



Agenda Item 3

Issues Paper: 2020 Preparation, Compilation, and Review Engagements Guide

Objective of Agenda Item

To discuss the development of the 2020 AICPA Guide, *Preparation, Compilation, and Review Engagements* (the “Guide”).

Background

The following is from the ARSC Operating Policies:

AICPA Guide Preparation, Compilation, and Review Engagements and Audit and Accounting Guides Containing SSARSs Guidance

The AICPA Guide *Preparation, Compilation, and Review Engagements* and certain other Audit and Accounting Guides (including, but not limited to, the AICPA Guide *Prospective Financial Information*) provide guidance on particular circumstances on SSARSs engagements that require special attention or particular circumstances within specialized industries. Other AICPA committees and staff develop guides and are responsible for updating the guides for changes in the SSARSs literature and accounting standards (referred to as *conforming changes*). The AICPA Guide *Preparation, Compilation and Review Engagements* and other Audit and Accounting Guides that contain guidance on SSARSs are issued under the authority of ARSC. Any guides that are new or guides with updates beyond conforming changes are issued after all ARSC members have been provided an opportunity to consider and comment on whether the proposed guide is consistent with SSARSs. ARSC members are provided at least two weeks to consider and comment on proposed guides. Modifications to existing guides for conforming changes are approved by the ARSC Chair (or his or her designee) and the Director. The ARSC Chair and the Director approve the issuance of AICPA guides that contain guidance on SSARSs. Issuance of any AICPA guide that contains auditing guidance also is subject to the policies of the ASB. Issuance of any AICPA guide that contains accounting or financial reporting guidance also is subject to the policies of the Financial Reporting Executive Committee.

The current edition of the Guide was updated in June 2019 and includes guidance through SSARS 24 (which was issued in May 2018). If issued as a final standard, the proposed SSARS *Materiality in a Review of Financial Statements and Adverse Conclusions* will be issued as SSARS 25 and will be considered in the development of the 2020 edition of the Guide.

Dual guidance

If SSARS 25 is issued prior to the “as of” date of the 2020 Guide, and has an effective date (as proposed) for reviews of financial statements for financial statements dated on or after December 15, 2021, the Guide will reflect that the standard was issued and differentiate it from extant SSARSs. *Dual guidance* is presented so that the reader is provided guidance based on the new standard *in addition to* the existing guidance already in the chapter text.

ARSC Consideration

ARSC will discuss the potential incorporation of SSARS 25 to the 2020 Guide as well as any other potential guidance to be included in the 2020 Guide. ARSC members are requested to consider additional guidance that they believe would benefit practitioners if included in the authoritative publication prior to the January 2020 meeting and be prepared to discuss with the Committee.

In previous ARSC meetings, the ARSC considered the need for guidance with respect to:

- Review engagement efficiency
- Reviews of financial statements prepared in accordance with GAAP in light of new accounting pronouncements

Agenda Items Presented:

None