**Financial Statement Assertions:**

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| **Financial Statement Assertions**  **(per PCAOB AS 15)** | **PCAOB Description**  **(per PCAOB AS 15)** | **What does that mean?** | **Transactions are / were:** |
| Existence or Occurrence | Assets or liabilities of the company exist at a given date, and recorded transactions have occurred during a given period | * Were transactions fictitious (perhaps to hide fraud)? * Were transactions recorded in the proper time period (especially at period ends)? | * Real * Timely |
| Completeness | All transactions and accounts that should be presented in the financial statements are so included | * Were all transactions included in totals? * Were any transactions left out or missed?   + Mergers & acquisitions   + Business units   + Weeks / months in a quarter   + Different transaction types * Were any transactions duplicated? | * Complete |
| Valuation or Allocation | Asset, liability, equity, revenue, and expense components have been included in the financial statements at appropriate amounts | * Were transactions misclassified to the wrong accounts (asset vs. expense vs. liability)? * Was amortization and depreciation calculated correctly? * Were any other calculations performed accurately? | * Classified * Accurate |
| Rights and Obligations | The company holds or controls rights to the assets, and liabilities are obligations of the company at a given date. | * When appropriate, were transactions approved (spending limits, purchased from authorized vendors, sold to approved customers, credit limits not exceeded, etc.)? * Were transactions valid (not sold to deceased, not shipped to outer space, didn’t sell assets the company doesn’t own, etc.)? | * Valid * Authorized |
| Presentation and Disclosure | The components of the financial statements are properly classified, described, and disclosed | * Were financial statements fully disclosed (the truth, the *whole* truth, and *nothing but* the truth)? | * Fully presented and disclosed |