

**Auditing And Assurance Services\***

Mihriban COŞKUN ARSLAN\*\*

Serkan DEMİRKAN\*\*\*

**ABSTRACT**

*The main reason behind the development of the concept of audit is the different parties' desire to count on the financial and nonfinancial information provided by companies so that they can verify their decisions. The trustworthiness of financial information is provided with independent audit while the trustworthiness of nonfinancial information is ensured by assurance audit. The aim of this study is to explain the assurance audit services demanded by companies to increase the reliability of information used by them in decision making process. Assurance audit services aren't widely known in Turkey. However, it is considered that these services will become popular through the studies conducted and because the technological developments lead close relations between countries, economies, financial markets, and companies.*

**Keywords:** Assurance services, Assurance audit, Audit.

**Jel Classification:** M41, M42.

**Denetim Ve Güvence Hizmetleri****ÖZET**

*İşletmelerin sunduğu finansal ve finansal olmayan bilgileri kullanarak karar alan veya kararlarının doğruluğunu ispatlamak isteyen çeşitli taraflar için bu bilgilere güven duyma arzusu denetimin ortaya çıkmasının temel nedenidir. Bağımsız denetim ile finansal bilgilerin güvenilirliği hakkında görüş bildirilirken; günümüzde finansal bilgiler dışındaki bilgilerin güvenilirliğiyle ilgili denetim alanı güvence denetimi ile sağlanmaktadır. Bu çalışmanın amacı; işletme taraflarının kararlarında temel olarak kullandıkları bilginin güvenilirliğini arttırmaya yardımcı olması için talep ettikleri güvence denetim hizmetlerini genel hatlarıyla açıklamaktır. Güvence denetimi hizmetleri Türkiye'de pek bilinmemekte olup; teknolojik gelişmelerin ülkeleri, ekonomileri, finansal piyasaları ve işletmeleri birbirlerine yakınlaştırması sebebiyle ve yapılan çalışmalar ile yaygınlaşacağı düşünülmektedir.*

**Anahtar Kelimeler:** Güvence hizmetleri, Güvence denetimi, denetim.

**JEL Sınıflandırması:** M41, M42.

\* This article was presented as a paper at the IV. International Symposium on Accounting and Finance in Ohrid, Macedonia, July 3-5, 2017.

\*\* Asst. Prof. Mihriban Coşkun Arslan, Gaziosmanpaşa Üniversitesi, mihriban.arslan@gop.edu.tr

\*\*\* Ph.D., Serkan DEMİRKAN, Gaziosmanpaşa Üniversitesi Sosyal Bilimler Enstitüsü, Serkan\_demirkan@windowslive.com

## **1. INTRODUCTION**

Parties related to companies seek to make accurate decisions using both the financial and nonfinancial information. Therefore, they demand the information provided to be reliable. The aim of independent audit is to examine the company's financial statement to ensure the financial position and operating results are accurate and compliant with financial reporting standards by an independent auditor. Today, assurance audit services as well as independent audit and tax audit services are demanded by decision makers to increase the reliability of information used by them in decision making process. Within this context, assurance audit become crucial in formation of the feeling of trust ensured by third parties.

In Turkey, Public Oversight, Accounting and Auditing Standards Authority (POA) decided to base the international standards published by International Federation of Accountants (IFAC) by right of publishing the Turkey Auditing Standards (TAS) granted by Statutory Decree (SD) number 660. Accordingly, 36 independent audit standards, 2 limited independent audit standards, 4 assurance audit standards, and 1 related-services standard were published.

Assurance services emerged in response to the needs of information users since decision makers' needs for assurance about the reliability of information related to companies as a result of the developments in capital market and globalization. In short, assurance services are the independent professional services which improve the quality of information for decision makers (Güredin, 2014: 4, Arens et al. 2012:8). It is required to increase the awareness of practitioners about this novel audit service in Turkey, and an increase in the number of studies related to this issue is considered important within this context. In this study, assurance services and audit are explained. Then, the standards within the audit standards are mentioned, and developments in Turkey and around the world and literature review are presented. The study is concluded by explaining the audit process through which it is aimed to increase awareness by explaining the regulations about assurance audit services theoretically.

## **2. ASSURANCE SERVICES**

Assurance is the feeling of trust formed by a well-accepted authority's statement about the compliance of a subject with an aim (Power,1997:14). Turkish Language Association defines this concept as the convincing statement made for removing the doubts of someone. Assurance services are a broad phenomenon involving independent audit and certification services, and it can be defined as independent professional services increasing the quality of information (Madray,2006:105-106).

The goal of assurance services is to increase the reliability and quality of financial and nonfinancial information about the company. The subject of assurance service must be in a way that can be measured and assessed consistently by a criterion. It also should enable the conduction of operations to gather enough and appropriate evidence to support the measurement and assessment (Hayes et al. 2005:119-120).

The subject of service in assurance contract can vary. Here are some examples (IFAC Handbook Framework, Prg 31:13 and Dinç and Atabay,2016:1531-1532):

- Services related to projected or historical financial statement, performance, and cash flow
- Nonfinancial statement, indicators about performance
- Physical features (facility capacity)
- Services related to system and processes (Internal control system, information technologies system)
- Services related to corporate governance, legislative harmonization, human resources
- Pro forma Financial Information
- Sustainability report
- Assessment of the efficiency of audit committee
- Statements of social responsibility
- Greenhouse gas statement

The developments of assurance services are examined under two headings; developments around the world and developments in Turkey.

### **2.1. Developments around the World**

The studies conducted in United States of America (USA) played a crucial role in the development of assurance services. Especially in the late 1980s, the importance attached to assurance services increased. The reasons behind this situation can be summarized as: information users needed new information other than traditional audit and certification services provided by audit companies; production of accurate, reliable and timely information within the constantly evolving and developing economy; and technological advancements. Within this context, it was observed that services given by audit profession and companies underwent a transformation process (Reed,2001:16).

Professional associations such as American Institute of Certified Public Accountants (AICPA) led the development of assurance services in USA through a variety of studies. These studies are: Jenkins Committee (1991-1993) conducted by AICPA Financial Reporting Special Committee; Assurance Conference (1993) carried out by Santa Fe Audit; Elliott Committee (1994-1997) carried out by AICPA Assurance Services Special Committee; and studies (1994-1997) conducted by **American Accounting Association** (AAA) The Future of Audit, Certification, and Assurance Services Committee (Holstrum-James, 1998:351). The common part of these studies was to involve opinions and suggestions about the extension of the scope of assurance services, the structure of information provided for information users, and the extension of the scope of services provided by auditors. Another association founded within the body of IFAC, International Auditing and Assurance Standards Board (IAASB) published the Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements in 2010.

In the late 1990s, the developments gained momentum in Australia. Report of the Joint Assurance Services Task Force (JASTF) was published in 1998 by The Institute of Chartered Accountants in Australia (ICAA) and Australian Society of Certified

Practicing Accountants (ASCPA) (Coram,1998). In the report, a growing tendency from traditional services of audit profession to assurance services.

The CICA Task Force on Assurance Services (TFAS) was constituted by Canadian Institute of Chartered Accountant (CICA) in August 1995 in order to develop plans, implement them and ensure the dominance of auditors in the field of assurance services with the aim of expanding the assurance services (CICA,1998). Assurance Contract Standards were published in the part 5025 of CICA Handbook in 1997 in Canada (Smieliauskas, Robertson,2004:42)

In United Kingdom, a report was published in 2006 by The Institute of Chartered Accountants but Continental European Countries didn't make similar efforts. However, regulations about assurance services of IFAC were added to the agenda after the European Union confirmed the related directive (Soltani,2007:131).

Moreover, IFAC, within the body of IAASB, made regulations about International Standards on Assurance Engagements and International Standards for Related Services within the scope of Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. Two standards about the services for a specific subject are present within the scope of IAASB: International Standards on Assurance Engagements (ISAE) 3400: The Examination of Prospective Financial Information; and ISAE 3402: Assurance Reports on Controls at a Service Organization. Additionally, International Standards for Related Services (ISRS) 4400: Engagements to Perform Agreed-Upon Procedures Regarding Financial Information is present within the scope of International Standards on Related Services. Assurance services around the world under these regulations can be listed as: assurance services for prospective financial information; assurance services for internal controls; website controls within information technologies and reliability of information systems; assurance services for sustainability; compliance with laws and regulations within the scope of other services; and assurance services such as agreed-upon procedures and statements of administration (Altıntaş,2011:110).

## **2.2. Developments in Turkey**

The first effort about assurance services was made in 2002 by Turkish Auditing Standards Board (TASB) within the body of (UCCPA<sup>1</sup>), by which audit standards published by IAASB was translated into Turkish and published. The board translated the Handbook of International Auditing, Assurance, and Ethics Pronouncements into Turkish and published under the title of International Auditing and Assurance Standards. However, these translated works don't have legal binding. Assurance services other than independent audit mentioned in part 33 of notification with Serial X, 22 published by Capital Markets Board of Turkey (CMB) on 12.06.2006 are the legal efforts made on assurance services. Moreover, some regulations about assurance services can be observed in "Notification about Main Principles on the Management of Information Systems in Banks", which was published by Banking Regulation and Supervision Agency (BRSA) on Official Gazette numbered 26643 in 2007. The most

---

<sup>1</sup> Union of Chambers of Certified Public Accountants Turkey

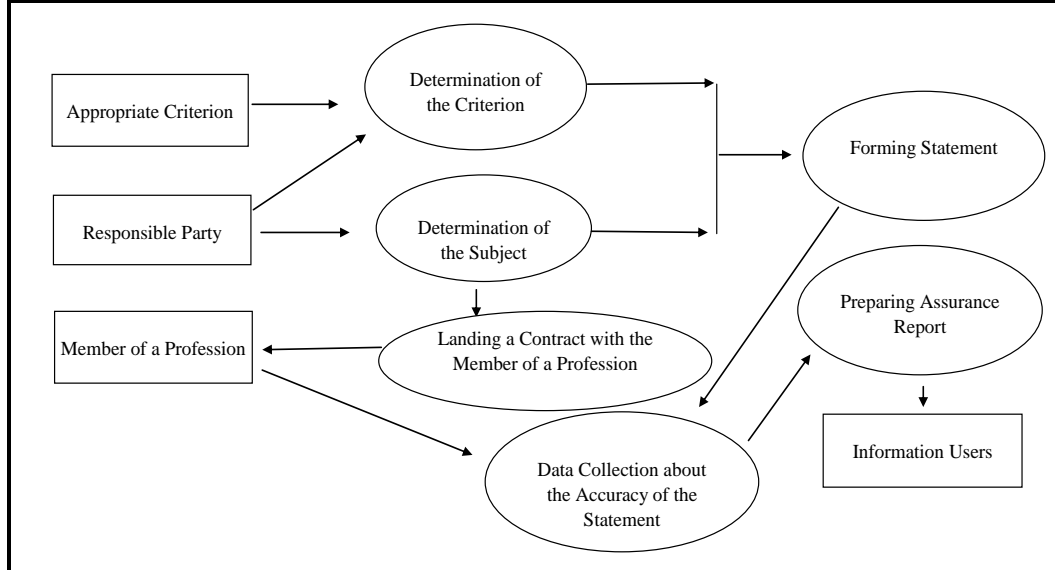
comprehensive regulation about assurance services in Turkey was made by Public Oversight Authority (POA), which has the sole authorization to make regulations in the fields of accounting and audit. The authority published four standards related to assurance services, and these standards are in effect.

### 3. ASSURANCE AUDIT

Assurance audit can be defined as an audit operation providing an assurance by an expert as a result of confirmation of relation between parties depending a contract by an external expert or auditing of that relation directly by specific criteria. In Assurance Audit Standards (AAS) 3000, assurance audit is defined as the collecting the evidences and preparing assurance report by auditors or experts in terms of specific criteria in order to increase the assurance levels of users who benefit from the process.

The goals of assurance audit are mentioned in 10<sup>th</sup> paragraph of AAS. Accordingly, the goals of auditors are: providing reasonable or limited assurance about the importance and accuracy of information depending on the conditions; reporting conclusions about the output of measurement or evaluation of audit through an assurance report; and providing notices in compliance with both AAS 3000 and other related assurance audit standards.

Assurance audit elements can be categorized under five headings as: triple party relation, subject, criterion, evidence, and assurance report. Below is a diagram including these elements (Hayes et al.,2005:119).



**Figure 1.** Data Flowchart Of Assurance Contract Elements

**1. Triple Party Relation:** There are three parties in assurance contracts: practitioners, which are auditors or experts; responsible party; and intendent users, for whom the assurance is provided.

**2. Subject:** The subjects are prospective financial information, internal control system, information technologies, statements of the management, policies, the state of

compliance, data performance indicators, and all reports of management (LMBA, 2013:26).

**3. Criteria:** They are the principles used by practitioners for assessing and measuring the assurance service subject during preparation of assurance report. A variety of standards can be used as criteria depending on the subject. For example, Committee of Sponsoring Organizations (COSO) can be presented as a law or regulation by competent authorities for a contract related to compliance within the scope of assurance services about internal control or UFRSs can be used as criteria in the services related to the reliability of financial statements in terms of financial position, operating results, and cash flows (Soltani,2007:142).

**4. Evidence:** They are the documents and information about the subject of assurance service obtained by practitioners to prepare the assurance report. While planning assurance contract, especially the scope and planning of evidence collection process, significance, contract risks, and the quantity and quality of the evidence are among the elements to be considered (IFAC Handbook Framework, Prg 39:15-16).

The practitioner examines the practicality and reliability of information that is used as the evidence during the process of designing and implementing the program. This evidence can be obtained by asking from related parties in written statements as well as from another expert, previous auditors, or the company's internal auditor. The information and documents obtained by practitioner by this way are convincing rather than being precise (AAS 3000, prg:A53).

Audit procedures that can be used by practitioner during evidence collection are investigation, observation, confirmation, recalculation, reimplementation, analytical procedures, and inquiry. These procedures may vary depending on the assurance level to be presented (AAS 3000, prg:A108). The practitioner may focus on interrogation of personnel and analytical procedures in a limited assurance audit while he/she can emphasize control tests and obtaining evidence from external sources in a reasonable assurance audit (AAS 3000, prg:A3(a)). In a limited assurance audit, fewer items can be selected or fewer procedures can be implemented (AAS 3000, prg:A 3(b)).

**5. Assurance Report:** Assurance report can be defined as the written statement of practitioner about the compliance of relevant service subject with the defined criteria after the completion of examination on assurance service subject.

The content of the report can be listed as (AAS 3000,prg:69 and Altıntaş, 2011:27-28):

- A title clearly expressing that the report is independently prepared.
- Credentials and residence address of parties to whom the report is presented.
- The procedure used to determine the main criteria used in the assessment and measurement of assurance subject; thus, users can understand the foundations of practitioner's opinions. Expressing the source basing the criteria and compliance of the

criteria with contract's goal and the structure of subject are important for the comprehension of practitioner's opinion.

- A statement expressing that the audit was performed in accordance with Audit Assurance Standards.
- An explanation stating that the company of auditor implements the provisions in Corporate Quality System 1 (CQS) or other legislation provisions meeting at least the ones in Corporate Quality System 1.
- Significant limitations about assessment and measurement of a subject which is important and inconsistent with the criteria.
  - The report should state if the it is prepared upon the request of a user or for a specific purpose.
  - The responsibilities of responsible party and auditor should be involved in the report.
  - A summary should be provided to the party demanding assurance about the procedures performed.

### **3.1. Types of Assurance Audit**

Assurance audit can be divided into two categories depending on (a) the assurance level provided as a result of audit and (b) contract type and the outcome. Assurance audit is examined under two titles in terms of the assurance level.

1. Reasonable assurance audit: minimizing the assurance contract risk to an acceptable level within the scope of contract conditions.
2. Limited assurance audit: there is an increased risk that an auditor may not become aware of a significant error based on the techniques used by the auditor and evidences obtained. The risk in this audit is higher than the reasonable assurance audit. The reason behind this situation can be sourced from the quality of the procedures, timing, and more limited content (Altıntaş, 2011:31).

In reasonable assurance contracts, the member of a profession states the opinion more directly while in limited assurance contracts, the opinion is expressed more indirectly in inverted sentences. For example, the statement of "from our point of view, internal controls are efficient in terms of all aspects according to criterion A" represents the reasonable assurance while the statement of "according to our report, there is no reason for us not to convince that internal controls are efficient in terms of all aspects according to criterion A" represents limited assurance, which means that the member of profession gathered enough evidence to decrease the assurance contract risk to medium level (Altıntaş,2016:31-32). The differences between reasonable and limited assurance audit contracts are presented in Figure 2.

Contract Type	Evidence Collection	Report
Reasonable Assurance Contract	As a part of systematic contract process, sufficient and appropriate evidence is obtained. Systematic contract process involves: <ul style="list-style-type: none"> <li>- Apprehension of contract conditions</li> <li>- Assessment of risks</li> <li>- Responding to assessed risks</li> <li>- Using a combination of investigation, observation, confirmation, recalculation, reimplementation, analytical procedures, and inquiry, conduction additional operations. These operations include obtaining complementary information and substantive operations involving testing the efficiency of controls and assessing the evidences (prg 51-52)</li> </ul>	Contract conditions are defined and the opinion is expressed directly (prg 58)
Limited Assurance Contract	As a part of systematic contract process, sufficient and appropriate evidence is obtained. Systematic contract process involves apprehension of subject and contract conditions but the operations are more limited compared to reasonable assurance contracts (prg 53)	Contract conditions are defined and the opinion is expressed indirectly in inverted sentences (prg 59)

Source: IFAC Handbook Framework,2017

**Figure 2. Differences Between Reasonable And Limited Assurance Contracts**

Assurance audits are classified into two categories in terms of contract type and outcome (Dinç and Atabay,2016:1531):

1. Direct audit: it is conducted by auditors.
2. Confirmation service: it is conducted by experts other than auditors.

Issues such as sustainability and regulatory compliance are accepted as confirmation services. Confirmation services are about the accuracy of information obtained by the practitioner as a result of the audit. In direct audit, what is meant by audit is the measurement of the subject using valid criteria and reporting the results in an assurance report to the parties. In this audit, the practitioner both assesses the subject and asks for a statement from the responsible party who do the assessment and measurement (Dinç and Atabay,2016:1531).

**3.2. Assurance Audit Standards**

Assurance Audit Standards (AAS) regulate the assurance audits other than the independent or limited independent audits of historical financial information. When an



additional AAS relevant to the subject of audit is present, it is also used as complimentary to AAS.

Public Oversight Authority (POA), which has the sole authorization to make regulations in the fields of accounting and audit, published four standards related to assurance services. Among them, AAS 3000 defines the general rules about assurance audit. Other standards deal with the types of assurance audit. These are explained below:

**AAS 3400;** The Standard of Examination of Prospective Financial Information is a type of audit aiming at increasing the reliability of information in prospective financial statements. Prospective business budgets, estimated income, balance, cash flowcharts, estimations of feasibility operations, and operating reports can be dealt with within this standard.

**AAS 3420;** It is a type of audit aiming at increasing the reliability of pro-forma financial information expressed in an offering circular asked by Capital Markets Board of Turkey during public offering from the businesses that are going to be offered to public.

**AAS 3402;** The Standard of Assurance Reports related to Controls in Service Organization is a type of audit demanded by businesses which perform some services by an external source with the aim of increasing the reliability and quality of the services paid for. The subject of this audit is the efficiency, productivity, and appropriateness of internal control system of the business from which the service is bought.

Every operation conducted by auditors is not assurance audit. Operation samples, which frequently conducted but not within the scope of assurance audit defined by paragraph 12(i) of AAS 3000 can be listed as (AAS 3000, Prg.12(i))

- Affairs within the scope of Related Services Standards such as compilation of agreed-upon procedures and financial information.
- Consultancy services such as the preparation of tax returns including none of assurance outcome and management and tax consultancy (AAS 3000,A1 prg).

An assurance audit within the scope of AASs can be a part of a more comprehensive affair. In such situations, AASs are only related to the assurance part of the affair.

The affairs below can be in compliance with the definition stated in paragraph 12(i) of the Standard; however, it is not accepted as an assurance audit in terms of AASs.

- Affairs related to testifying in legal processes about accounting, independent audit, tax or other issues and

- Affairs involving professional opinions, convictions, and statements used by the user for make an inference when the situations below are valid:

1. Insignificance of aforementioned opinions, convictions, and statements for the whole operation,

2. Limitation of the report for the use of only the users mentioned in the report,

3. Within the scope of the written agreement with specified target users, the service don't have the goal of being an assurance audit, and

4. Not presenting the service as an assurance audit in the audit report.

#### **4. LITERATURE REVIEW**

According to the literature review, the first study focusing on the updated initiatives with the aim of development of novel assurance services in order to meet the demand of novel information types related to the assurance services other than the independent and limited audit was conducted by Holstrum and Hunton in 1998. Another study was conducted by Reed in 2001 on the audit companies in USA. Reed examined the results of the research conducted by the Special Committee on Assurance Services in order to determine whether audit firms provide novel services and apply the recommendations of the board of assurance services. In their study conducted in 2005, Morsheda, Luehlfing and Wilkie sent questionnaires about the type of assurance contracts and levels to 5 large audit companies and other companies in 11 countries. Elliott and Jacobson (1994; 1995; and Bukics and Fleming (1998) focused on the assurance services and regulations about them. When the international books were reviewed, it was observed that Arens and Elder (2006), Ricchiute (2006), Glover and Beasley (2000), and Louwers (2015) published books on assurance services. These works can be examined under the titles such as *Advanced Audit Approach*, and *Audit and Assurance Services*. No book was found under the title of assurance audit or assurance services.

In Turkey, a doctoral dissertation on assurance services was completed by Altıntaş in 2011. In her work entitled *Assurance Services Other Than Financial Statement Audit and Tax Audit*, Altıntaş aimed at determining the scope of assurance services provided by members of auditing profession and their opinions related to these services. For this purpose, members of the profession working in independent audit companies in Istanbul within the within the scope of CMB legislation were the focus of the study. Moreover, the first book about assurance services in Turkey was published by Güredin in 2007. Additionally, audit materials used in independent auditor trainings under the provision of POA were prepared by Cömert et al in 2013 and published by Sakarya University – Research Center for Continuing Education. In 2016, Selimoğlu and Özsözgün published an article focusing on *International Assurance Audit Standard within the context of Sustainability AAS (ISAE) 3410 Greenhouse Gas Statements*. This study dealt with international accounting and assurance standards that could be used as a guide in accounting, reporting and assurance auditing within voluntary carbon markets. A study on assurance audit standards and the process of assurance auditing was conducted by

Dinç and Atabay in 2016. In this study, assurance audit was explained in general terms and the necessity of increasing the awareness about assurance audit was mentioned. Uyar's study in 2016 gave information about assurance services standards and explained the examination of prospective financial information in detail.

## **5. ASSURANCE AUDITING PROCESS**

Assurance audit is a process where a variety of operations are conducted between the businesses demanding assurance audit and the practitioners (individual auditor or expert) conducting audits. In this process, the auditor carries out activities in compliance with current standards and prepares an assurance report. This process is composed of five phases: Start-up, planning, execution, completion, and documentation.

1. **Start-up phase:** The client delivers his/her demand of an assurance audit to an authorized audit firm through a letter of request involving the information about the regulation to be used for the audit, the targeted field of audit, expectations from the audit, contact person and confirmation by means of mail, e-mail, phone, or any kind of communication.

Upon the delivery of the request, the practitioner party gathers information related to the sector, operation, and management of requesting business. The practitioner party conducts conflict and independence check so that the recognizing the claim wouldn't affect its independence. After this control, it prepares the proposal form and the process is initiated depending on the conditions.

2. **Planning Phase:** After the preparation of assurance contract, a planning should be made about duration of assurance audit, its scope, and by whom and how it will be conducted. Contract conditions, subject of the audit, and the criteria that will be used by the auditor are of great importance for this process. In this phase, the scope of audit is clearly defined and can be updated since it contains the whole process.

3. **Execution Phase:** This phase is about the implementation of audit procedures. Evidence gathering techniques such as investigation, observation, confirmation, recalculation, reimplementation, analytical procedures, and inquiry are used.

4. **Completion Phase:** The practitioner completes the audit by requesting written statements from the management. Therefore, it prepares the assurance report and presents it to the client business by documenting the procedures conducted.

5. **Documentation Phase:** The practitioner or auditor documents the procedures carried out during the audit. These documents are in the form of working papers, and their content and shape may vary depending on different factors. The working papers include the auditors name and surname, date, the goal of audit, and its scope. The content is composed of results of the procedures carried out, evidences, and assessments.

At the end of the audit, the auditor expresses an opinion related to the business by making use of evidences gathered during the audit. This opinion can be expressed in different forms as indicated below:

- **Unqualified Opinion:** In reasonable assurance audit, the auditor expresses an unqualified opinion when the information related to the audit subject is in compliance with the valid criteria. Similarly in limited assurance audit, the auditor expresses an unqualified opinion when he/she concludes that the audit subject is in compliance with the valid criteria based on the procedures and evidences (AAS 3000, prg. 72).

- **Qualified Opinion:** The auditor expresses a qualified opinion when he/she encountered with an obstacle or limitation by the management if this obstacle doesn't prevent the auditor from expressing an opinion. Additionally, the auditor expresses a qualified opinion when the subject of audit doesn't meet the criteria on condition that it is below the significance level determined by the auditor.

When the presence of a scope limitation that is pervasive, either a restricted unqualified opinion or disclaimer of opinion is issued. When the subject of audit involves significant misstatements, either a restricted unqualified opinion or adverse opinion is expressed. When it is not much significant or doesn't require the auditor to express an adverse opinion or disclaimer of opinion, a restricted unqualified opinion is issued. Restricted unqualified opinion is stated "with the exception of" the effects or possible effects that make the opinion qualified. In a situation in which an opinion other than unqualified is expressed, the auditor includes explanation about the issue in the assurance report (AAS 3000, prg. 74-76).

- **Adverse Opinion:** The auditor expresses an adverse opinion when he/she detects discrepancy with criteria based on evidences and these discrepancies affect the users' decisions (Dinç and Atabay, 2016:1539).

- **Disclaimer of Opinion:** The auditor refuses to present an opinion when he/she is unable to gather enough evidence or different conditions that affect the opinion emerge during the process (Dinç and Atabay,2016:1539).

The assurance audit process is ended when the assurance report is prepared and presented to the management.

Working papers, which are the documents about audit process, are included in the final audit file within 60 days from the completion of assurance report (AAS 3000,prg:81). According to Turkish Trade Act, the auditor or the auditing firm has the responsibility of saving these documents for 10 years (CQS 1, Prg:A56).

## **6. CONCLUSION**

Assurance audit is an audit activity which increase the trust on a business through confirmation of financial and nonfinancial information quality and reliability by third parties. Assurance audits in Turkey are conducted by audits or experts according to AAS published by POA. Apart from independent audit, limited independent audit, and tax audit, assurance audit was placed in the regulations in 2014 for the first time in

Turkey through assurance audit standards published by Public Oversight, Accounting and Auditing Standards Authority.

Although independent audit and assurance audit seem to involve similar procedures, they are in fact different. The subject of audit is financial information in independent audit while it includes both financial and nonfinancial information in assurance audit. A reasonable assurance is provided for parties in independent audit while both reasonable and limited assurance are presented in assurance audit. In independent audit, the client is the management. However in assurance audit, a third party apart from the management can be the client in assurance audit. Both audits require a written contract. Independent audit requires dual party relation while assurance audit may involve triple party relation. Audit materials are similar. The duration of audit in independent audit is one year while it is less than one year in assurance audit. The findings are digitized in independent audit while nonfinancial information isn't calculated in assurance audit. A single form of report is presented in independent audit while either a reasonable assurance or limited assurance report is presented in assurance audit. In assurance audit, there is triple party relation, and audit service begins with a demand, which can be made by service provider or service receiver.

The background of studies and practices in international area about assurance audit is much more comprehensive than the ones in Turkey. The practitioners and businesses in Turkey don't have much information about this service. It is considered that dissemination of services in assurance audit and increasing the awareness about it will be beneficial since it is an important phenomenon in terms of the institutionalization of assurance audit, increase of quality and source efficiency, and gaining trust.

### **REFERENCES**

- Altıntaş, Nergis Nalan (2011). Bağımsız Denetim ve Vergi Denetimi Dışındaki Güvence Hizmetleri, Türkmen Kitabevi, İstanbul.
- Arens, Alvin A., Randal J. Elder, Mark S. Beasley (2006). Auditing and Assurance Services: An Integrated Approach, 11.bs., Prentice Hall.
- Beasley, Mark S., Glover Steven M. (2000). Auditing Cases, An Interactive Learning Approach, Prentice Hall
- Bukics, R.M, Fleming, J.M., (1998). Accounting&Assurance Services”, Pennsylvania CPA Journal, <http://www.highbeam.com/doc/1P3-34865642.html>, Erişim Tarihi: 09.Ocak 2017
- CICA Task Force on Assurance Services, Final Report, Ocak 1998
- Dinç Engin, Atabay Esra (2016). “Güvence denetim Standartları ve Güvence Denetim Süreci”, Süleyman Demirel Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi, Sayı 21, No:5 ss.1527-1541
- Elliott, R.K., Jacobson, P.D. (1994-1995). AICPA Assurance Services Committee:What is the Futur of Auditing, The Journal of Corporate Accounting and Finance.

- Güredin, Ersin (2014) Denetim ve Güvence Hizmetleri:SMMM ve YMM'lere Yönelik İlkeler ve Teknikler,14. bs., Arıkan Basım Basım Yayım Dağıtım Ltd. Şti.,İstanbul.
- Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements-Part II, International Framework for Assurance Engagements (IFAC Handbook Framework), Paragraph 7,31,39, IAASB, IFAC,www.ifac.org,Erişim Tarihi:17 Ocak 2017
- Hasan Morsheda, Michael Luehlhing ve Macil Wilkie (2005). "Major Sources of Challenges Facing the CPA Profession and Suggested Recommendations", Journal of Business and Economic Research Vol.1, No:3.
- Hayes,Rick, Roger Dassen, Arnold Schilder, Philip Wallage (2005). Principles of Auditing: An Introduction to International Standards on Auditing, 2. bd., U.K., Prentice-Hall
- Holstrum, G.L., James, E.H. (1998). "New Forms of Assurance Services for New Forms of Information: The Global Challenge for Accounting Educators, The International Journal of Accounting.
- Kamu Gözetimi, Muhasebe ve Denetim Standartları Kurumu (KGK), Güvence Denetimleri Standardı 3000 (GDS 3000) Tarihi Finansal Bilgilerin Bağımsız Denetimi veya Sınırlı Bağımsız Denetimi Dışındaki Güvence Denetimleri Hakkında Tebliğ, Türkiye Denetim Standartları Tebliği No: 45, T.C.Resmi Gazete, 29524, Erişim Tarihi:13 Ocak 2017
- Kamu Gözetimi, Muhasebe ve Denetim Standartları Kurumu, Finansal Tabloların Bağımsız Denetim Ve Sınırlı Bağımsız Denetimleri İle Diğer Güvence Denetimleri Ve İlgili Hizmetleri Yürüten Bağımsız Denetim Kuruluşları Ve Bağımsız Denetçiler İçin Kalite Kontrol (KKS 1) Hakkında Tebliğ Türkiye Denetim Standartları Tebliği No:1, T.C.Resmi Gazete, 28783, Erişim Tarihi: 14 Ocak 2017
- LMBA (2013). LMBA Responsible Gold Programme-Third Party Audit Guidance v.2, [http://www.lbma.org.uk/assets/LBMA\\_Third\\_Party\\_Audit\\_Guidance\\_v2FINAL.pdf](http://www.lbma.org.uk/assets/LBMA_Third_Party_Audit_Guidance_v2FINAL.pdf) , Erişim Tarihi:15.01.2017
- Louwers, Timothy,Allen D. Blay, Sinason David,Strawser Jerry R.,Thibodeau Jay C. (2015). Auditing and Assurance Services ,Mc Graw Hill.
- Madray, J.Russel (2006). Attestation and Other Special Engagements, USA, CCH Inc.
- Power , M. (1997). The Audit Society: Rituals of Verification, New York, Oxford University Press
- Reed, Ronald O. (2001). "Assurance Services: The Expansion of the CPAs' Traditional Services in Local CPA Firms ",The Journal of Applied Business Research, C:XVII, No:1

Ricchiute, David (2006). Auditing, 8.bs., Thomson South Western

Selimođlu Kardeř Seval, alıřkan zsözgün Arzu (2016). ‘‘Sürdürülebilirlik Bađlamında Uluslar arası Güvence Denetimi Standardı GDS (ISAE) 3410- Sera Gazı Beyanları II’’, Muhasebe ve Denetime Bakıř Dergisi, Nisan, S:48,Ankara

Smieliauskas ,Wily J., Robertson, Jack C. (2004). Auditing: An International Approach, 3.bs., Canada, McGraw-Hill.

Soltani, Bahram (2007). Auditing :An İnternational Approach, U.K.. ,Prentice Hall