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AUDITING

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Audit Reports

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1 Professional Standards

The Auditing and Attestation section tests audits of issuers, nonissuers, governmental entities, not-for-profit entities, and employee benefit plans. In addition to audits, this section also tests other types of engagements that an accountant may be called upon to perform, such as accounting and review service engagements and attestation and assurance engagements. Each engagement requires the accountant to follow the applicable ethical guideline(s) and standard(s) for the engagement. For example, an audit engagement requires the auditor to perform the audit in accordance with generally accepted auditing standards (GAAS). These engagements and applicable standards will be covered in more detail in later modules.

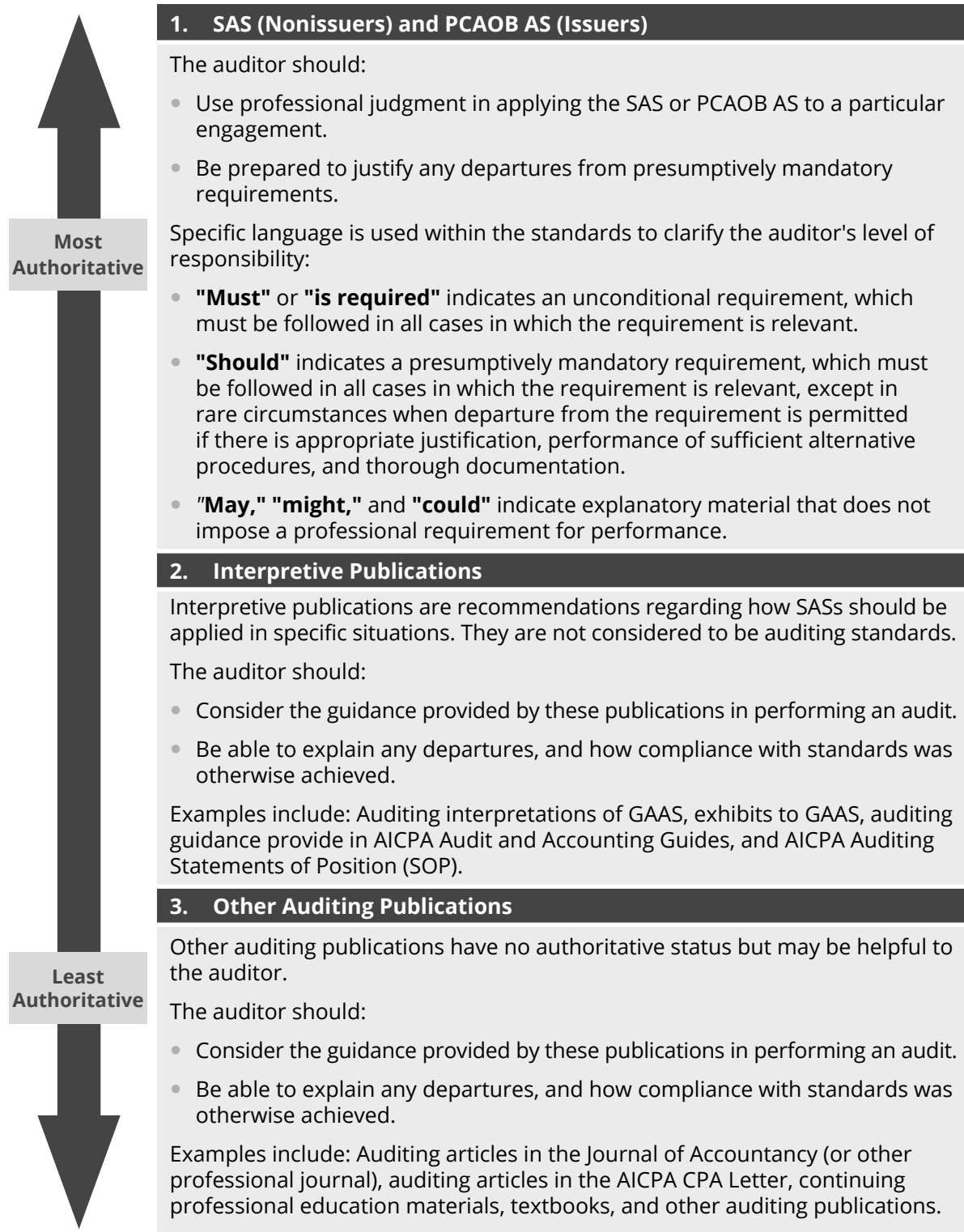
Below is an overview of standards and guidelines that will be tested in this section:

Professional Standards and Guidelines				
Standard/ Guideline	Section Reference	Standard- Setting Body	Description	Applies to:
Audits				
Statements on Auditing Standards (SAS)	AU-C	AICPA Auditing Standards Board	SAS provide generally accepted auditing standards for the audits of nonissuers . In addition, SAS provide guidance for other services, such as review of interim financial information and letters to underwriters.	<ul style="list-style-type: none"> Audits of annual historical financial statements: nonissuers Special reports: nonissuers Interim financial statements (where the annual financial statements have been audited): nonissuers
Public Company Accounting Oversight Board Auditing Standards (PCAOB AS)	PCAOB AS	Public Company Accounting Oversight Board	PCAOB AS provide generally accepted auditing standards for the audits of issuers . In addition, PCAOB AS provide guidance for other services, such as review of interim financial information and letters to underwriters.	<ul style="list-style-type: none"> Audits of annual historical financial statements: issuers Special reports: issuers Interim financial statements: issuers
Generally Accepted Government Auditing Standards (GAGAS)	GAGAS	Governmental Accountability Office	GAGAS provide guidance for audits of government organizations, programs, activities, and of entities that receive government funds.	Financial or performance audits of government organizations, programs, activities, and of entities that receive government funds.

<i>Standard/ Guideline</i>	<i>Section Reference</i>	<i>Standard- Setting Body</i>	<i>Description</i>	<i>Applies to:</i>
Other Engagements				
Statements on Standards for Attestation Engagements (SSAE)	AT-C	AICPA	SSAE provide guidance for attestation engagements.	Examination, a review, or agreed-upon procedures report on a subject matter, or an assertion about a subject matter, that is the responsibility of another party.
Statements on Standards for Accounting and Review Services (SSARS)	AR-C	AICPA Accounting and Review Services Committee	SSARS provide guidance for unaudited financial statements or unaudited financial information of nonissuers .	<ul style="list-style-type: none"> Preparation, compilation, and reviews of historical financial statements: nonissuers Preparation or compilation of pro forma financial information: nonissuers
Guidelines				
Code of Professional Conduct	ET	AICPA	The AICPA Code of Professional Conduct provides members with guidelines for behavior in the conduct of their professional affairs. In addition, it provides assurance to the public that the profession intends to maintain high standards and to enforce compliance with these standards by its members.	Members of the AICPA
Statements on Quality Control Standards (SQCS)	QC	AICPA	SQCS provides guidance to CPA firms about a quality control system. A quality control system consists of policies and procedures designed, implemented, and maintained to ensure that the firm complies with professional standards and appropriate legal and regulatory requirements, and that any reports issued are appropriate in the circumstances.	CPA firms providing auditing, attestation, and accounting and review services.

2 Auditing Guidance: The GAAS Hierarchy

There are three levels of audit guidance:



Question 1**CPA-02298**

Which of the following provides the most authoritative guidance for the auditor of a nonissuer?

- a.** An AICPA audit and accounting guide that provides specific guidance with respect to the accounting practices in the client's industry.
- b.** A Journal of Accountancy article discussing implementation of a new standard.
- c.** General guidance provided by a Statement on Auditing Standards.
- d.** Specific guidance provided by an interpretation of a Statement on Auditing Standards.

1 Audit Process Overview

