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# Standards for accounting and review services; Statement on standards for accounting and review services 11; Statement on standards for accounting and review services 11

American Institute of Certified Public Accountants. Accounting and Review Services Committee.  
Compilation and review of financial statements

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# Statement on Standards for Accounting and Review Services

May 2004

# 11

Issued by the Accounting and Review Services Committee

AICPA

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

## Standards for Accounting and Review Services



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## Standards for Accounting and Review Services

1. An accountant must perform a compilation or review of a non-public entity in accordance with Statements on Standards for Accounting and Review Services (SSARS) issued by the American Institute of Certified Public Accountants. SSARS provide a measure of quality and the objectives to be achieved in both a compilation and review.

2. The SSARS are issued by the AICPA Accounting and Review Services Committee (ARSC) and provide performance and reporting standards for compilations and reviews.

3. Rule 202, *Compliance With Standards*, of the AICPA Code of Professional Conduct (AICPA, *Professional Standards*, vol. 2, ET sec. 202.01), requires an AICPA member who performs compilations or reviews to comply with standards promulgated by the ARSC. The ARSC develops and issues standards in the form of Statements on Standards for Accounting and Review Services through a due process that includes deliberations in meetings open to the public, public exposure of proposed SSARS, and a formal vote. The SSARS are codified.

4. The accountant should have sufficient knowledge of the SSARS to identify those that are applicable to his or her engagement. The nature of the SSARS requires an accountant to exercise professional judgment in applying them. The accountant should be prepared to justify departures from the SSARS.

### Interpretative Publications

5. *Interpretative publications* consist of compilation and review Interpretations of the SSARS, appendixes to the SSARS, compilation and review guidance included in AICPA Audit and Accounting Guides, and AICPA Statements of Position to the extent that those Statements are applicable to compilation and review engagements. Interpretative publications are not standards for accounting and review services. Interpretative publications are recommendations on the application of the SSARS in specific circumstances, including engagements for entities in specialized industries. An interpretative

publication is issued after all ARSC members have been provided an opportunity to consider and comment on whether the proposed interpretative publication is consistent with the SSARS.

6. The accountant should be aware of and consider interpretative publications applicable to his or her compilation or review. If the accountant does not apply the guidance included in an applicable interpretative publication, the accountant should be prepared to explain how he or she complied with the SSARS provisions addressed by such guidance.

## Other Compilation and Review Publications

7. *Other compilation and review publications* include AICPA accounting and review publications not referred to above; AICPA's annual *Compilation and Review Alert*; compilation and review articles in the *Journal of Accountancy* and other professional journals; compilation and review articles in the *AICPA CPA Letter*; continuing professional education programs and other instruction materials, textbooks, guide books, compilation and review programs, and checklists; and other compilation and review publications from state CPA societies, other organizations, and individuals.<sup>1</sup> Other compilation and review publications have no authoritative status; however, they may help the accountant understand and apply the SSARS.

8. If an accountant applies the guidance included in an other compilation and review publication, he or she should be satisfied that, in his or her judgment, it is both relevant to the circumstances of the engagement, and appropriate. In determining whether an other compilation and review publication is appropriate, the accountant may wish to consider the degree to which the publication is recognized as being helpful in understanding and applying the SSARS and the degree to which the issuer or author is recognized as an authority in compilation and review matters. Other compilation and review publications published by the AICPA that have been reviewed by the AICPA Audit and Attest Standards staff are presumed to be appropriate.

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1. The accountant is not expected to be aware of the full body of other compilation and review publications.

## Predecessor's Compilation or Review Report

9. SSARS currently provide guidance to be followed when the financial statements of a prior period have been compiled or reviewed by a predecessor accountant whose report is not presented and the successor accountant has not compiled or reviewed those financial statements. This Statement amends AR section 200.17, footnote 9, to state that a successor accountant may name the predecessor accountant if the predecessor accountant's practice was acquired by, or merged with, that of the successor accountant. New language is shown in boldface italics.

<sup>9</sup>The successor ***accountant*** should not name the predecessor ***accountant*** in his ***or her*** report; ***however, the successor accountant may name the predecessor accountant if the predecessor accountant's practice was acquired by, or merged with, that of the successor accountant.***

## Effective Date

10. This Statement is effective upon issuance.

*This Statement titled Standards for Accounting and Review Services was adopted unanimously by the assenting votes of the seven members of the Accounting and Review Services Committee.*

## **Accounting and Review Services Committee (2003–2004)**

Andrew M. Cohen, *Chair*  
Suzanne M. Heidenreich  
Henry Krostich  
John J. Malahoski

Kurt Oestriecher  
Thomas A. Ratcliffe  
Mark E. Ziessman

## **AICPA Staff**

Charles E. Landes  
*Director*  
*Audit and Attest Standards*

Michael P. Glynn  
*Technical Manager*  
*Audit and Attest Standards*

**Note:** *Statements on Standards for Accounting and Review Services (SSARS) are issued by the AICPA Accounting and Review Services Committee (ARSC), the senior technical body of the Institute designated to issue pronouncements in connection with the unaudited financial statements or other unaudited financial information of a non-public entity. Rule 202, Compliance With Standards, of the Institute's Code of Professional Conduct requires an AICPA member who performs either a compilation or a review (the accountant) to comply with standards promulgated by the ARSC. The accountant should have sufficient knowledge of the SSARS to identify those that are applicable to his or her compilation or review and should be prepared to justify departures from the SSARS.*

