

Assurance services

There is great demand for security and assurance from society and the public, as well as from investors, public authorities and other stakeholders. Auditing in its widest sense includes various assurance and related services, including advisory. Besides statutory audits, other assurance services that provide security as well as information on risks and compliance in business activities are becoming increasingly common. Auditors' comprehensive industry and technical expertise enables them to advise their clients across the entire company life cycle, while maintaining objectivity and the appropriate critical distance at all times, with regard to business operations, tax and strategic planning (advisory).

Take-Outs

1. There is great demand for security and assurance from society and the public, as well as from investors and public authorities.
2. This need for assurance is partly met through the audit of historical financial information.
3. In addition, further assurance services that provide security and information regarding risks and compliance in companies' business activities are becoming increasingly common. These include audits of sustainability reports, risk management systems or IT systems, for example.
4. New areas of activity are emerging for the audit profession, which compared with the audit of historical financial information are highly relevant to the management of companies in rapidly changing times.
5. The assurance services provided by the profession comprise audit, assurance and advisory activities. These assurance services make a difference for markets, companies and individuals – "Assurance makes a difference" is the profession's mantra.

Audit – assurance – advisory

Auditing in its widest sense includes various assurance and related services, including advisory. These are services performed by members of the profession with the aim of establishing a basis for decision-making, as well as creating security and transparency and thus a foundation for trust among economic players.

Legally required annual financial statement audits – the core business of the profession

The core business of auditing involves auditing, validating, testing and certifying business information or circumstances (“assurance engagements”). In the performance of these assurance services, members of the profession issue their assessment in the form of an audit opinion, statement or certificate based on a target/actual comparison.

These assurance services may be defined and required by law (statutory assurance services). This category includes the audit of annual financial statements in the legally prescribed form of an ordinary audit or limited audit (in Switzerland). In both forms of audit, the audit firm appointed is an executive body of the company to be audited (“statutory auditor”) and has clearly defined duties and responsibilities under the law.

Rising commercial demand for validation, certification, guidance and navigation

Beyond statutory assurance services, there is growing commercial interest in the validation and certification of information. Examples include voluntary audits of risk management systems, tests of internal control systems (ICS) as a supplement to the statutory audit of the existence of an ICS, cyber security reviews and sustainability report audits.

These assurance services are performed on the basis of individual contracts and with safeguards for specific target groups.

Additional business consulting requirements are covered by advisory services, as a third service category alongside audit and assurance services. Here, auditors are available to their clients across the entire company life cycle as sparring partners and experts on business issues – while remaining objective and maintaining the appropriate critical distance at all times. Advisory involves advising on business, tax and strategic planning. However, these services may only be provided on the condition that the ban on self-auditing is adhered to and the process of mandate awards and acceptance is conscientiously observed.

The advisory services – and audit and assurance services – provided by the audit profession are distinguished by clearly regulated, conscientious mandate acceptance, exclusion of conflicts of interest, objective stance and appropriate professional scepticism towards clients.

Assurance services in the digital economy

Brand new digital data approaches (process mining, data analytics) and artificial intelligence (deep learning, machine learning) are increasingly being used for assurance services. As a highly standardised product, financial statement audits can benefit from the developments in digitisation and artificial intelligence. Nevertheless, evaluating complex matters, such as asset impairment in light of uncertain future business expectations, is still reliant on human intelligence and will become increasingly so. The profession is therefore investing massively in training and further education for its employees.

Ultimately, the following is true for the audit of financial statements and all other assurance and advisory services: Creating confidence and security can only be achieved through a combination of digital support and human interaction.

