

# All-CPA-CMA

Professional Standards and Guidelines					Types of Opinions					GAAS Issue	GAAP Issue
Standard/Guidelines	Abbreviation	Standard-Setting Body	Public/Private	Description						Qualified/Disclaimer	Qualified/Adverse
Audits				Scope limitation						Departure in GAAP	
Statements on Auditing Standards	SAS	AICPA	Private (nonissuer)	Provide GAAS for nonissuers, and guidance for other services						Cannot determine if material or whether sr. mgmt was involved	Inappropriate accounting principles
Public Company Accounting Oversight Board Auditing Standards	PCAOB AS	PCAOB	Public (issuer)	Provide GAAS for issuers and guidance for other services						Suspected illegal bribes has not been proven	Inadequate disclosures
Generally Accepted Government Auditing Standards	GAGAS	Governmental Accountability Office	Government	Provide guidance for audits of government organizations							Unreasonable accounting estimates
Other Engagements											
Statements on Standards for Attestation Engagements	SSAE	AICPA	N/A	Provide guidance for attestation engagements (Examination, review, agreed-upon procedures)							
Statements on Standards for Accounting and Review Services	SSARS	AICPA	Private (nonissuer)	Provide guidance for unaudited financial statements or unauditing financial info							
Statements Included in Basis for Opinion (Issuer)					Auditor Responsibilities for Subsequent Events						
RR	Responsibility of management; Responsibility of auditors				P	review Post-BE transactions					
AA	Auditor is registered, in Accordance with PCAOB				R	review Representation Letter from management					
PP	Plan and Perform				I	Inquiry of legal counsel, mgmt, those charged with governance					
MM	free of Material Misstatement				M	Minutes- review minutes of SH, directors, other meetings					
EE	Examined the Evidence				E	Examine most recent interim FS and compare with audited FS					
EE	Evaluated the Estimates										
					Change in Opinion? Additional paragraph must include DORCS						
Client Refusal (to make adjustments or disclosures of subsequent events)					D	Date of previous audit report					
"DAR" them to fix it					O	Opinion previously issued					
D	Disassociate,				R	Reason for prior opinion					
A	Alert Agencies, and				C	Changes that have occurred					
R	Relying Parties				S	Statement that "opinion is different"					
Changes in Auditors Report					To Obtain a Reasonable Level of Assurance						
	Private (nonissuer)				Public (issuer)				1	Plan the work and properly supervise any assistants	
Section	Unmodified	Qualified (GAAP/GAAS)	Adverse (GAAP)	Disclaimer (GAAS)	Unqualified	Qualified (GAAP/GAAS)	Adverse (GAAP)	Disclaimer (GAAS)	2	Determine and apply appropriate materiality levels	
Title									3	Identify and assess risks of material misstatement	
Addressee									4	Obtain sufficient appropriate audit evidence	
Opinion		Δ	Δ	Δ		Δ	Δ	Δ			
Additional Paragraphs (Excluded unless added)	EOM/OM/SDGC				Explanatory	★	★	★			
Basis for Opinion		Δ	Δ	Δ		Same/Δ		Δ			
KAM/CAM			X	X			X	X			
Responsibilities of MGMT											
Responsibilities of Auditor				Δ							
Legal and Regulatory Requirements											
Signature of Auditor											
Auditor's Address											
Date of the Report											
(SDGC= Substantial Doubt about the entity's ability to continue as a Going Concern)											
Before reissuing prior-period report, predecessor auditor should:		Group Engagement: Must always by satisfied w/ CA's reputation & independence. If Group Eng Auditor decides to:									
- Read the CY F/S		Assume Responsibility		Not Assume Responsibility							
- Compare the prior-period vs CY F/S		- Not make reference to Component Auditor		- Make reference to Component Auditor; CA report must not be restricted; magnitude of the portion of the F/S audited by CA							
- Letter of rep from successor auditor		- Determine the type of work to be done on F/S of component		- Affects OPINION section only							
- Letter of rep from mgmt		- Review audit programs & working paper of CA		- If other auditor's opinion is QUALIFIED, but not material: group partner doesn't need to make reference to the qualification							
If successor auditor report is NOT presented on comparative FS, successor auditor should indicate that:											
- PP F/S was audited by a predecessor auditor (unnamed unless merged/acquired audit firms)				SEC Filers		Non-SEC Filers					
- Type of opinion expressed & reason for modification, if modified		Cutoff Date		Issue Date		Available-for-issue date					
- Nature of any EOM, OM, or explanatory paragraphs		Req'd to disclose cutoff date		No		Yes					
- Date of predecessor audit report		Reissuance of F/S		between original issue date and reissue date (do not recognize events that occurred in between)							
		Revised F/S disclosure		No requirement		Yes, req'd to disclose date through w/c subsequent events have been evaluated in orig and revised F/S					
		Type 1: conditions exist @ BS date		Recognize JE and disclosure							
		Type 2: happened after BS date		Disclosure only							

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Elements of Quality Control			Five Components of Internal Control		
H	Human resources		CPA Required to understand/have knowledge of		
E	Engagement/client acceptance and continuance		C	Control environment	
L	Leadership responsibilities		R	Risk assessment	
P	Performance of the engagement		I	Information and communication systems	
M	Monitoring		M	Monitoring	
E	Ethical Requirements		E	Existing control activities	
Documentation Differences			Control Activities in a Strong Internal Control System		
	Private (nonissuer)	Public (issuer)	P	Prenumbering of documents	
Keep WPs	5 years	7 years	A	Authorization of transactions	
Complete WPs within ____ from report release date	60 days	45 days	I	Independent checks to maintain asset accountability	
			D	Documentation	
			T	Timely and appropriate financial performance reviews	
Partner Rotation Requirements (SEC Required)			I	Information processing controls	
	Lead and Concurring	Other	P	Physical controls for safeguarding assets	
Rotate Period	5 years	7 years	S	Segregation of duties	
Cool off Period	5 years	2 years			
Financial Statement Assertions			Segregation of Duties		
C	Completeness		A	Authorization	
O	cutOff		R	Record keeping	
V	Valuation, allocation, and accuracy		C	Custody of related assets	
E	Existence and occurrence		C	Control group/team	
R	Rights and obligations		O	Operators	Weakness: Anyone doing or supervising another area
UP	Understandability of Presentation and classification		P	Programmers	
			A	Analyst (system)	
			L	Librarian	
Summary of the Five Components of Internal Control					
	Component	Description	Key Points		
C	Control Environment	Sets the tone of the organization	- Integrity		- Competence
			- Participation of those charged with governance		- Assignment of responsibility
			- Organizational structure		- Management philosophy
			- Human Resources Policies		
R	Risk Assessment	Identification by management of the risks relevant to the preparation of the financial statements	- Risks are generally related to changes		- Lying
			- Cheating		- Stealing
I	Information and Communications Systems	Methods used to classify and report transactions, and to communicate roles and responsibilities	- Initiating, authorizing, recording, processing, and reporting entity transactions, conditions, and events		- Communicating roles and responsibilities
M	Monitoring	Procedures established to assess the quality of internal control performance over time	- Internal Audit Function		- Regular management and supervisory activities
			- Present and functioning		- Other procedures such as mailing customer statements
E	Existing Control Activities	Policies and procedures established to ensure that management objectives are carried out "PAID TIPS"	- Authorization		- Segregation of duties
			- Safeguarding of assets		- Asset accountability
			- Prevent and/or detect (correct)		
Included in an Engagement Letter:					
- Objective of Audit		<a href="https://www.facebook.com/groups/1632715387517897">https://www.facebook.com/groups/1632715387517897</a>			
- Responsibilities of Auditor					
- Responsibilities of MGMT					
- Financial Accounting Framework					
- Statement that some material misstatements may not be expected from/content of any reports					
- Timing of Audit					
- Arrangements with prior Auditor					
- MGMT provides written representation letter					
- Use of specialists or internal auditors					

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Transaction Cycles				
Cycle	Concern	Most Relevant Assertions	Procedure	Notes:
Revenue	Overstatement	Existence/Occurrence, Cutoff	Vouch	Fictitious sales, hold sales journal open, ship goods not ordered
Expenditure	Understatement	Completeness, Valuation/Allocation/Accuracy	Trace	
			Match: Receiving Report	
			Vendor Invoice	
			Purchase Order	
Cash	Overstatement	Cutoff	Bank Reconciliation	Kiting- Cash in two places at once
				Lapping- Todays CR covers yesterdays theft
Inventory		Completeness, Existence, Accuracy, R/O	Observation	
Investment		Completeness, Existence, Valuation/Alloc., R/O		Complex b/c measured at FV
Communication for FS Audit ONLY (compare to A5)				
	Communicate the deficiency to MANAGEMENT ONLY, either orally or in writing	Communicate the deficiency to MANAGEMENT, in writing	Communicate the deficiency to THOSE CHARGED WITH GOVERNANCE, in writing	Communication should be made WITHIN 60 DAYS OF THE REPORT RELEASE DATE
Control Deficiency	X			X
Significant Deficiency		X	X	X
Material Weakness		X	X	X
Factors That Indicate Substantial Doubt (Going-Concern)				
F	Financial Difficulties			
I	Internal Matters			
N	Negative Trends			
E	External Matters			

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Integrated Audit Communication of Deficiencies in Internal Control					Attestation Service Reporting Options			
Nonissuer					Report Type			
	Communicate the deficiency to MANAGEMENT in writing	Communicate the deficiency to THOSE CHARGED WITH GOVERNANCE, in writing	Communication should be made by the report release date	Communication should be made WITHIN 60 DAYS OF THE REPORT RELEASE DATE	Attestation Service	Examination	Review	Agreed-Up Procedures
Control Deficiency	X			X	Agreed-up Procedures			X
Significant Deficiency	X	X	X		Prospective financial statements	X		X
Material Weakness	X	X	X		Pro forma financial statements	X	X	
					Compliance	X		X
Issuer								
	Communicate the deficiency to MANAGEMENT in writing, and inform the audit committee that this communication has been made	Communicate the deficiency to the AUDIT COMMITTEE, in writing	Communication (to management and the audit committee) should be made prior to the issuance of the auditor's report on internal control		MD&A	X	X	
Control Deficiency	X		X		Service organizations	X		
Significant Deficiency	X	X	X		Preparations and compilations are also allowed for prospective financial statements (governed by SSARS)			
Material Weakness	X	X	X					
					Engagement Summary			
Conditions needed to perform Agreed-Up Procedures					Type of Engagement	Amount of Assurance	Result	Similar to
I	Independence				Examination	Reasonable (positive)	Opinion	Audit (SAS)
A	Agreement of the Parties				Review	Limited (negative)	Conclusion	Review (SSARS)
M	Measurability and Consistency				Agreed-up procedures	None	List of findings	N/A
S	Sufficiency of the Procedures (client takes responsibility)							
U	Use of the report can be general or restricted to specified parties							
R	Responsibility for the subject matter (client or third party)							
E	Engagements to perform Agreed-Up Procedures on Prospective Financial Statements				Reporting on the Controls of a Service Organization			
							SOC 1 (F5 Controls)	SOC 2 (Broad Range)
Prospective Financial Statements					Type 1			
General Procedures	Compilation Report*	Examination Report	Agreed-Up Procedures		(design, implementation)		Report on the design and implementation of the financial statement controls	Report on the design and implementation of BROAD RANGE of controls
Prospective Financial Statements	Assemble	Evaluate	Apply Specific procedure					
Responsible party's assumptions	Assemble	Evaluate	Should be included in PFS		Type 2		Report on the design, implementation and operating effectiveness of financial statement controls	Report on the design, implementation, and operating effectiveness of a BROAD RANGE of controls
Are financial statements and significant assumptions in conformance with AICPA guidelines?	Look for obvious errors	Opinion	Disclaimer		(design, implementation, AND operating effectiveness)			
Obtain agree-upon scope from engaging party	N/A	N/A	Prior to report issuance		Reporting for Governmental Audits			
Reports include a Statement Regarding:	Compilation Report*	Examination Report	Agreed-Up Procedures					
Identification of prospective financial statements	Yes	Yes	Yes		General Procedures		Required by	
Compliance with AICPA standards	Yes	Yes	Yes		Opinion (or disclaimer) on financial statements and supplementary schedule of expenditures of federal awards		GAAS	Government Auditing Standards
Limitation of scope	Yes	No	Yes		Report on internal control and compliance with provisions of laws, regulation, contracts, and grant agreements			Single Audits
An enumeration of procedures performed	No	No	Yes		Report on compliance and internal control over compliance applicable to each major program. This report must include an opinion (or disclaimer) on compliance.			
A caveat that prospective results may not be achieved	Yes	Yes	Yes		Schedule of findings and questioned costs.			X
CPA has no responsibility for updating report	Yes	Yes	Yes					
Opinion on PFS accordance with AICPA presentation guidelines	No	Yes	No					
Limited use of report	Only required for projection	Only required for projection	Only required for projection					
Dodd-Frank Act on the Issuer Integrated Audit Requirement					Single Audit Act (2 CFR 200)-			
If <\$75 M outstanding CE held by non-affiliates then					Required reports based on federal programs			
exempt from integrated audit requirement					1. Compliance (opinion)			
					2. Internal control over compliance applicable to each major program (report- no opinion)			
					3. Schedule of findings and questioned costs			
					GAGAS-			
					Required reports based on financial statements			
					1. Compliance (report- no opinion)			
					2. Internal control over financial reporting (report- no opinion)			
					GAAS-			
					1. Opinion on all financial statements			

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Basic Summary of Engagements									
Engagement	Public/Private	Guidelines	Assurance?	Independence?	Opinion or Conclusion?	Report	Attest?	Important Documentation	Notes
Preparation	Private only	SSA/S	None	Not required	None	None	Non-attest	Engagement Letter	Each page says no assurance provided
Compilation	Private only	SSA/S	None	Not required (disclose if not)	None	Compilation Report	Attest	Engagement Letter	Restricted use not required, can omit substantial disclosures if disclosed
Review	Private (only reviewed)	SSA/S	Limited	Required	Conclusion 'we do not express such an opinion'	Review Report	Attest	Engagement Letter Representation Letter	- Doesn't test/uncertain if assets from risk (SSA/S), express opinion - Report states review is less in scope, each page says see independent accountant's review report
	Private (w/ re Audit) Public	SA/S ICAOB							
Audit	Private	SA/S	Reasonable	Required	Opinion	Auditor's Report	Attest	Engagement Letter Representation Letter	
	Public	ICAOB							

  

Detailed Summary of Engagements					
	Preparation Engagement	Compilation Engagement	Review Engagement		Audit Engagement
	SSA/S	SSA/S	SA/S	ICAOB	SA/S/ICAOB
Level of Assurance	None	None	Limited		Reasonable
Entities	Nonissuers only	Nonissuers only	Nonissuers	Issuers Interim FS	Issuers Interim FS
Knowledge Required	Knowledge of accounting principles and practices of industry; general understanding of client's business	Knowledge of accounting principles and practices of industry; general understanding of client's business	Some or compilation plus increased knowledge of client's business		Extensive knowledge of economy, industry, and client's business
Inquiry and Analytical Procedures Required	None unless information is questionable	None unless information is questionable	Inquiries of internal personnel Analytical procedures		Inquiries of external parties and internal personnel Analytical procedures Audit procedures
GAAP Disclosure Omitted	May omit, but need to disclose in the financial statements	May omit, but need to disclose in the financial statements	All are required or modify review report		All are required or 'qualified/covers' opinion
GAAP Departures	May report from GAAP, but need to disclose in the financial statement	Modify report to disclose GAAP departure	Modify report to disclose GAAP departure		Modify report 'qualified/covers' opinion
Independence	Not required (non-attest engagement)	SSA/S	Required		Required
Engagement Letter	Presumptively mandatory	Presumptively mandatory	Presumptively mandatory		Presumptively mandatory
Representation Letter	Not required	Not required	Required		Required
Understanding of Internal Control	Not required	Not required (no test work)	Not required (no test work)	Required	Required
Errors and Irregularities Detection	Only obvious errors	Only obvious errors found when reading financial statements	Only errors discovered through inquiry and analytical procedures		Must be designed to provide reasonable assurance of detection of material misstatements
FS Reported on (IS/IS w/ ch)	One or more financial statements may be presented	One or more financial statements allowed to be reported on	One or more financial statements allowed if scope or inquiry and analytical procedures have not been restricted		One or more financial statements allowed if scope of audit is not limited and all necessary procedures are applied
Communication with Predecessor	Not required	Not required	Not required	Required	Required
Subsequent Event Inquiries	Not required	Not required	Required		Required

  

Detailed Summary of Engagements					
	Preparation	Compilation	Review	Review	Review
	Prepared	Compiled	Reviewed	Reviewed	Reviewed
Service	Prepared	Compiled	Reviewed	Reviewed	Reviewed
Worked on	FS	FS	FS	Financial information	FS
Verifies	Any date	Any date	Any date	Interim only	Interim only
Standards	AI-CPA-SSA/S	AI-CPA-SSA/S	AI-CPA-SSA/S	AI-CPA-SSA/S	ICAOB
Knowledge of Industry	Knowledge of industry	Knowledge of industry	Learn entity's business	Learn entity's business	Learn entity's business
Procedures	Uncertain business	Uncertain business	Review other procedures	Review other procedures	Review other procedures
Findings	No assurance (include legend or disclaimer)	No assurance (include disclaimer)	Limited assurance	Limited assurance	Limited assurance

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