

Auditing:

Compilation and Review Updates

Course Description

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.

Section I of this course consists of an overview of newly issued SSARS No. 21 including the three types of engagements that can be performed under SSARS No. 21: a preparation of financial statements engagement, a compilation engagement, and a review engagement.

Section II 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, 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.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 20 (CPA)

Category: Auditing

Prerequisite: None.

Advanced Preparation: None

Course Learning Objectives

Section 1:

1. Identify some of the changes made to SSARS No. 21 that are carried over from auditing standards
2. Recognize engagement types that are and are not part of SSARS No. 21
3. Recall whether the new preparation of financial statements standard is an attest or nonattest service

4. Recall what must happen for an accountant to perform a preparation of financial statements engagement
5. Recall whether a preparation engagement under AR-C 70 is subject to peer review
6. Identify whether a report is required in a preparation of financial statements engagement under AR-C 70
7. 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
8. Identify where to disclose GAAP departures in a preparation of financial statements engagement
9. 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
10. Recall the objective of a compilation engagement under AR-C 80 of SSARS No. 21
11. Identify some procedures that must be performed in a compilation engagement under AR-C 80 of SSARS No. 21
12. Recognize some of the documentation requirements in a compilation engagement
13. Identify how an accountant should report on a disclaimer of supplementary information in a compilation engagement
14. Identify requirements to be satisfied to perform a review engagement under AR-C 90
15. Identify evidence an accountant should obtain to demonstrate that financial statements reconcile with accounting records
16. Recognize an appropriate title that can be used for a review report under SSARS No. 21
17. Identify the order in which certain report paragraphs should be placed in the SSARS No. 21 review report
18. Recall some of the items that should be documented in a review engagement
19. Recognize the effective dates of SSARS No. 21 including early implementation options

Section 2:

1. Identify the reporting options for controllers who seek to issue financial statements
2. Recognize the accountant's responsibility for reporting fraud in compilation and review engagements
3. Identify factors that may or may not suggest there is a potential going concern problem in a compilation or review engagement
4. Recognize the threshold to evaluate an Altman Z Score
5. Identify an example of a deferred M-1 that is eliminated by tax-basis financial statements
6. Recognize some of the general rules for tax-basis financial statements
7. Identify the options available to report on supplementary information in a compilation or review engagement

8. Recognize the general disclosure rules when issuing a compilation report on a specified element
9. Identify when a management representation letter is required and some general rules pertaining to such letters
10. Identify a prescribed form and the options for reporting on personal financial statements
11. Recognize some of the recurring deficiencies noted in peer reviews
12. Identify examples of simpler reporting options to full GAAP financial statements
13. Identify provisions to incorporate into engagement letters to protect the accountant against liability claims
14. Recognize the general rules to maintain independence when an accountant performs non-attest services for an attest client
15. Identify when independence is impaired in certain situations in which an accountant performs non-attest services for an attest client
16. Recognize the privity standard as it relates to the accountant's liability to third parties