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Establishing an understanding with the client:
(amends Statement on standards for attestation engagements no. 1, AICPA, Professional standards, vol. 1, AT sec. 100; Statement on standards for attestation engagements 7;

American Institute of Certified Public Accountants. Auditing Standards Board

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Establishing an Understanding With the Client

(Amends Statement on Standards for Attestation Engagements No. 1, AICPA, Professional Standards, vol. 1, AT sec. 100.)
Establishing an Understanding With the Client

(Amends Statement on Standards for Attestation Engagements No. 1, AICPA, Professional Standards, vol. 1, AT sec. 100.)

1. This Statement amends Statement on Standards for Attestation Engagements (SSAE) No. 1, Attestation Standards (AICPA, Professional Standards, vol. 1, AT sec. 100, "Attestation Standards"), to incorporate guidance about practitioners establishing an understanding with the client regarding the services to be performed. This Statement is effective for engagements for periods ending on or after June 15, 1998. Earlier application is permitted.

32. The practitioner should establish an understanding with the client regarding the services to be performed for each engagement.¹ Such an understanding reduces the risk that either the practitioner or the client may misinterpret the needs or expectations of the other party. For example, it reduces the risk that the client may inappropriately rely on the practitioner to protect the entity against certain risks or to perform certain functions that are the client’s responsibility. The understanding should include the objectives of the engagement, management’s responsibilities, the practitioner’s responsibilities, and limitations of the engagement. The practitioner should document the understanding in the working papers, preferably through a written communication with the client. If the practitioner believes an understanding with the client has not been established, he or she should decline to accept or perform the engagement.

This Statement entitled Establishing an Understanding With the Client was adopted unanimously by the fifteen members of the board.

Auditing Standards Board (1997)

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Note: Statements on Standards for Attestation Engagements are issued by the Auditing Standards Board, the senior technical body of the Institute designated to issue pronouncements on auditing matters. Rule 202 of the Institute's Code of Professional Conduct requires compliance with these standards.