

Complete Guide to Compilations and Reviews

Learning Objectives

After reading the Section I course material, you will be able to:

- Identify some of the changes in SSARS No. 21, as amended by SSARS No. 23, that are and are not carried over from auditing standards
- Recognize engagement types that are and are not part of SSARS No. 21
- Recall whether the new preparation of financial statements standard is an attest or nonattest service
- Recall what must happen for an accountant to perform a preparation of financial statements engagement
- Recall whether a preparation engagement under AR-C 70 is subject to peer review
- Identify whether a report is required in a preparation of financial statements engagement under AR-C 70
- Recognize what the reporting requirements are, if any, when a "no assurance" legend is omitted from prepared financial statements under the AR-C 70 standards
- Identify where to disclose GAAP departures in a preparation of financial statements engagement
- Recognize whether an accountant and his or her client must sign an engagement letter for a preparation of financial statements engagement under AR-C 70
- Recall the objective of a compilation engagement under AR-C 80 of SSARS No. 21
- Identify some procedures that must be performed in a compilation engagement under AR-C 80 of SSARS No. 21
- Recognize some of the documentation requirements in a compilation engagement
- Identify how an accountant should report on a disclaimer of supplementary information in a compilation engagement
- Identify requirements to be satisfied to perform a review engagement under AR-C 90
- Identify evidence an accountant should obtain to demonstrate that financial statements reconcile with accounting records
- Recognize an appropriate title that can be used for a review report under SSARS No. 21
- Identify the order in which certain report paragraphs should be placed in the SSARS No. 21 review report
- Recall some of the items that should be documented in a review engagement
- Recognize the effective dates of SSARS No. 21 including early implementation options

After reading the Section II course material, you will be able to:

- Identify the reporting options for controllers who seek to issue financial statements
- Recognize the accountant's responsibility for reporting fraud in compilation and review engagements
- Identify factors that may or may not suggest there is a potential going concern problem in a compilation or review engagement
- Recognize the threshold to evaluate an Altman Z Score
- Identify an example of a deferred M-1 that is eliminated by tax basis financial statements
- Recognize some of the general rules for tax basis financial statements
- Identify the options available to report on supplementary information in a compilation or review engagement
- Recognize the general disclosure rules when issuing a compilation report on a specified element
- Identify when a management representation letter is required and some general rules pertaining to such letters
- Identify a prescribed form and the options for reporting on personal financial statements
- Recognize some of the recurring deficiencies noted in peer reviews
- Identify examples of simpler reporting options to full GAAP financial statements
- Identify provisions to incorporate into engagement letters to protect the accountant against liability claims

Recognize the general rules to maintain independence when an accountant performs non-attest services for an attest client

Identify when independence is impaired in certain situations in which an accountant performs non-attest services for an attest client

Recognize the privity standard as it relates to the accountant's liability to third parties