

## Chapter 1: Auditing: Integral to the Economy

1. The need for assurance services arises because the interests of the users of information may be different from that of the interests of those responsible for providing information.

True False

2. An audit of financial statements is a form of attestation service.

True False

3. Independence is an attribute necessary to perform assurance services.

True False

4. A bank using Milton Company's financial statements to determine the creditworthiness of a potential loan to Milton is a good example of the need for unbiased reporting.

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True False

7. Attestation services are a subset of assurance services and *always* involve a report that goes to a third party.

True False

8. The American Institute of Certified Public Accountants has the primary authority to set auditing standards for public companies.

True False

9. The audit function is unique because it exists to perform services on a "client" on behalf of shareholders, directors and other parties.

True False

10. Auditing is the process of attesting to assertions about economic actions and events.

True False

11. Auditing is the process of verifying the accuracy of the financial statements.

True False

12. Internal auditing only provides assurance services to clients.

True False

13. Auditing primarily exists because users need unbiased information on which to assess management performance and make economic decisions.

True False

14. The degree of confidence that users place on management's financial statements is higher than that placed on audited financial statements because few users have direct knowledge of the company's operations and management is the most knowledgeable about operations.

True False

15. U.S. nonpublic companies will have an audit performed in accordance with generally accepted auditing standards that have been promulgated by the PCAOB.

True False

16. An assertion is a statement about an action, event, condition, or performance over a specified time period.

True False

17. Management is *required* to comment on the fairness of the company's financial presentation. This reduces the auditor's legal responsibility for the opinion rendered on the financial statements.

True False

18. Audited financial statements should be free from all errors and fraud.

True False

19. Audited financial statements should be presented fairly according to the substance of GAAP.

True False

20. Audited financial statements should be presented fairly according to the substance of GAAS.

True False

21. A plan to converge the U.S. generally accepted auditing standards (GAAS) with the International Standards on Auditing (ISAs) was developed by the AICPA's Auditing Standards Board (ASB).

True False

22. Attestation is confined to an audit of client financial statements.

True False

23. An auditor must have a good understanding of the risks associated with a client's industry in order to ensure that the financial statements reflect the underlying substance of accounting transactions and the economic effects of such transactions.

True False

24. Public Company Accounting Oversight Board provides the criteria against which the auditor measures the fairness of financial statement presentation for public companies.

True False

25. Generally accepted accounting principles provide the criteria against which the auditor measures the fairness of financial statement presentation.

True False

26. Businesses that use independent auditors do not need the use of internal auditors.

True False

27. CPA certificates for auditors are issued by state boards of accountancy.

True False

28. Internal auditing is an objective evaluation function established within an organization.

True False

29. Operational audits are designed to determine if the company's financial statements are prepared in compliance with GAAP.

True False

30. Governmental auditors perform operational and financial statement audits.

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31. The internal audit profession adheres exclusively to standards set by the Public Company Accounting Oversight Board.

True False

32. The execution of solutions to issues brought to light by internal auditors are the responsibility of management of the organization.

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35. Though often relying on the FASB, the SEC has authority to establish GAAP for publicly traded companies.

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38. Auditors of public companies need not adhere to the requirements of statutory or regulatory organizations.

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39. When the auditor has no reservations about management's financial statements, then the report issued is called a qualified report.

True False

40. Auditors need only understand the rules of accounting as the principles are outdated.

True False

41. An audit is a form of an attestation service.

True False

42. An audit and an assurance service both require a report to a third party.

True False

43. The purpose of assurance services is to improve the quality of the information provided.

True False

44. The internal auditor is a primary provider of assurance services.

True False

45. The internal auditor is a primary provider of operational audits.

True False

46. The need for assurance services arises for all of the following reasons EXCEPT:

- A. potential bias in providing information.
- B. Closeness between a user and the organization.
- C. complexity of the processing systems.
- D. remoteness between a user and the organization.

47. Independent professional services that are provided on financial or other information that improve the quality of decision making are known as

- A. internal auditing.
- B. financial auditing.
- C. assurance services.
- D. attestation services.

48. Which one of the following is not a critical component of assurance services?

- A. a process on which service is provided
- B. an assurance service provider
- C. a user who derives value
- D. a CPA

49. Which one of the following is not a key attribute needed to perform assurance?

- A. subject matter knowledge
- B. independence
- C. established criteria or standards
- D. accounting skills

50. A service that *always* requires that a report is provided to a third party is

- A. assurance
- B. attestation
- C. audit
- D. Both B and C.

51. Which one of the following is not part of the attest process?

- A. gathering evidence about assertions
- B. proving the accuracy of the books and records
- C. evaluating evidence against objective criteria
- D. communicating the conclusions reached

52. Which of the following are part of the attest process?

- A. communicating the conclusions reached to a third party
- B. guaranteeing the accuracy of the books and records
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- D. A and C
- E. B and C

53. Which one of the following is a potential problem with management's communication of financial information that causes third parties to desire the independent auditor's assessment of the financial statement presentation?

- A. complexity of transactions affecting the financial statements
- B. lack of criteria on which to base information
- C. remoteness of the user from the organization
- D. A and C
- E. A and B

54. Users of the audit report can reasonably expect the audited financial statements to be

- A. include complete information and contain all financial disclosures.
- B. presented fairly according to the substance of GAAP.
- C. free from all errors.
- D. all of the above.
- E. none of the above.

55. Which one of the following is **not** a management expectation for independent auditors?

- A. an outside source of expertise on accounting matters
- B. individuals who perform tests and draw conclusions on assertions
- C. a participant in management decision making
- D. a provider of a written communication

56. Users can reasonably expect audited financial statements to be

- A. complete and contain all important financial disclosures, be free from material misstatements and be presented fairly according to GAAS.
- B. complete and contain all important financial disclosures, be free from material misstatements and be presented fairly according to GAAP.
- C. complete, be accurate and be presented fairly according to GAAP.
- D. complete and contain all important financial disclosures, be free from all misstatements and be presented fairly according to the substance of GAAS.

57. Internal auditors may perform all of the following types of audits **except**

- A. operational audits.
- B. compliance audits.
- C. computer system audits.
- D. all of the above may be performed by internal auditors.

58. An “integrated audit” includes an audit of

- A. the company’s internal controls.
- B. the company’s financial statements.
- C. the company’s compliance with its rules and policies.
- D. Both A and B.



59. Which of the following services is the broadest and most inclusive?

- A. Audit
- B. Attestation
- C. Assurance
- D. Compliance

60. An expectation of the public is that the auditor will recognize that the primary users of audit assurance are

- A. the clients.
- B. the Public Company Accounting Oversight Board.
- C. members of management.
- D. third-party users.

61. Auditing is important in a free market society because

- A. the public requires CPAs functioning as divisions of regulatory bodies.
- B. auditors detect all errors and fraud made by company employees.
- C. it provides reliable information based upon which to judge economic performance.
- D. the auditor is an amiable insurance policy for investors.
- E. all of the above are true.

62. Third-party users of the audit report expect the auditor to do all of the following except:

- A. to evaluate measurements and disclosures made by management
- B. to provide a biased evaluation of the financial statements
- C. to determine whether financial statements are presented in accordance with GAAP
- D. to gather sufficient evidence to support their opinion

63. CPA firms performing public financial statement audits must

- A. register with the American Institute of Certified Public Accountants.
- B. register with the Institute of Auditors.
- C. register with the U.S. General Accounting Office.
- D. register with the Public Company Accounting Oversight Board.

64. The auditor of financial statements must make very difficult interpretations regarding authoritative literature. Additionally, the auditor must
- A. consider whether the application of a generally accepted accounting principle best portrays the economic activity of the company.
  - B. force management to make certain decisions regarding their financial statements.
  - C. disregard independence in order to find the underlying truth of the evidence.
  - D. establish new criteria by which financial statements may be compared.
65. Results of the financial statement audit are communicated to users through a(n)
- A. financial statement.
  - B. written management assertion.
  - C. audit report.
  - D. none of the above.
66. Assurance services may include which of the following?
- A. attesting to financial statements
  - B. examination of the economy and efficiency of governmental operations
  - C. evaluation of a division's performance for management
  - D. tax preparation services
  - E. A, B, and C only
67. The criteria against which the auditor measures the fairness of financial statement presentation are known as
- A. auditing standards.
  - B. generally accepted accounting principles.
  - C. generally accepted accounting standards.
  - D. governmental accounting principles.
68. Management of a company is responsible for
- A. hiring the auditor.
  - B. preparing the financial statements.
  - C. the audit workpapers.
  - D. independence and obtaining evidence.

69. Which one of the following is an example of management expectations for independent auditors?

- A. An expert providing a written communication as the product of the engagement.
- B. Individuals who perform day-to-day accounting functions on behalf of the company.
- C. An active participant in management decision making.
- D. An internal source of expertise on financial and other matters.

70. Which one of the following is not a provider of assurance services?

- A. CPAs
- B. internal auditors
- C. governmental auditors
- D. AICPA

71. The internal audit profession has emerged and has become active for all of the following reasons **except**:

- A. management's need for an objective appraisal of organizational or departmental performance
- B. increased internal and external emphasis on effective procedures to detect or prevent fraud
- C. compliance with Section 404 of the Sarbanes-Oxley Act of 2002
- D. management's need to delegate the responsibility of the financial statements

72. Which one of the following statements is **not** true about internal auditing?

- A. Internal auditing is an objective evaluation function.
- B. Internal auditing is established within an organization.
- C. Internal auditing's purpose is to provide assurance regarding the company's compliance with stated policies and procedures.
- D. Internal auditing is established as an independent service to regulatory bodies and creditors.

73. An audit which has as its purpose the evaluation of the economy and efficiency with which resources are employed is known as a(n)

- A. financial audit.
- B. compliance audit.
- C. operational audit.
- D. governmental audit.

74. The audit committee of the board of directors of a company is responsible for

- A. hiring the auditor.
- B. preparing the financial statements.
- C. the audit workpapers.
- D. independence and obtaining evidence.

75. The AICPA remains a valuable organization because of its continuing involvement in

- A. the audit standard setting process.
- B. regulation and enforcement of the audit profession.
- C. education and administration of the CPA exam.
- D. promulgation of accounting standards.

76. The objective of an operational audit is to

- A. evaluate whether laws have been broken by management.
- B. evaluate fairness of presentation of financial statements.
- C. evaluate compliances with company rules and regulations.
- D. evaluate the effectiveness and efficiency with which resources are employed.

77. The primary governing board that performs quality reviews on registered CPA firms that audit public companies is the

- A. PCAOB
- B. GAO
- C. AICPA
- D. FASB

78. Congress authorized which of the following organizations to establish generally accepted accounting principles for public companies?

- A. SEC
- B. APB
- C. AICPA
- D. FASB

79. The public expects auditors to
- A. understand and enforce principles that best portray the spirit of FASB concepts.
  - B. be neutral to preparers and users of financial information.
  - C. recognize that the public are the primary users of audit services.
  - D. take more responsibility for the discovery of fraud.
  - E. all of the above are expectations of the public.

80. CPAs are licensed by the
- A. PCAOB.
  - B. AICPA.
  - C. state's board of accountancy.
  - D. state's society of CPAs.

81. The Certified Internal Auditor program is administered by the
- A. AICPA.
  - B. IIA.
  - C. state's board of accountancy.
  - D. state's society of CPAs.

82. The audit agency for the U. S. Congress is the
- A. SEC.
  - B. GAO.
  - C. IIA.
  - D. AICPA.

83. The organization that issued the *Internal Control, Integrated Framework* which serves as the primary criterion for evaluating the quality of a company's internal control system is
- A. PCAOB
  - B. COSO
  - C. AICPA
  - D. GAO

84. Auditing is a systematic process that includes all of the following except:

- A. communicating results to users
- B. procuring and evaluating evidence
- C. providing important managerial decisions for a client
- D. comparing evidence regarding assertions to certain established criteria

85. As it relates to an audit, materiality is

- A. not taken into consideration.
- B. related only to the sufficiency of procedures performed.
- C. based upon audit fees.
- D. determined based upon the importance to a user of the financial statements.

86. Which of the following is **not** a component of assurance services?

- A. information or a process on which the assurance services is provided.
- B. report to a third party.
- C. a user or a group of users who derive value from the service provided.
- D. a service provider.

87. Which type of auditor may perform a financial statement audit?

- A. external auditor.
- B. internal auditor.
- C. governmental auditor.
- D. Both A and C.
- E. All of the above.

88. Which type of auditor would typically perform an operational audit?

- A. external auditor.
- B. internal auditor.
- C. governmental auditor.
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89. What is the criteria used in an operational audit?

- A. GAAP.
- B. effectiveness and efficiency.
- C. rules and regulations.
- D. company policies.
- E. Both B and C.

90. What is the criteria used in a compliance audit?

- A. GAAP.
- B. effectiveness and efficiency.
- C. rules and regulations.
- D. company policies.
- E. Both C and D.

### 91. **Attributes of assurance providers**

Discuss the three or more attributes that an assurance professional must possess in order to maintain credibility. Explain the importance of these attributes to the assurance process.

### 92. **Users of financial statements**

Identify at least three types of users of financial statements. Describe their primary use of the financial statements and how the misstatement of those statements might injure the user.

### **93. Overview of Financial Statement Audit**

Define auditing and discuss how its components fit into an overview of a financial statement audit.

### **94. Professional and regulatory organizations**

Identify at least four professional or regulatory organizations. Explain how and why they assist and/or monitor the audit and assurance profession.

### **95. Internal and external auditors**

Compare and contrast the work of an internal and an independent external auditor.



## 96. Objectives of different audit types

Compare and contrast the objectives of financial, compliance, operational and governmental audits. Include in your answer who performs each type of audit.

## 97. Regulatory and professional bodies

Write the full name of the following regulatory and professional acronyms and describe the function of each entity:

PCAOB

AICPA

SEC

IIA

FASB

### **98. Requirements of auditors in public accounting**

Recent landscape changes in accounting and auditing developed from corporate fraud and, arguably, auditor failure. In order to continually lead and adapt to the dynamics of regulation, principles based accounting practices and auditing standards, what types of skills and traits are auditors required to possess?

### **99. The need for assurance services**

Identify three reasons for the rise of assurance services.

### **100. Attestation versus assurance**

Distinguish between attestation services and assurance services.

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C. complexity of the processing systems.

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B. financial auditing.

**C.** assurance services.

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76. The objective of an operational audit is to

- A. evaluate whether laws have been broken by management.
- B. evaluate fairness of presentation of financial statements.
- C. evaluate compliances with company rules and regulations.
- D.** evaluate the effectiveness and efficiency with which resources are employed.

77. The primary governing board that performs quality reviews on registered CPA firms that audit public companies is the

- A.** PCAOB
- B. GAO
- C. AICPA
- D. FASB

78. Congress authorized which of the following organizations to establish generally accepted accounting principles for public companies?

- A.** SEC
- B. APB
- C. AICPA
- D. FASB

79. The public expects auditors to

- A. understand and enforce principles that best portray the spirit of FASB concepts.
- B. be neutral to preparers and users of financial information.
- C. recognize that the public are the primary users of audit services.
- D. take more responsibility for the discovery of fraud.
- E.** all of the above are expectations of the public.

80. CPAs are licensed by the

- A. PCAOB.
- B. AICPA.
- C.** state's board of accountancy.
- D. state's society of CPAs.

81. The Certified Internal Auditor program is administered by the

- A. AICPA.
- B.** IIA.
- C. state's board of accountancy.
- D. state's society of CPAs.

82. The audit agency for the U. S. Congress is the

- A. SEC.
- B.** GAO.
- C. IIA.
- D. AICPA.

83. The organization that issued the *Internal Control, Integrated Framework* which serves as the primary criterion for evaluating the quality of a company's internal control system is

- A. PCAOB
- B.** COSO
- C. AICPA
- D. GAO

84. Auditing is a systematic process that includes all of the following except:

- A. communicating results to users
- B. procuring and evaluating evidence
- C. providing important managerial decisions for a client**
- D. comparing evidence regarding assertions to certain established criteria

85. As it relates to an audit, materiality is

- A. not taken into consideration.
- B. related only to the sufficiency of procedures performed.
- C. based upon audit fees.
- D. determined based upon the importance to a user of the financial statements.**

86. Which of the following is **not** a component of assurance services?

- A. information or a process on which the assurance services is provided.
- B. report to a third party.**
- C. a user or a group of users who derive value from the service provided.
- D. a service provider.

87. Which type of auditor may perform a financial statement audit?

- A. external auditor.
- B. internal auditor.
- C. governmental auditor.
- D. Both A and C.**
- E. All of the above.

88. Which type of auditor would typically perform an operational audit?

- A. external auditor.
- B. internal auditor.
- C. governmental auditor.
- D. Both B and C.**
- E. All of the above.



89. What is the criteria used in an operational audit?

- A. GAAP.
- B.** effectiveness and efficiency.
- C. rules and regulations.
- D. company policies.
- E. Both B and C.

90. What is the criteria used in a compliance audit?

- A. GAAP.
- B. effectiveness and efficiency.
- C. rules and regulations.
- D. company policies.
- E.** Both C and D.

### 91. Attributes of assurance providers

Discuss the three or more attributes that an assurance professional must possess in order to maintain credibility. Explain the importance of these attributes to the assurance process.

- 1) Subject Matter Knowledge - The assurance provider must be an expert in the area of service provided. Expertise in a complex body of knowledge sets the assurance professional apart from others.
- 2) Independence - The assurance provider must be unbiased, free from conflict of interest, objective and independent of the company receiving assurance services. This allows the professional to remain neutral and free from influence by parties with a vested interest in the outcome of assurance services.
- 3) Agreed Upon Criteria - Clear criteria must be available for the assurance provider to measure objectives and results against. In a financial statement assurance engagement, the criteria are represented by Generally Accepted Accounting Principles.
- 4) Process Expertise - Evidence is obtained and evaluated during the course of an assurance engagement. Professionals providing these services must be able to draw accurate conclusions based upon the results of testing competent, sufficient evidence obtained.

## 92. Users of financial statements

Identify at least three types of users of financial statements. Describe their primary use of the financial statements and how the misstatement of those statements might injure the user.

Users of audited financial statements may include:

- Management may utilize the audit report to determine whether the financial statements are presented in accordance with GAAP, whether the firm is availing itself of appropriate internal controls, and as a means of evaluating employee performance. Misstatement of the financial statements would cause the client to make erroneous decisions about financial position, internal controls and employee rewards and punishments.
- A financial institution that is asked to make a loan uses the financial statement to judge the credit worthiness of the borrower. Misstatements in the financial statements lead to errors in lending that jeopardize the assets of the bank and depositors.
- A vendor who is asked to grant credit uses the statements and faces injury in a manner similar to the financial institution.
- A third-party stockholder uses the financial statements to determine if the investment will provide the returns consistent with the needs of the investor. Misstatements of the financial statements will lead to different results or possible loss of the investment.
- Others: Potential stockholders, taxing authorities, regulatory agencies, labor unions, employees, bondholders, court system, retirement plans, or retired employees

## 93. Overview of Financial Statement Audit

Define auditing and discuss how its components fit into an overview of a financial statement audit.

Financial statement auditing has been defined as a “systematic process of actively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users.”

#### 94. Professional and regulatory organizations

Identify at least four professional or regulatory organizations. Explain how and why they assist and/or monitor the audit and assurance profession.

**PCAOB** is the primary governing regulatory body of auditors of public company financial statements. It was established by the Congress as a result of the Sarbanes-Oxley Act of 2002. It sets auditing standards for audits of public companies, requires registration of CPA firms auditing public companies and performs quality reviews of registered firms.

**AICPA** With the establishment of the PCAOB, the role of the AICPA has diminished. Membership in the organization is voluntary. The AICPA establishes standards for other attestation services, accounting and review services, consulting and tax services. It organizes continuing education programs and administers the Uniform CPA Examination.

**State Boards of Accountancy** license CPAs and are charged with regulating the profession at the state level.

**SEC** has been granted authority to establish GAAP for publicly traded companies. Its primary mission is to protect the investing public; it has oversight of the PCAOB.

The **GAO** is responsible for setting forth auditing standards for governmental agencies.

The **IIA** is a voluntary organization that administers the Certified Internal Auditor program and issues standards for the practice of internal audit.

#### 95. Internal and external auditors

Compare and contrast the work of an internal and an independent external auditor.

The independent external auditor is engaged to perform an audit of the financial statements for the purpose of expressing a professional opinion thereon. The internal auditor is an employee of the company who provides an active appraisal function within an organization to evaluate its activities as a service to the audit committee or board of directors. The work of external and internal auditors is often very similar in form, but the purpose and uses of the work are different. Both groups conform to professional standards that are in many ways similar. Often times, the internal and external auditors work together in identifying potential solutions to problems identified.

## 96. Objectives of different audit types

Compare and contrast the objectives of financial, compliance, operational and governmental audits. Include in your answer who performs each type of audit.

Financial audits performed by independent CPAs have as their aim the expression of a professional opinion as to the overall fairness of the statements in all material respects and as to the presentation of these statements in accordance with GAAP. External auditors and governmental auditors may perform them; because of lack of independence, the internal auditor can only assist the external auditor in the performance of an audit of their financial statements.

Compliance audits are a systematic process to determine whether or not an entity's activities are carried out in accordance with standards or policies promulgated by management or regulatory agencies, e.g., rules, laws or regulations. All three types of auditors, external, internal and governmental, perform compliance audits regularly.

Operational audits are systematic appraisals of an entity's operations to determine whether an organization's operations are being carried out in an efficient manner. The criteria used depends very much on the abilities and knowledge of the auditor in judging the efficiency and effectiveness of operations and methods to improve them. All three types of auditors may perform them, i.e., external, internal and governmental, though operational audits are most closely associated with internal and governmental auditors.

Governmental audits are usually performed by employees of the government and they usually encompass all three types of audits just mentioned. The major difference is the governmental orientation. Operational audits for effectiveness and efficiency may be performed, as well as financial audits for compliance with governmental GAAP, and compliance audits with laws, rules and regulations.

## 97. Regulatory and professional bodies

Write the full name of the following regulatory and professional acronyms and describe the function of each entity:

PCAOB

AICPA

SEC

IIA

FASB

**PCAOB** is the primary governing regulatory body of auditors of public company financial statements. It was established by the Congress as a result of the Sarbanes-Oxley Act of 2002. It sets auditing standards for audits of public companies, requires registration of CPA firms auditing public companies and performs quality reviews of registered firms. The PCAOB is overseen by the SEC.

**AICPA** With the establishment of the PCAOB, the role of the AICPA has diminished. Membership in the organization is voluntary. The AICPA establishes standards for other attestation services, accounting and review services, consulting and tax services. It organizes continuing education programs and administers the Uniform CPA Examination.

**Securities and Exchange Commission** Congress established the SEC to regulate the capital market system and establish GAAP for publicly traded companies. The SEC delegated the standard setting authority to the FASB but reviews and suggests standards when necessary. The SEC oversees the responsibilities of the PCAOB.

**Institute of Internal Auditors** The IIA issues standards and interpretations of standards for internal auditing. It also administers the Uniform CIA Examination and the certified internal auditor program to establish the benchmark measure of competence for the internal auditing profession.

**Financial Accounting Standards Board** The FASB is charged with issuing authoritative accounting pronouncements.

## 98. Requirements of auditors in public accounting

Recent landscape changes in accounting and auditing developed from corporate fraud and, arguably, auditor failure. In order to continually lead and adapt to the dynamics of regulation, principles based accounting practices and auditing standards, what types of skills and traits are auditors required to possess?

In addition to integrity, ethics and independence, auditors must possess an inherent ability to understand the client. This pertains not only to the manner in which the company operates, but the industry in which the client participates. The auditor must be able to use sound professional judgment and skepticism to perceive issues and propose solutions. An auditor must understand the environment in which a client does business. The surrounding economic, cultural and political aspects of a company are all vital to the auditor's understanding of risks.

An auditor must be able to interpret a complex body of knowledge, apply audit procedures and measure assertions against the criteria of generally accepted accounting principles. Risks must be adequately considered for the audit and the client so that the audit firm may reduce exposure in the marketplace.

Information technology used by clients must also be understood by the auditor so that internal control, prevention and detection of misstatements and the audit trail might be assessed. Similarly, the auditor must use software to perform an audit efficiently and adequately.

## 99. The need for assurance services

Identify three reasons for the rise of assurance services.

Three potential reasons for the rise of assurance services are:

1. The party who provides information may bias that information to convey a better impression than the real circumstances merit.
2. Remoteness between an information user and the organization.
3. The complexity of transactions, information or processing systems may make it difficult to determine a proper presentation without an independent review.
4. There is a need to minimize financial surprises. Material errors and fraud must be found and corrected prior to the release of audited financial statements.

## 100. Attestation versus assurance

Distinguish between attestation services and assurance services.

Attestation services are a subset of the broader spectrum of assurance services. Attestation services always involve evaluation of an assertion by one party to a third party. Assurance services do not need to involve a report, nor do they need to involve a third party.