



Press Release

Fédération des Experts
Comptables Européens

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PRINCIPLES OF ASSURANCE

The International Standard on Auditing, ISAE 100, distinguishes between high and moderate level assurance engagements but does not set general standards for performing moderate assurance engagements. Now a major FEE research project has suggested a way forward which is consistent with current proposals to replace ISAE 100.

FEE, the representative organisation of the European accounting profession, has launched an Issues Paper entitled **Principles of Assurance: Fundamental Theoretical Issues with Respect to Assurance in Assurance Engagements**. The publication addresses theoretical issues concerning the concept of assurance. It will have real implications concerning the scope of the profession's involvement with information other than historical financial statements, e.g. sustainability reporting, and forward-looking disclosures.

The primary overall conclusions of this FEE Issues Paper are:

1. Standard setters should reject the distinction between high and moderate level assurance. International Standards on Auditing (ISAs) are already based on the concept of 'reasonable assurance' and this concept should be the basis for all assurance standards. Where auditors or assurance providers limit the assurance they obtain, the nature of the relevant limitations should be clearly understood.
2. Fundamental analysis can help provide potential solutions to practical auditing and assurance issues; there is a need to develop and agree a principle-based conceptual framework for assurance engagements that will serve as a foundation for future standard setting and guidance in this area. The FEE Issues Paper while not presenting a complete conceptual framework does indicate what such a framework might look like.
3. Considerable academic research remains to be done on assurance engagements, which suggests that cooperation between standard setters and academics needs to be improved.

Commenting on the new publication, FEE Vice-President Robert Hodgkinson stated:

"This FEE Issues Paper is a clear demonstration of the commitment of the European accounting profession to establish a firm theoretical foundation for the development of assurance standards and guidance that serve the public interest."

"Our purpose is to identify possible solutions to the theoretical issues associated with the determination of assurance in assurance engagements. As such, the FEE Issues Paper represents a basis for future academic research. It will also help to prevent misguided demands on auditors and the resulting 'expectations gaps', by enhancing the clarity of communications by auditors and public understanding of the concept of assurance."

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Notes for Editors:

1. The new publication **FEE Issues Paper: Principles of Assurance: Fundamental Theoretical Issues with Respect to Assurance in Assurance Engagements** was approved for publication by the FEE Council on 21 March 2003. It can be downloaded free-of-charge from the FEE website (<http://www.fee.be>) or ordered from Sylvie Romancide (Fax: + 32 2 231 11 12, Email: Sylvie_Romancide@fee.be).
2. The International Auditing and Assurance Standards Board has recently released an exposure draft (ED) that will replace ISAE 100 once it is finalised. The ED does not use the terms 'level of assurance', 'high assurance', or 'moderate assurance'. The ED can be accessed from: <http://www.ifac.org/EDs/>
3. The **Fédération des Experts Comptables Européens** (FEE) is the representative organisation for the accountancy profession in Europe. It groups together 41 professional bodies from 29 countries. FEE member bodies are present in all fifteen member states of the European Union, nine European Union candidate countries and three member countries of EFTA. Between them, these bodies have a combined membership of 500.000 individuals, of whom approximately 94% are from EU countries.