

Learning Objectives - Practice Issues Update- 2021

The objective of this course is to inform the reader of the various changes made to the compilation and review standards by the AICPA's Accounting and Review Services Committee (ARSC), and to address practice issues related to compilation and review engagements.

The first section of this course consists of an overview of SSARS No. 21, as amended by SSARS Nos. 22 through 25, and addresses the three types of engagements that can be performed under the SSARSs: a preparation of financial statements engagement, a compilation engagement, and a review engagement.

The remainder of the course consists of practice issues in compilation and review engagements. Topics include a discussion of an accountant's responsibility for fraud, internal control and going concern, representation letters for review engagements, personal financial statements, tax-basis financial statements, legends on financial statements, accountant's liability in compilation and review engagements, saving time in engagements, ethics and independence issues, and more. The focus of the course is to identify, recognize and recall the rules pertaining to various pronouncements, including those related to recent developments.

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

- Identify some of the changes in SSARS No. 21, as amended, that are and are not carried over from auditing standards
- Identify engagement types that are and are not authorized under SSARS No. 21
- Recall whether the preparation of financial statements standard is an attest or nonattest service
- Recognize the term that is assigned to engagements performed on the cash, tax and regulatory bases of accounting
- Recognize a criterion for an accountant to perform a preparation 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
- Recognize an acceptable location in which to place the description of a special purpose framework in a preparation of financial statements engagement
- Identify where to disclose GAAP departures in a preparation of financial statements engagement
- Recognize whether an accountant and a 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 changes made to the compilation report under SSARS No. 21 including those related to special purpose frameworks and GAAP departures, among others
- Recall how an accountant should report when there is a lack of independence in a compilation engagement
- Identify who should sign a representation letter in a review engagement
- Recognize a procedures that should be done when performing analytical procedures in a review engagement
- Identify one of the requirements in SSARS No. 24 when reporting on an international financial reporting framework
- 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 the types of analytical procedures that can and cannot be used in a review engagement
- Recognize certain terms used as the basis for evaluating going concern in a review engagement
- Identify factors that may or may not suggest there is a potential going-concern problem in a compilation or review engagement
- Identify the period of time that defines “reasonable period of time” in going concern
- 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
- Identify examples of simpler reporting options to issuing GAAP financial statements
- Identify provisions to incorporate into engagement letters to protect the accountant against liability claims
- Recognize the privity standard as it relates to the accountant’s liability to third parties
- 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 nonattest services for an attest client