistent estimation or measurement using those criteria.¯ Competent persons using the same or similar measurement and disclosure criteria ordinarily should be able to obtain materially similar estimates or measurements. However, competent persons will not always reach the same conclusion because (a) such estimates and measurements often require the exercise of considerable professional judgment and (b) a slightly different evaluation of the facts could yield a significant difference in the presentation of a particular assertion. An assertion estimated or measured using criteria promulgated by a body designated by Council under the AICPA Code of Professional Conduct¯ is considered, by definition, to be capable of reasonably consistent estimation or measurement.

AT 100.18 Attestation Standards

.18 A practitioner should not provide assurance on an assertion that is so subjective (for example, the "best" software product from among a large number of similar products) that people having competence in and using the same or similar measurement and disclosure criteria would not ordinarily be able to obtain materially similar estimates or measurements. A practitioner's assurance on such an assertion would add no real credibility to the assertion; consequently, it would be meaningless at best and could be misleading.

AT 100.19 Attestation Standards

.19 The second condition does not presume that all competent persons would be expected to select the same measurement and disclosure criteria in developing a particular estimate or measurement (for example, the provision for depreciation on plant and equipment). However, assuming the same measurement and disclosure criteria were used (for example, the straight-line method of depreciation), materially similar estimates or measurements would be expected to be obtained.

AT 100.20 Attestation Standards

.20 Furthermore, for the purpose of assessing whether particular measurement and disclosure criteria can be expected to yield reasonably consistent estimates or

measurements, materiality must be judged in light of the expected range of reasonableness for a particular assertion. For instance, "soft" information, such as forecasts or projections, would be expected to have a wider range of reasonable estimates than "hard" data, such as the quantity of a particular item of inventory existing at a specific location.

AT 100.21 Attestation Standards

.21 The second condition applies equally whether the practitioner has been engaged to perform an "examination" or a "review" of a presentation of assertions (see the second reporting standard). Consequently, it is inappropriate to perform a review engagement where the practitioner concludes that an examination cannot be performed because competent persons using the same or similar measurement and disclosure criteria would not ordinarily be able to obtain materially similar estimates or measurements. For example, practitioners should not provide negative assurance on the assertion that a particular software product is the "best" among a large number of similar products because they could not provide the highest level of assurance (a positive opinion) on such an assertion (were they engaged to do so) because of its inherent subjectivity.

AT 100.22 Attestation Standards

.22 The fourth general standard is--In all matters relating to the engagement, an independence in mental attitude shall be maintained by the practitioner or practitioners.

AT 100.23 Attestation Standards

.23 The practitioner should maintain the intellectual honesty and impartiality necessary to reach an unbiased conclusion about the reliability of an assertion. This is a cornerstone of the attest function. Consequently, practitioners performing an attest service should not only be independent in fact, but also should avoid situations that may impair the appearance of independence.

AT 100.24 Attestation Standards

.24 In the final analysis, independence means objective consideration of facts, unbiased judgments, and honest neutrality on the part of the practitioner in forming and expressing conclusions. It implies not the attitude of a prosecutor but a judicial impartiality that recognizes an obligation for fairness. Independence presumes an undeviating concern for an unbiased conclusion about the reliability of an assertion no matter what the assertion may be.

AT 100.25 Attestation Standards

.25 The fifth general standard is--Due professional care shall be exercised in the performance of the engagement.

AT 100.26 Attestation Standards

.26 Due care imposes a responsibility on each practitioner involved with the engagement to observe each of the attestation standards. Exercise of due care requires

critical review at every level of supervision of the work done and the judgment exercised by those assisting in the engagement, including the preparation of the report.

AT 100.27 Attestation Standards

.27 Cooley on Torts, a treatise that has stood the test of time, describes a professional's obligation for due care as follows:

Every man who offers his services to another and is employed, assumes the duty to exercise in the employment such skill as he possesses with reasonable care and diligence. In all those employments where peculiar skill is requisite, if one offers his services, he is understood as holding himself out to the public as possessing the degree of skill commonly possessed by others in the same employment, and if his pretentions are unfounded, he commits a species of fraud upon every man who employs him in reliance on his public profession. But no man, whether skilled or unskilled, undertakes that the task he assumes shall be performed successfully, and without fault or error; he undertakes for good faith and integrity, but not for infallibility, and he is liable to his employer for negligence, bad faith, or dishonesty, but not for losses consequent upon mere errors of judgment.

AT 100.28 Attestation Standards

Standards of Fieldwork

.28 The first standard of fieldwork is--The work shall be adequately planned and assistants, if any, shall be properly supervised.

AT 100.29 Attestation Standards

.29 Proper planning and supervision contribute to the effectiveness of attest procedures. Proper planning directly influences the selection of appropriate procedures and the timeliness of their application, and proper supervision helps ensure that planned procedures are appropriately applied.

AT 100.30 Attestation Standards

.30 Planning an attest engagement involves developing an overall strategy for the expected conduct and scope of the engagement. To develop such a strategy, practitioners need to have sufficient knowledge to enable them to understand adequately the events, transactions, and practices that, in their judgment, have a significant effect on the presentation of the assertions.

AT 100.31 Attestation Standards

.31 Factors to be considered by the practitioner in planning an attest engagement include (a) the presentation criteria to be used, (b) the anticipated level of attestation risk related to the assertions on which he or she will report, (c) preliminary judgments about materiality levels for attest purposes, (d) the items within a presentation of assertions that are likely to require revision or adjustment, (e) conditions that may require extension or modification of attest procedures, and (f) the nature of the report expected to be issued.

AT 100.32 Attestation Standards

.32 The nature, extent, and timing of planning will vary with the nature and complexity of the assertions and the practitioner's prior experience with the asserter. As part of the planning process, the practitioner should consider the nature, extent, and timing of the work to be performed to accomplish the objectives of the attest engagement. Nevertheless, as the attest engagement progresses, changed conditions may make it necessary to modify planned procedures.

AT 100.33 Attestation Standards

.33 Supervision involves directing the efforts of assistants who participate in accomplishing the objectives of the attest engagement and determining whether those objectives were accomplished. Elements of supervision include instructing assistants, staying informed of significant problems encountered, reviewing the work performed, and dealing with differences of opinion among personnel. The extent of supervision appropriate in a given instance depends on many factors, including the nature and complexity of the subject matter and the qualifications of the persons performing the work.

AT 100.34 Attestation Standards

.34 Assistants should be informed of their responsibilities, including the objectives of the procedures that they are to perform and matters that may affect the nature, extent, and timing of such procedures. The practitioner with final responsibility for the engagement should direct assistants to bring to his or her attention significant questions raised during the attest engagement so that their significance may be assessed.

AT 100.35 Attestation Standards

.35 The work performed by each assistant should be reviewed to determine if it was adequately performed and to evaluate whether the results are consistent with the conclusions to be presented in the practitioner's report.

AT 100.36 Attestation Standards

.36 The second standard of fieldwork is--Sufficient evidence shall be obtained to provide a reasonable basis for the conclusion that is expressed in the report.

AT 100.37 Attestation Standards

.37 Selecting and applying procedures that will accumulate evidence that is sufficient in the circumstances to provide a reasonable basis for the level of assurance to be expressed in the attest report requires the careful exercise of professional judgment. A broad array of available procedures may be applied in an attest engagement. In establishing a proper combination of procedures to appropriately restrict attestation risk, the practitioner should consider the following presumptions, bearing in mind that they are not mutually exclusive and may be subject to important exceptions.

a.Evidence obtained from independent sources outside an entity provides greater assurance of an assertion's reliability than evidence secured solely from within the entity.

b.Information obtained from the independent attester's direct personal knowledge (such as through physical examination, observation, computation, operating tests, or inspection) is more persuasive than information obtained indirectly.
c.The more effective the internal control the more assurance it provides about the reliability of the assertions.

AT 100.38 Attestation Standards

.38 Thus, in the hierarchy of available attest procedures, those that involve search and verification (for example, inspection, confirmation, or observation), particularly when using independent sources outside the entity, are generally more effective in reducing attestation risk than those involving internal inquiries and comparisons of internal information (for example, analytical procedures and discussions with individuals responsible for the assertion). On the other hand, the latter are generally less costly to apply.

AT 100.39 Attestation Standards

.39 In an attest engagement designed to provide the highest level of assurance on an assertion (an "examination"), the practitioner's objective is to accumulate sufficient evidence to limit attestation risk to a level that is, in the practitioner's professional judgment, appropriately low for the high level of assurance that may be imparted by his or her report. In such an engagement, a practitioner should select from all available procedures--that is, procedures that assess inherent and control risk and restrict detection risk--any combination that can limit attestation risk to such an appropriately low level.

AT 100.40 Attestation Standards

.40 In a limited assurance engagement (a "review"), the objective is to accumulate sufficient evidence to limit attestation risk to a moderate level. To accomplish this, the types of procedures performed generally are limited to inquiries and analytical procedures (rather than also including search and verification procedures).

AT 100.41 Attestation Standards

.41 Nevertheless, there will be circumstances when inquiry and analytical procedures (a) cannot be performed, (b) are deemed less efficient than other procedures, or (c) yield evidence indicating that the assertion may be incomplete or inaccurate. In the first circumstance, the practitioner should perform other procedures that he or she believes can provide him or her with a level of assurance equivalent to that which inquiries and analytical procedures would have provided. In the second circumstance, the practitioner may perform other procedures that he or she believes would be more efficient to provide him or her with a level of assurance equivalent to that which inquiries and analytical procedures would provide. In the third circumstance, the practitioner should perform additional procedures.

AT 100.42 Attestation Standards

.42 The extent to which attestation procedures will be performed should be based on the level of assurance to be provided and the practitioner's consideration of (a) the

nature and materiality of the information to the presentation of assertions taken as a whole, (b) the likelihood of misstatements, (c) knowledge obtained during current and previous engagements, (d) the asserter's competence in the subject matter of the assertion, (e) the extent to which the information is affected by the asserter's judgment, and (f) inadequacies in the asserter's underlying data.

AT 100[.43--.44] Attestation Standards

[.43--.44] [Superseded by Statement on Standards for Attestation Engagements No. 4, effective for reports on agreed-upon procedures engagements dated after April 30, 1996.] (See section 600¯.)

AT 100.45 Attestation Standards

Standards of Reporting

.45 The first standard of reporting is--The report shall identify the assertion being reported on and state the character of the engagement.

AT 100.46 Attestation Standards

.46 The practitioner who accepts an attest engagement should issue a report on the assertions or withdraw from the attest engagement. When a report is issued, the assertions should be identified by referring to a separate presentation of assertions that is the responsibility of the asserter. The presentation of assertions should generally be bound with or accompany the practitioner's report. Because the asserter's responsibility for the assertions should be clear, it is ordinarily not sufficient merely to include the assertions in the practitioner's report.

AT 100.47 Attestation Standards

.47 The statement of the character of an attest engagement that is designed to result in a general-distribution report includes two elements: (a) a description of the nature and scope of the work performed and (b) a reference to the professional standards governing the engagement. When the form of the statement is prescribed in authoritative interpretive standards (for example, an examination in accordance with GAAS), that form should be used in the practitioner's report. However, when no such interpretive standards exist, (1) the terms examination and review should be used to describe engagements to provide, respectively, the highest level and a moderate level of assurance, and (2) the reference to professional standards should be accomplished by referring to "standards established by the American Institute of Certified Public Accountants."

AT 100.48 Attestation Standards

.48 The statement of the character of an attest engagement in which the practitioner applies agreed-upon procedures should refer to conformity with the arrangements made with the specified user(s). Such engagements are designed to accommodate the specific needs of the parties in interest and should be described by identifying the procedures agreed upon by such parties.

AT 100.49 Attestation Standards

.49 The second standard of reporting is--The report shall state the practitioner's conclusion about whether the assertion is presented in conformity with the established or stated criteria against which it was measured.

AT 100.50 Attestation Standards

.50 The practitioner should consider the concept of materiality in applying this standard. In expressing a conclusion on the conformity of a presentation of assertions with established or stated criteria, the practitioner should consider the omission or misstatement of an individual assertion to be material if the magnitude of the omission or misstatement--individually or when aggregated with other omissions or misstatements--is such that a reasonable person relying on the presentation of assertions would be influenced by the inclusion or correction of the individual assertion. The relative, rather than absolute, size of an omission or misstatement determines whether it is material in a given situation.

AT 100.51 Attestation Standards

.51 General-distribution attest reports should be limited to two levels of assurance: one based on a reduction of attestation risk to an appropriately low level (an "examination") and the other based on a reduction of attestation risk to a moderate level (a "review").

AT 100.52 Attestation Standards

.52 In an engagement to achieve the highest level of assurance (an "examination"), the practitioner's conclusion should be expressed in the form of a positive opinion. When attestation risk has been reduced only to a moderate level (a "review"), the conclusion should be expressed in the form of negative assurance.

AT 100.53 Attestation Standards

Examination

.53 When expressing a positive opinion, the practitioner should clearly state whether, in his or her opinion, the presentation of assertions is presented in conformity with established or stated criteria. Reports expressing a positive opinion on a presentation of assertions taken as a whole, however, may be qualified or modified for some aspect of the presentation or the engagement (see the third reporting standard). In addition, such reports may emphasize certain matters relating to the attest engagement or the presentation of assertions.

AT 100.54 Attestation Standards

.54 The following is an illustration of an examination report that expresses an unqualified opinion on a presentation of assertions, assuming that no specific report form has been prescribed in authoritative interpretive standards.

We have examined the accompanying [identify the presentation of assertions--for example, Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 19X1]. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary in the circumstances.

[Additional paragraph(s) may be added to emphasize certain matters relating to the attest engagement or the presentation of assertions.]

In our opinion, the [identify the presentation of assertions--for example, Statement of Investment Performance Statistics] referred to above presents [identify the assertion--for example, the investment performance of XYZ Fund for the year ended December 31, 19X1] in conformity with [identify established or stated criteria--for example, the measurement and disclosure criteria set forth in Note 1].

AT 100.55 Attestation Standards

.55 When the presentation of assertions has been prepared in conformity with specified criteria that have been agreed upon by the asserter and the user, the practitioner's report should also contain--

a.A statement of limitations on the use of the report because it is intended solely for specified parties (see the fourth reporting standard).

b.An indication, when applicable, that the presentation of assertions differs materially from that which would have been presented if criteria for the presentation of such assertions for general distribution had been followed in its preparation (for example, financial statements prepared in accordance with criteria specified in a contractual arrangement may differ materially from statements prepared in conformity with GAAP).

AT 100.56 Attestation Standards

Review

.56 In providing negative assurance, the practitioner's conclusion should state whether any information came to the practitioner's attention on the basis of the work performed that indicates that the assertions are not presented in all material respects in conformity with established or stated criteria. (As discussed more fully in the commentary to the third reporting standard, if the assertions are not modified to correct for any such information that comes to the practitioner's attention, such information should be described in the practitioner's report.)

AT 100.57 Attestation Standards

.57 A practitioner's negative assurance report may also comment on or emphasize certain matters relating to the attest engagement or the presentation of assertions. Furthermore, the practitioner's report should--

a.Indicate that the work performed was less in scope than an examination.

b.Disclaim a positive opinion on the assertions.

c.Contain the additional statements noted in paragraph .55 when the presentation of assertions has been prepared in conformity with specified criteria that have been agreed upon by the asserter and user(s).

AT 100.58 Attestation Standards

.58 The following is an illustration of a review report that expresses negative assurance where no exceptions have been found, assuming that no specific report form has been prescribed in authoritative interpretive standards:

We have reviewed the accompanying [identify the presentation of assertions--for example, Statement of Investment Performance Statistics of XYZ Fund for the year ended December 31, 19X1]. Our review was conducted in accordance with standards established by the American Institute of Certified Public Accountants.

A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the [identify the presentation of assertions--for example, Statement of Investment Performance Statistics]. Accordingly, we do not express such an opinion.

[Additional paragraph(s) may be added to emphasize certain matters relating to the attest engagement or the presentation of assertions.]

Based on our review, nothing came to our attention that caused us to believe that the accompanying [identify the presentation of assertions--for example, Statement of Investment Performance Statistics] is not presented in conformity with [identify the established or stated criteria--for example, the measurement and disclosure criteria set forth in Note 1].

AT 100[.59--.62] Attestation Standards
Agreed-Upon Procedures

[.59--.62] [Superseded by Statement on Standards for Attestation Engagements No. 4, effective for reports on agreed-upon procedures engagements dated after April 30, 1996.] (See section 600.)

AT 100.63 Attestation Standards

.63 The third standard of reporting is--The report shall state all of the practitioner's significant reservations about the engagement and the presentation of the assertion.

AT 100.64 Attestation Standards

.64 "Reservations about the engagement" refers to any unresolved problem that the practitioner had in complying with these attestation standards, interpretive standards, or the specific procedures agreed to by the specific user(s). The practitioner should not express an unqualified conclusion unless the engagement has been conducted in accordance with the attestation standards. Such standards will not have been complied

with if the practitioner has been unable to apply all the procedures that he or she considers necessary in the circumstances or, when applicable, that have been agreed upon with the user(s).

AT 100.65 Attestation Standards

.65 Restrictions on the scope of an engagement, whether imposed by the client or by such other circumstances as the timing of the work or the inability to obtain sufficient evidence, may require the practitioner to qualify the assurance provided, to disclaim any assurance, or to withdraw from the engagement. The reasons for a qualification or disclaimer should be described in the practitioner's report.

AT 100.66 Attestation Standards

.66 The practitioner's decision to provide qualified assurance, to disclaim any assurance, or to withdraw because of a scope limitation depends on an assessment of the effect of the omitted procedure(s) on his or her ability to express assurance on the presentation of assertions. This assessment will be affected by the nature and magnitude of the potential effects of the matters in question, by their significance to the presentation of assertions, and by whether the engagement is an examination or a review. If the potential effects relate to many assertions within a presentation of assertions or if the practitioner is performing a review, a disclaimer of assurance or withdrawal is more likely to be appropriate. When restrictions that significantly limit the scope of the engagement are imposed by the client, the practitioner generally should disclaim any assurance on the presentation of assertions or withdraw from the engagement.

AT 100.67 Attestation Standards

.67 "Reservations about the presentation of assertions" refers to any unresolved reservation about the conformity of the presentation with established or stated criteria, including the adequacy of the disclosure of material matters. They can result in either a qualified or an adverse report depending on the materiality of the departure from the criteria against which the assertions were evaluated.

AT 100.68 Attestation Standards

.68 Reservations about the presentation of assertions may relate to the measurement, form, arrangement, content, or underlying judgments and assumptions applicable to the presentation of assertions and its appended notes, including, for example, the terminology used, the amount of detail given, the classification of items, and the bases of amounts set forth. The practitioner considers whether a particular reservation should be the subject of a qualified report or adverse report given the circumstances and facts of which he or she is aware at the time.

AT 100.69 Attestation Standards

.69 The fourth standard of reporting is--The report on an engagement to evaluate an assertion that has been prepared in conformity with agreed-upon criteria or on an engagement to apply agreed-upon procedures should contain a statement limiting its use to the parties who have agreed upon such criteria or procedures.

AT 100.70 Attestation Standards

.70 Certain reports should be restricted to specified users who have participated in establishing either the criteria against which the assertions were evaluated (which are not deemed to be "reasonable" for general distribution--see the third general standard) or the nature and scope of the attest engagement. Such procedures or criteria can be agreed upon directly by the user or through a designated representative. Reports on such engagements should clearly indicate that they are intended solely for the use of the specified parties and may not be useful to others.

AT 100.71 Attestation Standards
Working Papers

.71 The practitioner should prepare and maintain working papers in connection with an engagement under the attestation standards; such working papers should be appropriate to the circumstances and the practitioner's needs on the engagement to which they apply. Although the quantity, type, and content of working papers will vary with the circumstances, they ordinarily should indicate that--

a.The work was adequately planned and supervised, indicating observance of the first standard of fieldwork.

b.Evidential matter was obtained to provide a reasonable basis for the conclusion or conclusions expressed in the practitioner's report.

[Paragraph added, effective for engagements beginning after December 15, 1995, by Statement on Standards for Attestation Engagements No. 5.]

AT 100.72 Attestation Standards

.72 Working papers are records kept by the practitioner of the work performed, the information obtained, and the pertinent conclusions reached in the engagement. Examples of working papers are work programs, analyses, memoranda, letters of confirmation and representation, abstracts of the entity's documents, and schedules or commentaries prepared or obtained by the practitioner. Working papers also may be in the form of data stored on tapes, films, or other media. [Paragraph added, effective for engagements beginning after December 15, 1995, by Statement on Standards for Attestation Engagements No. 5.]

AT 100.73 Attestation Standards

.73 Working papers are the property of the practitioner, and some states have statutes or regulations that designate the practitioner as the owner of the working papers. The practitioner's rights of ownership, however, are subject to ethical limitations relating to the confidential relationship with the clients. [Paragraph added, effective for engagements beginning after December 15, 1995, by Statement on Standards for Attestation Engagements No. 5.]

AT 100.74 Attestation Standards

.74 Certain of the practitioner's working papers may sometimes serve as a useful reference source for his or her client, but the working papers should not be regarded as a

part of or a substitute for the client's records. [Paragraph added, effective for engagements beginning after December 15, 1995, by Statement on Standards for Attestation Engagements No. 5.]

AT 100.75 Attestation Standards

.75 The practitioner should adopt reasonable procedures for safe custody of his or her working papers and should retain them for a period of time sufficient to meet the needs of his or her practice and to satisfy any pertinent legal requirements of records retention. [Paragraph added, effective for engagements beginning after December 15, 1995, by Statement on Standards for Attestation Engagements No. 5.]

AT 100.76 Attestation Standards

Attest Services Related to MAS Engagements¯

Attest Services as Part of an MAS Engagement

.76 When a practitioner¯ provides an attest service (as defined in this section) as part of an MAS engagement, the Statements on Standards for Attestation Engagements¯ apply only to the attest service. Statements on Standards for Management Advisory Services (SSMASs) apply to the balance of the MAS engagement.¯ [Paragraph added, effective for attest reports issued on or after May 1, 1988, by Statement on Standards for Attestation Engagements, Attest Services Related to MAS Engagements¯. Paragraph renumbered by the issuance of Statement on Standards for Attestation Engagements No. 5, November 1995.]

AT 100.77 Attestation Standards

.77 When the practitioner determines that an attest service is to be provided as part of an MAS engagement, the practitioner should inform the client of the relevant differences between the two types of services and obtain concurrence that the attest service is to be performed in accordance with the appropriate professional requirements. The MAS engagement letter or an amendment should document the requirement to perform an attest service. The practitioner should take such actions because the professional requirements for an attest service differ from those for a management advisory service. [Paragraph added, effective for attest reports issued on or after May 1, 1988, by Statement on Standards for Attestation Engagements, Attest Services Related to MAS Engagements¯. Paragraph renumbered by the issuance of Statement on Standards for Attestation Engagements No. 5, November 1995.]

AT 100.78 Attestation Standards

.78 The practitioner should issue separate reports on the attest engagement and the MAS engagement and, if presented in a common binder, the report on the attest engagement or service should be clearly identified and segregated from the report on the MAS engagement. [Paragraph added, effective for attest reports issued on or after May 1, 1988, by Statement on Standards for Attestation Engagements, Attest Services Related to MAS Engagements¯. Paragraph renumbered by the issuance of Statement on Standards for Attestation Engagements No. 5, November 1995.]

AT 100.79 Attestation Standards
Assertions, Criteria, and Evidence

.79 An attest service may involve written assertions, evaluation criteria, or evidential matter developed during a concurrent or prior MAS engagement. A written assertion of another party developed with the practitioner's advice and assistance as the result of such an MAS engagement may be the subject of an attestation engagement, provided the assertion is dependent upon the actions, plans, or assumptions of that other party who is in a position to have an informed judgment about its accuracy. Criteria developed with the practitioner's assistance may be used to evaluate an assertion in an attest engagement, provided such criteria meet the requirements in this section. Relevant information obtained in the course of a concurrent or prior MAS engagement may be used as evidential matter in an attest engagement, provided the information satisfies the requirements of this section. [Paragraph added, effective for attest reports issued on or after May 1, 1988, by Statement on Standards for Attestation Engagements, Attest Services Related to MAS Engagements¯. Paragraph renumbered by the issuance of Statement on Standards for Attestation Engagements No. 5, November 1995.]

AT 100.80 Attestation Standards
Nonattest Evaluations of Written Assertions

.80 The evaluation of statements contained in a written assertion of another party when performing a management advisory service does not in and of itself constitute the performance of an attest service. For example, in the course of an engagement to help a client select a computer that meets the client's needs, the practitioner may evaluate written assertions from one or more vendors, performing some of the same procedures as required for an attest service. However, the MAS report will focus on whether the computer meets the client's needs, not on the reliability of the vendor's assertions. Also, the practitioner's study of the computer's suitability will not be limited to what is in the written assertions of the vendors. Some or all of the information provided in the vendors' written proposals, as well as other information, will be evaluated to recommend a system suitable to the client's needs. Such evaluations are necessary to enable the practitioner to achieve the purpose of the MAS engagement. [Paragraph added, effective for attest reports issued on or after May 1, 1988, by Statement on Standards for Attestation Engagements, Attest Services Related to MAS Engagements¯. Paragraph renumbered by the issuance of Statement on Standards for Attestation Engagements No. 5, November 1995.]

AT 100.81 Attestation Standards
Effective Date

.81 Paragraphs .01 through .70¯ are effective for attest reports issued on or after September 30, 1986. Earlier application is encouraged. Paragraphs .71 through .75¯ are effective for engagements beginning after December 15, 1995. Paragraphs .76 through .80¯ are effective for attest reports issued on or after May 1, 1988. [Paragraph renumbered and amended, effective for attest reports issued on or after May 1, 1988, by the issuance of Statement on Standards for Attestation Engagements, Attest Services Related to MAS Engagements¯. Paragraph subsequently renumbered and amended,

effective for engagements beginning after December 15, 1995, by the issuance of Statement on Standards for Attestation Engagements No. 5.]

AT 100.82 Attestation Standards

This Appendix provides a historical analysis made as of March 1986. This Appendix has not been revised to reflect the new terminology from the issuance of Statement on Auditing Standards Nos. 53 through 72.

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Appendix A

Comparison of the Attestation Standards With Generally Accepted Auditing Standards

1. Two principal conceptual differences exist between the attestation standards and the ten existing GAAS. First, the attestation standards provide a framework for the attest function beyond historical financial statements. Accordingly, references to "financial statements" and "generally accepted accounting principles," which exist in GAAS, are omitted from the attestation standards. Second, as is apparent in the standards of fieldwork and reporting, the attestation standards accommodate the growing number of attest services in which the practitioner expresses assurances below the level that is expressed for the traditional audit ("positive opinion").

2. In addition to these two major differences, another conceptual difference exists. The attestation standards formally provide for attest services that are tailored to the needs of users who have participated in establishing either the nature and scope of the attest engagement or the specialized criteria against which the assertions are to be measured, and who will thus receive a limited-use report. Although these differences are substantive, they merely recognize changes that have already occurred in the marketplace and in the practice of public accounting.

3. As a consequence of these three conceptual differences, the composition of the attestation standards differs from that of GAAS. The compositional differences, as indicated in the table at the end of this Appendix, fall into two major categories: (a) two general standards not contained in GAAS are included in the attestation standards and (b) one of the fieldwork standards and two of the reporting standards in GAAS are not explicitly included in the attestation standards. Each of these differences is described in the remainder of this Appendix.

4. Two new general standards are included because, together with the definition of an attest engagement, they establish appropriate boundaries around the attest function. Once the subject matter of attestation extends beyond historical financial statements, there is a need to determine just how far this extension of attest services can and should go. The boundaries set by the attestation standards require (a) that the practitioner have adequate knowledge in the subject matter of the assertion (the second general standard) and (b) that the assertion be capable of reasonably consistent estimation or measurement using established or stated criteria (the third general standard).

3. The practitioner shall perform an engagement only if he or she has reason to believe that the following two conditions exist:
   - The assertion is capable of evaluation against reasonable criteria that either have been established by a recognized body or are stated in the presentation of the assertion in a sufficiently clear and comprehensive manner for a knowledgeable reader to be able to understand them.
   - The assertion is capable of reasonably consistent estimation or measurement using such criteria.
4. In all matters relating to the engagement, an independence in mental attitude shall be maintained by the practitioner or practitioners.

2. In all matters relating to the assignment, an independence in mental attitude is to be maintained by the auditor or auditors.

5. Due professional care shall be exercised in the performance of the engagement.

3. Due professional care is to be exercised in the performance of the examination and the preparation of the report.

Standards of Fieldwork

1. The work shall be adequately planned and assistants, if any, shall be properly supervised.

1. The work is to be adequately planned and assistants, if any, are to be properly supervised.
2. There is to be a proper study and evaluation of the existing internal control as a basis for reliance thereon and for the determination of the resultant extent of the tests to which auditing procedures are to be restricted.

2. Sufficient evidence shall be obtained to provide a reasonable basis for the conclusion that is expressed in the report.

3. Sufficient competent evidential matter is to be obtained through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an

opinion regarding the financial statements under examination.

Standards of Reporting

1. The report shall identify the assertion being reported on and state the character of the engagement.
2. The report shall state the practitioner's conclusion about whether the assertion is presented in conformity with the established or stated criteria against which it was measured.
3. The report shall state all of the practitioner's significant reservations about the engagement and the presentation of the assertion.
4. The report on an engagement to evaluate an assertion that has been prepared in conformity with agreed-upon criteria or on an engagement to apply agreed-upon procedures should contain a statement limiting its use to the parties who have agreed upon such criteria or procedures.

1. The report shall state whether the financial statements are presented in accordance with generally accepted accounting principles.
2. The report shall state whether such principles have been consistently observed in the current period in relation to the preceding period.
3. Informative disclosures in the financial statements are to be regarded as reasonably adequate unless otherwise stated in the report.
4. The report shall either contain an expression of opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed. When an overall opinion cannot be expressed, the reasons therefore should be stated. In all cases where an auditor's name is associated with financial statements, the report should contain a clear-cut indication of the character of the auditor's examination, if any, and the degree of responsibility he is taking.

[Paragraph renumbered by the issuance of Statement on Standards for Attestation Engagements, Attest Services Related to MAS Engagements", December 1987.

Paragraph subsequently renumbered by the issuance of Statement on Standards for Attestation Engagements No. 5, November 1995.]

AT 100.83 Attestation Standards

This Appendix provides a historical analysis made as of March 1986. This Appendix has not been revised to reflect the new terminology from the issuance of Statement on Auditing Standards Nos. 53 through 72 or SSAE No. 2.

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Appendix B

Analysis of Apparent or Possible Inconsistencies Between the Attestation Standards and Existing SASs and SSARSs

1. There are no identified inconsistencies between the attestation standards and the ten generally accepted auditing standards or those SASs that deal with audits of historical financial statements. However, certain existing interpretive standards (SASs and SSARSs) and audit and accounting guides that pertain to other attest services are modestly inconsistent with these attestation standards. The purpose of this Appendix is to identify apparent or possible inconsistencies between the attestation standards and existing SASs and SSARSs. It provides appropriate standard-setting bodies with a list of matters that may require their attention. The Auditing Standards Board and the Accounting and Review Services Committee will evaluate apparent or possible inconsistencies and consider whether any changes are necessary. The decision to propose changes, if any, to existing pronouncements will be the subject of the regular due-process procedures of AICPA standard-setting bodies.

2. The specific SASs, SSARSs, and other pronouncements in which apparent or possible inconsistencies exist (in whole or in part) have been classified into the following broad categories to assist readers in understanding and evaluating their potential significance:

a.Exception reporting

b.Failure to report on conformity with established or stated criteria

c.Failure to refer to a separate presentation of assertions that is the responsibility of the asserter

d.Lack of appropriate scope of work for providing a moderate level of assurance

e.Report wording inconsistencies

All existing authoritative pronouncements will remain in force while the Auditing Standards Board and the Accounting and Review Services Committee evaluate these apparent or possible inconsistencies.

Exception Reporting

3. Certain SASs (Nos. 27, 28, 36, 40, and 45) require the auditor to apply certain limited procedures to supplementary information required by the Financial Accounting Standards Board (FASB) but to separately report on such information only if exceptions arise. The purpose of these limited procedures is to permit the auditor to reach a

conclusion on the reliability of required supplementary information; consequently, this seems to amount to an attest service in the broadest sense of that term. However, because the auditor has not been engaged to express and normally does not express a conclusion in this particular circumstance, the limited procedures do not fully meet the definition of an attest engagement.

Failure to Report on Conformity With Established or Stated Criteria

4. SAS Nos. 29¯ and 42¯ provide guidance for auditors when they report on two specific types of assertions: information accompanying financial statements in an auditor-submitted document and condensed financial information, respectively. The apparent criterion against which the auditor is directed to report is whether the assertion is "fairly stated in all material respects in relation to the basic financial statements taken as a whole."

5. To some, such a form of reporting seems to be inconsistent with the second reporting standard, which requires the practitioner's report to state "whether the assertions are presented in conformity with the established or stated criteria against which they were measured." Although it seems reasonably clear that GAAP are the established criteria against which the information accompanying financial statements in an auditor-submitted document is evaluated, the report form required by SAS No. 29¯ does not specifically refer to GAAP. Such reference, if it were required, would effectively reduce the stated level of materiality from the "financial statements as a whole" to the specific assertions on which the practitioner is reporting, and a practitioner may not have obtained sufficient evidence to provide a positive opinion on the assertions in such a fashion.

6. The situation with respect to SAS No. 42¯ is somewhat different. Although some would argue that there are established criteria (for example, GAAP or Securities and Exchange Commission [SEC] regulations) for condensed financial statements and selected financial information, others do not agree with such a conclusion. The Auditing Standards Board took the latter position when this SAS was adopted because it did not provide for a reference to GAAP or SEC regulations in the standard auditor's report.

Failure to Refer to a Separate Presentation of Assertions That Is the Responsibility of the Asserter

7. SAS Nos. 14 and 30 provide for attest reports in which there is no reference to a separate presentation of assertions by the responsible party. In both cases, management's assertions-- compliance with regulatory or contractual requirements and the adequacy of the entity's system of internal accounting control--are, at best, implied or contained in a management representation letter.

8. For instance, SAS No. 30 refers to an engagement to express an opinion on an entity's system of internal accounting control rather than on management's description of such a system (including its evaluation of the system's adequacy). Furthermore, the standard report gives the practitioner's opinion directly on the system. In an effort to better place the responsibility for the system where it really lies, the report does include

some additional explanatory paragraphs that contain statements about management's responsibility and the inherent limitations of internal controls.

Lack of Appropriate Scope of Work for Providing a Moderate Level of Assurance

9. Portions of three SASs (SAS No. 14, on compliance with regulatory or contractual requirements; SAS No. 29¯, on information accompanying financial statements in an auditor-submitted document; and SAS No. 30, on a system of internal accounting control based on a financial statement audit) permit the expression of limited assurance on specific assertions based solely or substantially on those auditing procedures that happen to have been applied in forming an opinion on a separate assertion--the financial statements taken as a whole.

10. Such a basis for limited assurance seems inconsistent with the second fieldwork standard, which requires that limited assurance on a specific assertion must be based either on obtaining sufficient evidence to reduce attestation risk to a moderate level as described in the attestation standards or applying specific procedures that have been agreed upon by specified users for their benefit. The scope of work performed on the specific assertions covered in the three SASs identified above depends entirely, or to a large extent, on what happens to be done in the audit of another assertion and would not seem to satisfy the requirements of either of the bases for limited assurance provided in the second standard of fieldwork.

11. Four other SASs (Nos. 27, 28, 40, and 45¯) may be inconsistent with the requirements of the second fieldwork standard in that they prescribe procedures as a basis for obtaining limited assurance on a specific assertion that seem to constitute a smaller scope than those necessary to reduce attestation risk to a moderate level. These SASs either limit the prescribed procedures to specific inquiries or the reading of an assertion, or they acknowledge that an auditor may not be able to perform inquiries to resolve doubts about certain assertions.

Report Wording Inconsistencies

12. The four reporting standards require that an attest report contain specific elements, such as an identification of the assertions, a statement of the character of the engagement, a disclaimer of positive opinion in limited assurance engagements, and the use of negative assurance wording in such engagements. A number of existing SASs and SSARSs prescribe reports that do not contain some of these elements.

13. Because a compilation of financial statements as described in the SSARSs and a compilation of prospective financial statements as described in the Statement on Standards for Accountants' Services on Prospective Financial Information [section 200¯] do not result in the expression of a conclusion on the reliability of the assertions contained in those financial statements, they are not attest engagements. Therefore, such engagements do not have to comply with the attestation standards and there can be no inconsistencies. Although it does not involve the attest function, a compilation is nevertheless a valuable professional service involving a practitioner's expertise in putting

an entity's financial information into the form of financial statements--an accounting (subject matter) expertise rather than attestation expertise.

14. Certain existing reporting and other requirements of SASs and SSARSs go beyond (but are not contrary to) the standards. Examples include the requirements to perform a study and evaluation of internal control, to report on consistency in connection with an examination of financial statements, and to withdraw in a review of financial statements when there is a scope limitation. These requirements remain in force. [Paragraph renumbered by the issuance of Statement on Standards for Attestation Engagements, Attest Services Related to MAS Engagements, December 1987. Paragraph subsequently renumbered by the issuance of Statement on Standards for Attestation Engagements No. 5, November 1995.]