

GUIDANCE NOTE ON REPORTS OR CERTIFICATES FOR SPECIAL REPORTS

INTRODUCTION

Recently a Chartered Accountant (CA), an old friend, approached me. Her client had lost some physical share certificates and regulators had requested for a CA certificate. She was not sure, what language to be used and how the certificate can be issued. Sounds familiar?

Requirement of issuing certificate may appear from bankers, investors, regulators, tax officers and from unknown corners. Sometime such special purpose certificates or reports are the requirement of law. In this write up, we will discuss on how you should deal with such situations and issue such special purpose certificates and reports.

Auditing and Assurance Standard Board (AASB) of The Institute of Chartered Accountants of India (ICAI) has revised Guidance Note on Reports or Certificates for Special Reports in 2016. The main purpose of this Guidance Note is to provide comprehensive guidance to practicing CAs on engagements other than audits or reviews of historical financial information. Such engagements may require expressing an opinion or stating the facts after obtaining reasonable or limited assurance. This

Guidance Note provides detailed guidance over the entire gambit of such assurance engagements.

ENGAGEMENT

This guidance note touches different phases of such assurance engagements like pre-engagement procedures, planning, obtaining evidence, execution, forming an opinion or conclusion and then reporting besides documentation. Let us have a quick overview.

Pre-Engagement Procedures are important. Performing assurance engagements covered under this Guidance Note is governed by the same ethical and quality control requirements as are described in the Framework for Assurance Engagements issued by the ICAI. Accordingly, procedures such as Engagement, Acceptance and Continuance, agreeing on the terms of the engagement, executing the engagement letter with the engaging party, etc. will be applicable. So please get your signed Engagement Letter before initiation of the job.

Planning document to be prepared setting the scope, timing and direction of the engagement, and determining the nature, timing and extent of procedures that are

required to be carried out in order to achieve the objective of the engagement. Keep in mind materiality and whether the subject matter is free from material misstatement. Remember to have your planning work paper in file.

Obtaining Evidence and execution during the course of execution of engagement, you should seek and obtain the necessary evidence and then execute the required procedures in order to form an opinion/ conclusion on the subject matter. Keep documentary evidence.

Forming the opinion / conclusion is the final lap. You should evaluate the sufficiency and appropriateness of the evidence obtained in the context of the engagement and form an opinion/conclusion, whether the subject matter information is free from material misstatement. Important to obtain written representation.

Report - Your assurance report should contain a clear expression of opinion or conclusion about the subject matter information. The Guidance Note does not provide a standardized format yet identifies the basic elements the assurance report, which should include the following:

- Title – clearly indicate that the report is an independent assurance report.
- An Addressee - identify the party to whom this assurance report is directed. Avoid using ‘To whomsoever it may concern’.
- Background – A description of the level of assurance and the subject matter information.

- Responsibilities – This section informs the intended users that the Management/ Engaging party is responsible for the measurement or evaluation of the underlying subject matter against the applicable criteria, and that your role is to independently express an opinion or conclusion.

- A statement - that the engagement was performed in accordance with the Guidance Note and you comply with the independence and other ethical requirements of the Code of Ethics issued by the ICAI.

- Summary - work performed as well as the basis for the opinion or conclusion.

- Opinion/ conclusion – This is what they are waiting for. For example:

- ✓ “In our opinion, the entity has complied, in all material respects, with XYZ law”; or

- ✓ “In our opinion, the Statement of Net Worth is properly prepared, in all material respects, based on XYZ criteria”

- Sign off – that’s it. Remember to put your name, membership number, your firm’s name and registration number, place, date and of course UDIN

In case required, the Guidance Note has also provided illustrative reports for the commonly used certificates and reports.

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