

## AR-C Section 60

# ***General Principles for Engagements Performed in Accordance With Statements on Standards for Accounting and Review Services***

Source: SSARS No. 21; SSARS No. 23; SSARS No. 24; SSARS No. 25.

Effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2015, unless otherwise indicated.

## **Introduction**

### **Scope of This Section**

**.01** This section provides general principles for engagements performed in accordance with Statements on Standards for Accounting and Review Services (SSARSs) issued by the Accounting and Review Services Committee (ARSC) and codified into AR-C sections. This section also sets forth the meaning of certain terms used in SSARSs when describing the professional requirements imposed on accountants performing an engagement in accordance with SSARSs. [As amended, effective October 2016, by SSARS No. 23.]

**.02** This section is intended to help accountants better understand their professional responsibilities when performing an engagement in accordance with SSARSs. Additional sections have been established to set forth specific performance and reporting requirements. Such additional requirements are based on the general principles provided by this section, and any requirements created by this section also have been incorporated into the additional sections.

**.03** SSARSs do not address the responsibilities of the accountant that may exist in legislation, regulation, or otherwise. Such responsibilities may differ from those established in SSARSs. Accordingly, although the accountant may find aspects of SSARSs helpful in such circumstances, it is the responsibility of the accountant to ensure compliance with all relevant legal, regulatory, or professional obligations. [As amended, effective October 2016, by SSARS No. 23.]

**.04** The financial statements subject to the engagement performed in accordance with SSARSs are those of the entity. SSARSs do not impose responsibilities on management and do not override laws and regulations that govern their responsibilities. (Ref: par. .A4–.A11) [Paragraph renumbered and amended, effective October 2016, by SSARS No. 23.]

### **Effective Date**

**.05** This section is effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2015. Early implementation is permitted. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

## Objective

.06 The objective of the accountant is to obtain an understanding of the general principles for engagements performed in accordance with SSARSs. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

## Definitions

.07 For purposes of SSARSs, the following terms have the meanings attributed as follows:

**Applicable financial reporting framework.** The financial reporting framework adopted by management and, when appropriate, those charged with governance in the preparation and fair presentation of the financial statements that is acceptable in view of the nature of the entity and the objective of the financial statements, or that is required by law or regulation.

**Designated accounting standard setter.** A body designated by the Council of the AICPA to promulgate accounting principles generally accepted in the United States of America pursuant to the "Compliance With Standards Rule" (ET sec. 1.310.001) and the "Accounting Principles Rule" (ET sec. 1.320.001) of the AICPA Code of Professional Conduct.

**Engagement partner.**<sup>1</sup> The partner or other person in the firm who is responsible for the engagement and its performance and for the report that is issued on behalf of the firm and who, when required, has the appropriate authority from a professional, legal, or regulatory body.

**Engagement team.** All partners and staff performing the engagement and any individuals engaged by the firm or a network firm who perform procedures on the engagement.

**Fair presentation framework.** See **financial reporting framework**.

**Financial reporting framework.** A set of criteria used to determine measurement, recognition, presentation, and disclosure of all material items appearing in the financial statements (for example, accounting principles generally accepted in the United States of America [U.S. GAAP], International Financial Reporting Standards promulgated by the International Accounting Standards Board, or a special purpose framework).

The term *fair presentation framework* refers to a financial reporting framework that requires compliance with the requirements of the framework and does one of the following:

- a. Acknowledges explicitly or implicitly that, to achieve fair presentation of the financial statements, it may be necessary for management to provide disclosures beyond those specifically required by the framework.
- b. Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the financial statements. Such

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<sup>1</sup> This term is also defined in paragraph .13 of QC section 10, *A Firm's System of Quality Control*, for purposes of the Statements on Quality Control Standards. Refer to QC section 10 for specific language.

departures are expected to be necessary only in rare circumstances.

A financial reporting framework that requires compliance with the requirements of the framework but does not contain the acknowledgment in (a) or (b) is not a fair presentation framework.

**Financial statements.** A structured representation of historical financial information, including disclosures, intended to communicate an entity's economic resources and obligations at a point in time or the changes therein for a period of time in accordance with a financial reporting framework. The term *financial statements* ordinarily refers to a complete set of financial statements as determined by the requirements of the applicable financial reporting framework but can also refer to a single financial statement. Disclosures comprise explanatory or descriptive information, set out as required, expressly permitted or otherwise allowed by the applicable financial reporting framework, on the face of a financial statement or in the notes, or incorporated therein by reference.

The requirements of the applicable financial reporting framework determine the presentation, structure, and content of the financial statements and what constitutes a complete set of financial statements.

**Firm.** A form of organization permitted by law or regulation whose characteristics conform to resolutions of the Council of the AICPA and that is engaged in the practice of public accounting.

**General purpose financial statements.** Financial statements prepared in accordance with a general purpose framework.

**General purpose framework.** A financial reporting framework designed to meet the common financial information needs of a wide range of users.

**Interpretive publications.** Interpretations of SSARs; exhibits to SSARs; AICPA Guide *Preparation, Compilation, and Review Engagements*;<sup>[2]</sup> guidance on preparation, compilation, and review engagements included in AICPA Audit and Accounting Guides; and AICPA Statements of Position, to the extent that those statements are applicable to such engagements.

**Other preparation, compilation and review publications.** Publications other than interpretive publications. (Ref: par. .A12)

**Professional judgment.** The application of relevant training, knowledge, and experience, within the context provided by SSARs, accounting, and ethical standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the preparation, compilation, or review engagement.

**Prospective financial information** Any financial information about the future. The information may be presented as complete financial statements or limited to one or more elements, items, or accounts.

**Special purpose financial statements.** Financial statements prepared in accordance with a special purpose framework.

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<sup>[2]</sup> [Footnote deleted by the issuance of SSARS No. 23, October 2016.]

**Special purpose framework.** A financial reporting framework other than GAAP that is one of the following bases of accounting: (Ref: par. .A13)

- a. **Cash basis.** A basis of accounting that the entity uses to record cash receipts and disbursements and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets).
- b. **Tax basis.** A basis of accounting that the entity uses to file its tax return for the period covered by the financial statements.
- c. **Regulatory basis.** A basis of accounting that the entity uses to comply with the requirements or financial reporting provisions of a regulatory agency to whose jurisdiction the entity is subject (for example, a basis of accounting that insurance companies use pursuant to the accounting practices prescribed or permitted by a state insurance department).
- d. **Contractual basis.** A basis of accounting that the entity uses to comply with an agreement between the entity and one or more third parties other than the accountant.
- e. **Other basis.** A basis of accounting that uses a definite set of logical, reasonable criteria that is applied to all material items appearing in financial statements, for example, the AICPA's Financial Reporting Framework for Small- and Medium-Sized Entities.

The cash basis, tax basis, regulatory basis, and other basis of accounting are commonly referred to as other comprehensive bases of accounting.

[Paragraph renumbered and amended, effective October 2016, by SSARS No. 23. As amended, effective for engagements performed in accordance with SSARSs for periods ending on or after June 15, 2019, by SSARS No. 24. As amended, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

## Requirements

### Ethical Requirements

.08 The accountant should comply with relevant ethical requirements. (Ref: par. .A14–.A17)

### Professional Judgment

.09 The accountant should exercise professional judgment in the performance of an engagement in accordance with SSARSs. (Ref: par. .A18–.A22)

### Conduct of the Engagement in Accordance With SSARSs

.10 The accountant must perform a review, compilation, or an engagement to prepare financial statements in accordance with SSARSs, except for certain

reviews of interim financial information as discussed in section 90, *Review of Financial Statements*.<sup>3</sup>

### **Complying With AR-C Sections Relevant to the Engagement**

**.11** The accountant should comply with all AR-C sections relevant to the engagement. An AR-C section is relevant to the engagement when the AR-C section is in effect, and the circumstances addressed by the AR-C section exist. (Ref: par. .A22–.A27)

**.12** The accountant should have an understanding of the entire text of an AR-C section, including its application and other explanatory material, to understand its objectives and apply its requirements properly. (Ref: par. .A29–.A33)

**.13** An accountant should not represent compliance with SSARs in the accountant's compilation or review report unless the accountant has complied with the requirements of this section and all other AR-C sections relevant to the engagement.

### **Complying With Relevant Requirements**

**.14** Subject to paragraph .16, the accountant should comply with each requirement of the relevant AR-C section unless, in the circumstances of the engagement, the requirement is not relevant because it is conditional, and the condition does not exist. (Ref: par. .A34)

### **Defining Professional Responsibilities in SSARs**

**.15** SSARs use the following two categories of professional requirements, identified by specific terms, to describe the degree of responsibility they impose on accountants:

- *Unconditional requirements.* The accountant must comply with an unconditional requirement in all cases in which such requirement is relevant. SSARs use the word "must" to indicate an unconditional requirement.
- *Presumptively mandatory requirements.* The accountant must comply with a presumptively mandatory requirement in all cases in which such a requirement is relevant, except in rare circumstances discussed in paragraph .16. SSARs use the word "should" to indicate a presumptively mandatory requirement. (Ref: par. .A35)

**.16** In rare circumstances, the accountant may judge it necessary to depart from a relevant presumptively mandatory requirement. In such circumstances, the accountant should perform alternative procedures to achieve the intent of the requirement. The need for an accountant to depart from a relevant, presumptively mandatory requirement is expected to arise only when the requirement is for a specific procedure to be performed and, in the specific circumstances of the engagement, that procedure would be ineffective in achieving the intent of the requirement.

**.17** If, in rare circumstances, the accountant judges it necessary to depart from a relevant presumptively mandatory requirement, the accountant must document the justification for the departure and how the alternative procedures performed in the circumstances were sufficient to achieve the intent of that requirement. [Paragraph added, effective October 2016, by SSARs No. 23.]

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<sup>3</sup> Paragraph .02 of section 90, *Review of Financial Statements*.

**Interpretive Publications**

.18 The accountant should consider applicable interpretive publications in the performance of an engagement in accordance with SSARSs. (Ref: par. .A36) [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**Other Preparation, Compilation and Review Publications**

.19 In applying the guidance included in an other preparation, compilation and review publication, the accountant should, exercising professional judgment, assess the relevance and appropriateness of such guidance to the circumstances of the engagement. (Ref: par. .A37–.A39) [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**Engagement Level Quality Control**

.20 In an engagement performed in accordance with SSARSs, the engagement partner should possess the competence and capabilities to perform the engagement and competence in financial reporting, appropriate to the engagement circumstances. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

.21 In an engagement performed in accordance with SSARSs, the engagement partner should take responsibility for the following: (Ref: par. .A40–.A43)

- a. The overall quality of each engagement to which that partner is assigned
- b. The direction, supervision, planning, and performance of the engagement in compliance with professional standards and applicable legal and regulatory requirements
- c. The accountant's report being appropriate in the circumstances
- d. The engagement being performed in accordance with the firm's quality control policies and procedures, including the following:
  - i. Being satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and engagements have been followed, and that conclusions reached are appropriate, including considering whether there is information that would lead the engagement partner to conclude that management lacks integrity (Ref: par. .A45–.A46)
  - ii. Being satisfied that the engagement team collectively has the appropriate competence and capabilities to perform the engagement and expertise in financial reporting to (Ref: par. .A47)
    - (1) perform the engagement in accordance with professional standards and applicable legal and regulatory requirements and
    - (2) enable a report that is appropriate in the circumstances to be issued, if applicable
  - iii. Taking responsibility for appropriate engagement documentation being maintained

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016. As amended, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**Relevant Considerations After Engagement Acceptance**

**.22** If the engagement partner obtains information that would have caused the firm to decline the engagement had that information been available earlier, the engagement partner should communicate that information promptly to the firm, so that the firm and the engagement partner can take the necessary action. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**Compliance With Relevant Ethical Requirements**

**.23** Throughout the engagement, the engagement partner should remain alert, through observation and making inquiries as necessary, for evidence of noncompliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, should determine the appropriate action. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**Monitoring**

**.24** An effective system of quality control for a firm includes a monitoring process designed to provide the firm with reasonable assurance that the firm's policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. The engagement partner should consider the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms and whether deficiencies noted in that information may affect the engagement. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**Acceptance and Continuance of Client Relationships and Engagements**

**.25** The accountant should not accept an engagement to be performed in accordance with SSARSs if (Ref: par. .A48)

- a. the accountant has reason to believe that relevant ethical requirements will not be satisfied; (Ref: par. .A49)
- b. the accountant's preliminary understanding of the engagement circumstances indicates that information needed to perform the engagement is likely to be unavailable or unreliable; or (Ref: par. .A50)
- c. the accountant has cause to doubt management's integrity such that it is likely to affect the performance of the engagement.

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**.26** As a precondition for accepting an engagement to be performed in accordance with SSARSs, the accountant should

- a. determine whether the financial reporting framework selected by management to be applied in the preparation of the financial statements is acceptable. (Ref: par. .A51–.A57)
- b. obtain the agreement of management that it acknowledges and understands its responsibility (Ref: par. .A58–.A62)
  - i. for the selection of the financial reporting framework to be applied in the preparation of financial statements.

- ii. for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, unless the accountant decides to accept responsibility for such internal control. (Ref: par. .A63)
- iii. for preventing and detecting fraud.
- iv. for ensuring that the entity complies with laws and regulations applicable to its activities.
- v. for the accuracy and completeness of the records, documents, explanations, and other information, including significant judgments provided by management for the preparation of financial statements.
- vi. to provide the accountant with (Ref: par. .A64)
  - (1) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - (2) additional information that the accountant may request from management for the purpose of the engagement.
  - (3) unrestricted access to persons within the entity of whom the accountant determines it necessary to make inquiries.

[Paragraph renumbered and amended, effective October 2016, by SSARS No. 23. As amended, effective for engagements performed in accordance with SSARSs for periods ending on or after June 15, 2019, by SSARS No. 24. As amended, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

## Application and Other Explanatory Material

[.A1–.A3] [Paragraphs deleted by the issuance of SSARS No. 23, October 2016.]

### Scope of This Section (Ref: par. .04)

**.A4** If the accountant is engaged to perform a professional service in accordance with SSARSs on financial information other than financial statements (for example, the preparation or compilation of prospective financial information or the compilation of pro forma financial information), references in this section to *financial statements* are to be taken as references to such other financial information. [Paragraph added, effective October 2016, by SSARS No. 23.]

**.A5** The preparation and fair presentation of the financial statements require

- the identification of the applicable financial reporting framework, in the context of any relevant laws or regulations.
- the preparation and fair presentation of the financial statements in accordance with that framework.
- the inclusion of an adequate description of that framework in the financial statements.

The preparation and fair presentation of the financial statements require management to exercise judgment when making accounting estimates that are reasonable in the circumstances as well as when selecting and applying appropriate accounting policies. These judgments are made in the context of the applicable financial reporting framework. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**.A6** The financial statements may be prepared in accordance with one of the following:

- A general purpose framework (a financial reporting framework designed to meet the common financial information needs of a wide range of users)
- A special purpose framework

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**.A7** The applicable financial reporting framework often encompasses financial accounting standards promulgated by an authorized or recognized standards-setting organization or legislative or regulatory requirements. In some cases, the financial reporting framework may encompass both financial accounting standards promulgated by an authorized or recognized standards-setting organization and legislative or regulatory requirements. Other sources may provide direction on the application of the applicable financial reporting framework. In some cases, the applicable financial reporting framework may encompass such other sources or may even consist only of such sources. Such other sources may include the following:

- The legal and ethical environment, including statutes, regulations, court decisions, and professional ethical obligations regarding accounting matters
- Published accounting interpretations of varying authority issued by standards-setting, professional, or regulatory organizations
- Published views of varying authority on emerging accounting issues issued by standards-setting, professional, or regulatory organizations
- General and industry practices widely recognized and prevalent
- Accounting literature

When conflicts exist between the financial reporting framework and the sources from which direction on its application may be obtained or among the sources that encompass the financial reporting framework, the source with the highest authority prevails. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**.A8** The requirements of the applicable financial reporting framework determine the form and content of the financial statements. Although the framework may not specify how to account for or disclose all transactions or events, it ordinarily embodies sufficiently broad principles that can serve as a basis for developing and applying accounting policies that are consistent with the concepts underlying the requirements of the framework. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**.A9** The financial accounting standards promulgated by organizations that are authorized or recognized to promulgate standards to be used by entities for preparing financial statements in accordance with a general purpose framework include the FASB *Accounting Standards Codification*; International Financial Reporting Standards, issued by the International Accounting Standards Board; Statements of Federal Financial Accounting Standards,

issued by the Federal Accounting Standards Advisory Board for U.S. federal government entities; and Statements of the Governmental Accounting Standards Board, issued by the Governmental Accounting Standards Board for U.S. state and local governmental entities. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**.A10** The requirements of the applicable financial reporting framework also determine what constitutes a complete set of financial statements. In the case of many frameworks, financial statements are intended to provide information about the financial position, financial performance, and cash flows of an entity. For example, a complete set of financial statements might include a balance sheet, an income statement, a statement of changes in equity, a cash flow statement, and related notes. For some other financial reporting frameworks, a single financial statement and the related notes might constitute a complete set of financial statements. Examples of a single financial statement, each of which would include related notes, include the following:

- Balance sheet
- Statement of income or statement of operations
- Statement of retained earnings
- Statement of cash flows
- Statement of assets and liabilities
- Statement of changes in owners' equity
- Statement of revenue and expenses
- Statement of operations by product lines

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**.A11** An accountant may be engaged to prepare or perform a compilation or review engagement on a complete set of financial statements or an individual financial statement (for example, balance sheet only). The financial statements may be for an annual period or for a shorter or longer period, depending on management's needs. However, it is likely not appropriate for the entity to present financial statements for a period longer or shorter than an annual period in a comparative presentation with financial statements for an annual period. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

## **Definitions (Ref: par. .07)**

**.A12** Other preparation, compilation, and review publications include

- AICPA preparation, compilation, and review publications not defined as interpretive publications;
- AICPA's annual alert addressing engagements performed in accordance with SSARSs;
- articles addressing preparation, compilation, and review engagements in the *Journal of Accountancy* and other professional journals;
- continuing professional education programs and other instruction materials,
- textbooks, guide books, programs for preparation, compilation, and review engagements
- checklists; and

- other publications addressing preparation, compilation, and review engagements from state CPA societies, other organizations, and individuals.

[Paragraph added, effective October 2016, by SSARS No. 23.]

**.A13** Certain regulators, including state and local government legislators, regulatory agencies, or departments, require financial statements to be prepared in accordance with a financial reporting framework that is based on a framework promulgated by an authorized or recognized standard-setting organization (for example, FASB or GASB) but does not include all the requirements of that framework. Such frameworks are regulatory bases of accounting, as described in paragraph .07. In some circumstances, however, the cash or tax basis of accounting may be permitted by a regulator. For purposes of SSARSs, the cash and tax bases of accounting are not regulatory bases of accounting. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

## Ethical Requirements (Ref: par. .08)

**.A14** The accountant is subject to relevant ethical requirements relating to engagements performed in accordance with SSARSs. Ethical requirements consist of those contained in the AICPA Code of Professional Conduct, together with rules of state boards of accountancy and applicable regulatory agencies that are more restrictive. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered, by the issuance of SSARS No. 25, February 2020.]

**.A15** The AICPA Code of Professional Conduct establishes the fundamental principles of professional ethics, which include the following:

- Responsibilities
- The public interest
- Integrity
- Objectivity and independence
- Due care
- Scope and nature of services

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A16** Due care requires the accountant to discharge professional responsibilities with competence and have the appropriate capabilities to perform the engagement and enable an appropriate accountant's report to be issued, if applicable. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A17** QC section 10, *A Firm's System of Quality Control*, sets out the firm's responsibilities to establish and maintain its system of quality control for engagements performed in accordance with SSARSs and establish policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements, including those pertaining to independence.<sup>4</sup> [Paragraph renumbered by the issuance of SSARS

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<sup>4</sup> Paragraphs .21–.25 of QC section 10.

No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

### **Professional Judgment (Ref: par. .09)**

**.A18** Professional judgment is essential to the proper conduct of an engagement in accordance with SSARSs because interpretation of relevant ethical requirements and SSARSs and the informed decisions required throughout the engagement cannot be made without the application of relevant knowledge and experience to the facts and circumstances. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A19** The distinguishing feature of the professional judgment expected of the accountant is that it is exercised by an accountant whose training, knowledge, and experience have assisted in developing the necessary competencies to achieve reasonable judgments and make informed decisions about appropriate courses of action when undertaking an engagement in accordance with SSARSs. Consultation on difficult or contentious matters during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm, assists the accountant in making informed and reasonable judgments. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A20** The exercise of professional judgment in individual engagements is based on the facts and circumstances that are known by the accountant throughout the engagement, including

- knowledge acquired from engagements carried out for the entity's financial statements in prior periods, where applicable.
- the accountant's understanding of the entity and its environment, including its accounting system, and the application of the applicable financial reporting framework in the entity's industry.
- the extent to which the preparation and presentation of the financial statements requires the exercise of judgment by management or the accountant, if applicable.

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A21** Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of SSARSs and accounting principles and is appropriate in light of, and consistent with, the facts and circumstances that were known to the accountant up to the date of the issuance of financial statements prepared by the accountant or the date of the accountant's compilation or review report. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A22** Professional judgment needs to be exercised throughout the engagement performed in accordance with SSARSs. It also needs to be appropriately documented in accordance with the requirements of the applicable AR-C section. Professional judgment is not to be used as the justification for decisions that are not otherwise supported by the facts and circumstances of the engagement or, in a review engagement, the evidence obtained. [Paragraph

renumbered and amended, effective October 2016, by SSARS No. 23. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

## Conduct of an Engagement in Accordance With SSARs

### **Complying With AR-C Sections Relevant to the Engagement**

**(Ref: par. .11–.12)**

**.A23** ARSC is designated to promulgate standards under the "General Standards Rule" (ET sec. 1.300.001) and the "Compliance With Standards Rule" (ET sec. 1.310.001) of the AICPA Code of Professional Conduct<sup>5</sup> with respect to unaudited financial statements or other unaudited financial information of an entity that is not required to file financial statements with a regulatory agency in connection with the sale or trading of its securities in a public market. ARSC develops and issues standards in the form of SSARs through a process that includes deliberation in meetings open to the public, public exposure of proposed SSARs, and a formal vote. SSARs are codified in AR-C sections in AICPA *Professional Standards*. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A24** SSARs provide the standards used for fulfilling the overall objectives of the accountant's work. SSARs address the general responsibilities of the accountant as well as the accountant's further considerations relevant to the application of those responsibilities to specific topics. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A25** The scope, effective date, and any specific limitation of the applicability of a specific AR-C section are made clear in the AR-C section. Unless otherwise stated in the AR-C section, the accountant is permitted to apply an AR-C section before the effective date specified therein. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A26** In certain engagements, the accountant also may be required to comply with other requirements in addition to SSARs. SSARs do not override law or regulation that governs a review, compilation, or an engagement to prepare financial statements. In the event that such law or regulation differs from SSARs, an engagement conducted only in accordance with law or regulation will not necessarily comply with SSARs. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A27** The accountant may also conduct the compilation or review of financial statements in accordance with both SSARs and

- International Standard on Related Services 4410 (Revised), *Compilation Engagements*,
- International Standard on Review Engagements 2400 (Revised), *Engagements to Review Historical Financial Statements*, or
- compilation or review standards of a specific jurisdiction or country.

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<sup>5</sup> AICPA's Professional Ethics Executive Committee has restructured the Code of Professional Conduct. References in this standard are to the revised code, which is effective December 15, 2014. It is available at <http://pub.aicpa.org/codeofconduct>.

In such cases, in addition to complying with each of the AR-C sections relevant to the engagement, it may be necessary for the accountant to perform additional compilation or review procedures in order to comply with the other compilation or review standards. [Paragraph renumbered and amended, effective October 2016, by SSARS No. 23. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A28** SSARSs are relevant to engagements to prepare financial statements and compilations and reviews of financial statements of governmental entities. The accountant's responsibilities, however, may be affected by law, regulation, or other authority (such as government policy requirements or resolutions of the legislature), which may encompass a broader scope than an engagement in accordance with SSARSs. These additional responsibilities are not dealt with in SSARSs. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A29** In addition to objectives and requirements, an AR-C section contains related guidance in the form of application and other explanatory material. It may also contain introductory material that provides context relevant to a proper understanding of the AR-C section and definitions. The entire text of an AR-C section, therefore, is relevant to an understanding of the objectives stated in an AR-C section and the proper application of the requirements of an AR-C section. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A30** When necessary, the application and other explanatory material provides further explanation of the requirements of an AR-C section and guidance for carrying them out. In particular, it may

- explain more precisely what a requirement means or is intended to cover.
- include examples of procedures that may be appropriate in the circumstances.

Although such guidance does not, in itself, impose a requirement, it is relevant to the proper application of the requirements of an AR-C section. The accountant is required by paragraph .12 to understand the application and other explanatory material; how the accountant applies the guidance in the engagement depends on the exercise of professional judgment in the circumstances consistent with the objective of the AR-C section. The words "may," "might," and "could" are used to describe these actions and procedures. The application and other explanatory material may also provide background information on matters addressed in an AR-C section. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A31** Appendixes form part of the application and other explanatory material. The purpose and intended use of an appendix are explained in the body of the related AR-C section or within the title and introduction of the appendix itself. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A32** Introductory material may include, as needed, such matters as explanation of the following:

- The purpose and scope of the AR-C section, including how the AR-C section relates to other AR-C sections

- The subject matter of the AR-C section
- The respective responsibilities of the accountant and others in relation to the subject matter of the AR-C section
- The context in which the AR-C section is set

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A33** An AR-C section may include, in a separate section under the heading "Definitions," a description of the meanings attributed to certain terms for purposes of SSARSs. These are provided to assist in the consistent application and interpretation of SSARSs and are not intended to override definitions that may be established for other purposes, whether in law, regulation, or otherwise. Unless otherwise indicated, those terms will carry the same meanings throughout SSARSs. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

### ***Complying With Relevant Requirements (Ref: par. .14)***

**.A34** In some cases, a requirement may be expressed as being conditional on applicable law or regulation. For example, the accountant may be required to withdraw from the engagement when withdrawal is possible under applicable law or regulation, or the accountant may be required to perform a certain action, unless prohibited by law or regulation. [Paragraph renumbered and amended, effective October 2016, by SSARS No. 23. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

### ***Defining Professional Responsibilities in SSARSs (Ref: par. .15)***

**.A35** If an AR-C section provides that a procedure or action is one that the accountant "should consider," consideration of the procedure or action is presumptively required. Whether the accountant performs the procedure or action is based upon the outcome of the accountant's consideration and the accountant's professional judgment. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

### ***Interpretive Publications (Ref: par. .18)***

**.A36** Interpretive publications are not SSARSs. *Interpretive publications* are recommendations on the application of SSARSs in specific circumstances, including engagements for entities in specialized industries. An interpretive publication is issued under the authority of ARSC only after all ARSC members have been provided an opportunity to consider and comment on whether the proposed interpretive publication is consistent with SSARSs. Compilation and review interpretations of SSARSs and exhibits to SSARSs are included in the AR-C sections. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

### ***Other Preparation, Compilation and Review Publications (Ref: par. .19)***

**.A37** Other preparation, compilation and review publications have no authoritative status; however, they may help the accountant understand and apply SSARSs. The accountant is not expected to be aware of the full body of other preparation, compilation and review publications. [Paragraph renumbered by

the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A38** Although the accountant determines the relevance of these publications in accordance with paragraph .19, the accountant may presume that other preparation, compilation and review publications published by the AICPA that have been reviewed by the AICPA Audit and Attest Standards staff are appropriate. These other preparation, compilation and review publications are listed in the exhibit, "Other Preparation, Compilation and Review Publications." [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A39** When determining whether an other preparation, compilation and review publication that has not been reviewed by the AICPA Audit and Attest Standards staff is appropriate to the circumstances of the engagement, the accountant may wish to consider the degree to which the publication is recognized as being helpful in understanding and applying SSARSs and the degree to which the publisher or author is recognized as an authority in matters addressing preparation, compilation, and review engagements. An other preparation, compilation, and review publication that has not been reviewed by the AICPA Audit and Attest Standards staff that contradicts an other preparation, compilation and review publication that has been reviewed by the AICPA Audit and Attest Standards staff is inappropriate. [Paragraph renumbered and amended, effective October 2016, by SSARS No. 23. Revised, February 2017, to better reflect the AICPA Council Resolution designating the PCAOB to promulgate technical standards. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

### **Engagement Level Quality Control (Ref: par. .21)**

**.A40** Within the context of the firm's system of quality control, engagement teams have a responsibility to implement quality control procedures that are applicable to the engagement and provide the firm with relevant information to enable the functioning of that part of the firm's system of quality control relating to independence. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph renumbered and amended, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A41** The actions of the engagement partner and appropriate messages to the other members of the engagement team, in the context of the engagement partner taking responsibility for the overall quality of each engagement, emphasize the fact that quality is essential when performing an engagement in accordance with SSARSs and the importance to the quality of the engagement of

- a. performing work that complies with professional standards and regulatory and legal requirements.
- b. complying with the firm's quality control policies and procedures, as applicable.
- c. issuing a report, if applicable, for the engagement that is appropriate in the circumstances.
- d. the engagement team's ability to raise concerns without fear of reprisals.

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A42** Unless information provided by the firm or other parties suggests otherwise, the engagement team is entitled to rely on the firm's system of quality control. For example, the engagement team may rely on the firm's system of quality control in relation to

- competence of personnel through their recruitment and formal training.
- independence through the accumulation and communication of relevant independence information.
- maintenance of client relationships through acceptance and continuance systems.
- adherence to regulatory and legal requirements through the monitoring process.

When considering the deficiencies identified in the firm's system of quality control that may affect the engagement, the engagement partner may consider measures taken by the firm to rectify those deficiencies.

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A43** A deficiency in the firm's system of quality control does not necessarily indicate that an engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements or that the accountant's report, if applicable, was not appropriate. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**[.A44]** [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Subsequently renumbered and deleted by the issuance of SSARS No. 25, February 2020.]

### ***Acceptance and Continuance of Client Relationships and Engagements Performed in Accordance With SSARSs (Ref: par. .21di)***

**.A45** QC section 10 requires the firm to obtain information considered necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client. Information such as the following assists the engagement partner in determining whether the conclusions reached regarding the acceptance and continuance of client relationships and engagements in accordance with SSARSs are appropriate:

- The integrity of the principal owners, key management, and those charged with governance of the entity
- Whether the engagement team is competent to perform the engagement and has the necessary capabilities, including time and resources
- Whether the firm and the engagement team can comply with relevant ethical requirements
- Significant findings or issues that have arisen during the current or previous engagement and their implications for continuing the relationship

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

**.A46** If the engagement partner has cause to doubt management's integrity to a degree that is likely to affect proper performance of the engagement, it is not appropriate to accept the engagement, unless required by law or regulation, because doing so may lead to the accountant being associated with the entity's financial statements in an inappropriate manner. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016.]

### **Assignment of Engagement Teams (Ref: par. .21 d(ii))**

**.A47** When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner may take into consideration such matters as the team's

- understanding of, and practical experience with, engagements of a similar nature and complexity through appropriate training and participation.
- understanding of professional standards and applicable legal and regulatory requirements.
- technical expertise, including expertise with relevant information technology and specialized areas of accounting or attest services.
- knowledge of relevant industries in which the client operates.
- ability to apply professional judgment.
- understanding of the firm's quality control policies and procedures.

[Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

### **Acceptance and Continuance of Client Relationships and Engagements (Ref: par. .25–.26)**

**.A48** The accountant's consideration of engagement continuance and relevant ethical requirements occurs throughout the engagement as conditions and changes in circumstances occur. Performing initial procedures on engagement continuance and evaluation of relevant ethical requirements at the beginning of an engagement informs the accountant's decisions and actions prior to the performance of other significant activities for the engagement. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A49** Relevant ethical requirements with respect to a review engagement include independence. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A50** This consideration is not directed at the need that sometimes arises in the course of an engagement to assist management by recommending adjusting entries required to finalize the financial statements prepared by management. An example of where the accountant may have cause to doubt whether the information needed to perform the review will be available or reliable is when the accounting records necessary for performing analytical procedures are suspected to be substantially inaccurate or incomplete. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

### **The Applicable Financial Reporting Framework**

**.A51** An applicable financial reporting framework provides the criteria for management to present the financial statements of an entity, including the fair presentation of those financial statements. The criteria used by the accountant to evaluate or measure the subject matter, including, when relevant, a basis for presentation and disclosure, are also provided by the financial reporting framework. These criteria enable reasonably consistent evaluation or measurement of a subject matter within the context of professional judgment. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A52** Without an acceptable financial reporting framework, management does not have an appropriate basis for the preparation of the financial statements, and the accountant does not have suitable criteria for an engagement in accordance with SSARSs. In many cases, the accountant may presume that the applicable financial reporting framework is acceptable, as described in paragraphs .A57–.A59. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

### **Determining the Acceptability of the Financial Reporting Framework**

**.A53** Factors that are relevant to the accountant's determination of the acceptability of the financial reporting framework selected by management to be applied in the preparation of the financial statements include the following:

- The nature of the entity (for example, whether it is a business enterprise, a governmental entity, or a not-for-profit organization)
- The purpose of the financial statements (for example, whether they are prepared to meet the common financial information needs of a wide range of users)
- The nature of the financial statements (for example, whether the financial statements are a complete set of financial statements or a single financial statement)
- Whether law or regulation prescribes the applicable financial reporting framework

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered and amended, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A54** Many users of financial statements are not in a position to demand financial statements tailored to meet their specific information needs. Although all the information needs of specific users cannot be met, financial information needs that are common to a wide range of users exist. Financial statements prepared in accordance with a financial reporting framework designed to meet the common financial information needs of a wide range of users are referred to as *general purpose financial statements*. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A55** General purpose frameworks. The sources of established accounting principles that are generally accepted are accounting principles promulgated by a body designated by the Council of the AICPA to establish such principles, pursuant to the "Accounting Principles Rule" (ET sec. 1.320.001) of the

AICPA Code of Professional Conduct. Such financial reporting standards often are identified as the applicable financial reporting framework in law or regulation governing the preparation of general purpose financial statements. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A56** Special purpose frameworks. In some cases, the financial statements will be prepared in accordance with a special purpose framework. For example, law or regulation may prescribe the financial reporting framework to be used in the preparation of financial statements for certain types of entities. Such financial statements are referred to as *special purpose financial statements*. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A57** After the engagement has been accepted, the accountant may encounter deficiencies in the applicable financial reporting framework that indicate that the framework is not acceptable. When use of that framework is not prescribed by law or regulation, management may decide to adopt another framework that is acceptable. When management does so, the previously agreed-upon terms will have changed. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A58** In accordance with this section, the accountant is required to obtain the agreement of management on management's responsibilities in relation to the financial statements as a condition precedent to accepting the engagement. In smaller entities, management may not be well-informed about what those responsibilities are, including those arising in applicable law or regulation. In order to obtain management's agreement on an informed basis, the accountant may find it necessary to discuss those responsibilities with management in advance of seeking management's agreement on its responsibilities. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

**.A59** The financial statements are those of the entity. This section does not impose responsibilities on management and those charged with governance, nor does it override laws and regulations that govern their respective responsibilities. However, an engagement performed in accordance with SSARSs is conducted on the premise that management, and those charged with governance, as appropriate, have acknowledged certain responsibilities that are fundamental to the conduct of the engagement. The accountant's engagement does not relieve management and those charged with governance of their responsibilities. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A60** As part of its responsibility for the preparation of the financial statements, management is required to exercise judgment in making accounting estimates that are reasonable in the circumstances and to select and apply appropriate accounting policies. These judgments are made in the context of the applicable financial reporting framework. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A61** Because of the significance of the preconditions for undertaking an engagement in accordance with SSARSs, the accountant is required, in accordance with this section, to obtain management's agreement that it understands its responsibilities before accepting a SSARSs engagement. The accountant may obtain management's agreement either orally or in writing. However, management's agreement is subsequently recorded within the written terms of the

engagement. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A62** If management, and those charged with governance, where appropriate, do not or will not acknowledge their responsibilities in relation to the financial statements, it is not appropriate to accept the engagement. [Paragraph added, effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2021, by SSARS No. 25.]

**.A63** Although the accountant may accept responsibility for the design, implementation, and maintenance of internal control, accepting such responsibility would impair the accountant's independence.<sup>6</sup> Therefore, if an accountant accepts such responsibility, the accountant would be precluded from performing a review of the financial statements. [Paragraph added, effective for compilations and reviews of financial statements for periods ending on or after June 15, 2019, by SSARS No. 24. Paragraph renumbered by the issuance of SSARS No. 25, February 2020.]

**.A64** The accountant is entitled to rely on management to provide all relevant information for the engagement. The form of the information provided by management for the purpose of the engagement will vary in different engagement circumstances. In broad terms, it will comprise records, documents, explanations, and other information relevant to the preparation of the financial statements in accordance with the financial reporting framework adopted by management. The information provided may include, for example, information about management's assumptions, intentions, or plans underlying development of accounting estimates needed to prepare the financial statements in accordance with the applicable financial reporting framework. [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph subsequently renumbered by the issuance of SSARS No. 24, May 2018. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

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<sup>6</sup> ET sec. 1.295.030.02k.

## Exhibit — Other Preparation, Compilation and Review Publications

This listing identifies *other preparation, compilation and review publications* published by the AICPA that have been reviewed by the AICPA Audit and Attest Standards staff and are, therefore, presumed to be appropriate, as defined in section 60. Products may be obtained through [www.aicpastore.com](http://www.aicpastore.com).

### Current AICPA Alerts

*Developments in Review, Compilation, and Financial Statement Preparation Engagements*

*Understanding the Financial Reporting Framework for Small- and Medium-Sized Entities*

*Independence and Ethics Developments*

**AICPA Technical Questions and Answers Accounting and Compilation and Review Technical Questions and Answers (Q&A) Sections** (available in hard copy)

### Special Purpose Frameworks

- Q&A Section 1500.07, "Disclosure Concerning Subsequent Events in Special Purpose Financial Statements"
- Q&A Section 1800.06, "Applicability of Fair Value Disclosure Requirements in FASB ASC 820 to Financial Statements Prepared in Accordance With a Special Purpose Framework"

### Compilation and Review Engagements

- Q&A Section 9150.04, "Financial Statements Marked As 'Unaudited'"
- Q&A Section 9150.08, "Supplementary Information"
- Q&A Section 9150.09, "Applicability of AR Section 300 to Certain Companies Required to File With Regulatory Bodies"
- Q&A Section 9150.10, "Review of Financial Statements Included in a Prescribed Form"
- Q&A Section 9150.16, "Reference to Accountant's Report in Notes to Financial Statements"
- Q&A Section 9150.18, "Bank Engaged an Accountant to Compile a Financial Statement of Another Entity"
- Q&A Section 9150.20, "Reissuance When Not Independent"
- Q&A Section 9150.24, "Issuing a Compilation Report on Financial Statements That Omit Substantially All Disclosures After Issuing a Report on the Same Financial Statements That Include Substantially All Disclosures"

- Q&A Section 9150.29, "Effects on Compilation and Review Engagements When Management Does Not Assess Whether the Reporting Entity Is the Primary Beneficiary of a Variable Interest Entity and Instructs the Accountant to Not Perform the Assessment"
- Q&A Section 9150.30, "Disclosure of Independence Impairment in the Accountant's Compilation Report on Comparative Financial Statements When the Accountant's Independence Is Impaired in Only One Period"
- Q&A Section 9150.31, "Break-Even Financial Statements"

***Compilation of Financial Statements***

- Q&A Section 1300.17, "Omission of Reconciliation of Net Income to Cash Flow From Operations"
- Q&A Section 8900.10, "Successor Accountant Becomes Aware of Information During the Performance of a Compilation or Review That Leads the Successor Accountant to Believe That Financial Statements Reported On by a Predecessor Accountant Who Has Ceased Operations May Require Revision"

***Compilation Reports***

- Q&A Section 1300.17, "Omission of Reconciliation of Net Income to Cash Flow From Operations"
- Q&A Section 9110.07, "Statement of Cash Receipts and Disbursements"

***Review of Financial Statements***

- Q&A Section 8900.10, "Successor Accountant Becomes Aware of Information During the Performance of a Compilation or Review That Leads the Successor Accountant to Believe That Financial Statements Reported On by a Predecessor Accountant Who Has Ceased Operations May Require Revision"

***Review Reports***

- Q&A Section 8800.30, "Making Reference to Review Report"
- Q&A Section 9110.07, "Statement of Cash Receipts and Disbursements"

***Other Publications***

*Corporations: Checklists and Illustrative Financial Statements*

*The Engagement Letter: Best Practices and Examples*

[Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Paragraph renumbered by the issuance of SSARS No. 24, May 2018. Paragraph subsequently renumbered by the issuance of SSARS No. 25, February 2020.]

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