**Revisions to the Definition of Attest: Talking Points for Lobby Visits**

**SAMPLE**

* **We are here today to ask you to fix a serious risk to the public.**
* **In particular, we would like you to revise our state accountancy statute’s definition of attest.**
* **As you know, “attest” services are a set of services that can only be provided by a CPA operating within a CPA firm.**

* Just as only doctors can practice medicine in our state, and only lawyers can practice law, attest services are limited to the CPA profession due to the unique experience, competence and regulatory oversight associated with the profession and the fact that attest reports are relied on, not just by clients, but also by third parties such as financial institutions and shareholders.
* **First and foremost, it is important to note that the bar to become a CPA is very high.** All CPAs must pass what are commonly known as the 3 Es – Education, Experience, and Exam.
* More specifically - CPAs must have a baccalaureate degree with 150 hours of **education**, they must have at least 1 year of relevant professional **experience**, and they must pass the rigorous CPA **Examination**. Only upon completion of these three requirements, can CPAs obtain a license to practice in our state.
* In addition to the 3 Es, CPAs are subject to on-going continuing education requirements and peer review programs, and they must comply with a professional Code of Conduct. Equally important, CPAs operating in our state are subject to oversight and potential sanction by our state Board of Accountancy.
* **Furthermore, CPA firms, just like individual CPAs, are also subject to oversight by our state Board of Accountancy.** They, too, must participate in peer review programs. And they have controls over quality, protections, and processes to ensure quality control and reliability. CPA firms registered in our state also must be at least 50% [67%, 100% depending on your state] owned by CPAs, ensuring that the licensed and regulated CPA partners are highly vested in the success and reputation of the firm’s work.
* So, if we could, let’s talk a little bit more about how attest services work…Attest services, themselves, under our state law, can be broken down into four [five, if compilations are included in your state] broad categories:
  + **Audits**
  + **Reviews**
  + **Examinations of prospective financial information**
  + [INSERT **compilations** if covered in your state’s statute]
  + And, **engagements performed pursuant to the Public Company Accounting Oversight Board (PCAOB)**, the regulator of auditors of publicly traded companies.
* As I’ve said, our legislature has decided that not just any unlicensed, unregulated person should be able to hang out a shingle and start offering to perform these services. It simply is not in the public interest.

We, as a society, do not allow anyone in our state to start performing a complex surgery for a patient or to draft complex legal contracts for a company. Indeed, implicit in attest reports is an expectation that the work was performed by a CPA. Clients know this and understand the value proposition associated with it.

* As you may be aware, with the exception of those engagements performed pursuant to the PCAOB standards, all of the other engagements protected under our state’s attest definition are engagements performed under professional standards developed by the American Institute of CPAs, or AICPA. The AICPA is the profession’s largest professional organization, with over 396,000 members globally.
* The AICPA’s professional attestation standards are developed by experts through rigorous review and discussion and they are meant to be performed only by those who have the appropriate technical expertise and experience to perform them.
* **It is also important that the public can rest assured that, in those cases where an attest engagement may be performed poorly, our state Board of Accountancy can and will step in to protect the public who relied on that work.**
* So what has changed? Why are we asking you to change the definition? **The demand for attest services has changed significantly over the last decade. And, CPAs are being asked to provide attest services on a whole host of new subject matters.** While the marketplace for these services has been changing rapidly, our original laws did not contemplate this.
* **Increasingly, clients are asking for attest services to be performed on not just financial statements, but also on a whole host of new types of engagements related to security and privacy controls, sustainability, greenhouse gases, eXtensible Business Reporting Language (XBRL), and many other subject matters.**
* **While CPAs are able and willing to perform these services, others in the marketplace without the same credentials, experience, and regulation are also offering these services and they are using the CPA profession’s standards.**
* **This is harmful to the public and the [STATE CPA SOCIETY] asks that you put a stop to it.**  Not just anyone should be able to associate themselves with the rigorous qualifications and protections that the CPA profession provides.
* Lawmakers have already been very clear about the need to protect the public when it comes to attest services and we ask you to fix this loophole.
* **Some unregulated individuals issuing attest reports under CPA profession standards may argue that a revised definition limits competition. However, this is simply not true.** Competition is key to our state’s free market economy and the [STATE CPA SOCIETY] supports fair competition where the public interest is protected.
* **Non-CPAs should be able to provide lawful non-restricted services to the public and the [STATE CPA SOCIETY] would not seek to stop them. However, those individuals should not be allowed to use CPA professional standards when they perform attest engagements.**
* The public rightly assumes that AICPA standards, written by and for CPAs, are gold star standards and not just anyone is qualified nor should be allowed to use them.
* The public also assumes that our state Board of Accountancy will monitor attest engagements, but this is not the case if unregulated non-CPAs in the market are using CPA profession standards.
* If others in the marketplace want to provide similar services not covered under our state’s definition of attest, they need to develop their own standards or find generalized standards not unique to the CPA profession. Clients can then decide whom they trust to perform these services, utilizing which standards.
* **Our state legislature needs to act quickly to amend our state law. There are serious public protection issues at stake and lawmakers need to ensure that the public is not misled. By making this common sense and simple change, our state can ensure that we have a comprehensive definition of attest that appropriately reflects the marketplace and the needs of clients.**

Updated: May 2014