

**Comparison of AU-C section 930, *Interim Financial Information*, with Proposed Statement on Standards for Accounting and Review Services
*Review of Financial Statements***

This document demonstrates how the material in the proposed Statement on Standards for Accounting and Review Services *Review of Financial Statements* compares with the requirements and guidance in AU-C section 930, *Interim Financial Information* (AICPA, *Professional Standards*). Highlighted material identifies material that is different between the two review standards and is explained in the far right column.

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
Introduction	Introduction	
Scope of This Section	Scope and Applicability of This Proposed Statement on Standards for Accounting and Review Services	
.01 This section addresses the auditor’s responsibilities when engaged to review interim financial information under the conditions specified in this section. The term <i>auditor</i> is used throughout this section, not because the auditor is performing an audit but because the scope of this section is limited to a review of interim financial information performed by an auditor of the financial statements of the entity.	1. This proposed Statement on Standards for Accounting and Review Services (SSARS) addresses the accountant’s responsibilities when engaged to review financial statements. This proposed SSARS may also be applied, as necessary in the circumstances, to other historical financial information on which an accountant has been requested to issue a review report. (Ref: par. A1-A2)	The proposed SSARS appropriately refers to the “accountant.”
	2. The accountant is precluded from performing a review engagement if the accountant's independence is impaired for any reason. (Ref: par.	AU-C section 930, <i>Interim Financial Information</i> (AICPA, <i>Professional Stand-</i>

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	A3-A4)	ards), does not reference independence because AU-C section 930 is part of the larger auditing standards. Paragraph .15 of AU-C section 200, <i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards</i> (AICPA, <i>Professional Standards</i>), states “The auditor must be independent of the entity when performing am engagement in accordance with GAAS unless (a) GAAS provides otherwise or (b) the auditor is required by law or regulation to accept the engagement and report on the financial statements. When the auditor is not independent and neither (a) nor (b) are applicable, the auditor is precluded from issuing a report under GAAS.”
.02 This section applies to a review of interim financial information when <ul style="list-style-type: none">a. the entity’s latest annual financial statements have been audited by the auditor or a predecessor auditor;b. the auditor either<ul style="list-style-type: none">i. has been engaged to audit the entity’s current year financial statements orii. audited the entity’s latest annual financial statements, and in situations in which it is expected that the current year financial statements will be audited, the engagement of	3. This proposed SSARS does not apply when the accountant is engaged to review interim financial information when: <ul style="list-style-type: none">a. The entity's latest annual financial statements have been audited by the accountant or a predecessor;b. The accountant either<ul style="list-style-type: none">i. has been engaged to audit the entity's current year finan-	The proposed SSARS does not address the preconditions included in AU-C section 930 regarding condensed financial statements.

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<p>another auditor to audit the current year financial statements is not effective prior to the beginning of the period covered by the review; (Ref: par. .A1)</p> <p>c. the entity prepares its interim financial information in accordance with the same financial reporting framework as that used to prepare the annual financial statements; and</p> <p>d. all of the following conditions are met if the interim financial information is condensed:</p> <p>i. The condensed interim financial information purports to be prepared in accordance with an appropriate financial reporting framework, which includes appropriate form and content of interim financial information. (Ref: par. .A2)</p> <p>ii. The condensed interim financial information includes a note that the financial information does not represent complete financial statements and is to be read in conjunction with the entity’s latest audited annual financial statements.</p> <p>iii. The condensed interim financial information accompanies the entity’s latest audited annual financial statements, or such audited annual financial statements are made readily available by the entity. (Ref: par. .A3)</p> <p>Statements on Standards for Accounting and Review Services provide guidance for review engagements for which this section is not applicable.</p>	<p>cial statements, or</p> <p>ii. audited the entity's latest annual financial statements and, in situations in which it is expected that the current year financial statements will be audited, the engagement of another accountant to audit the current year financial statements is not effective prior to the beginning of the period covered by the review; and (Ref: par. A5)</p> <p>c. The entity prepares its interim financial information in accordance with the same financial reporting framework as that used to prepare the annual financial statements.</p> <p>Accountants engaged to perform reviews of interim financial information when the conditions in (a)–(c) are met should perform such reviews in accordance with AU-C section 930, <i>Interim Financial Information</i>.</p>	
<p>.03 An auditor may find this section, adapted as necessary in the circumstances, useful when that auditor has not been engaged to perform a re-</p>		

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view of interim financial information but has nonetheless decided to perform review procedures on such financial information (for example, in connection with the inclusion of the auditor’s report on the annual financial statements in an unregistered securities offering document).		
Effective Date	Effective Date	
.04 This section is effective for reviews of interim financial information for interim periods of fiscal years beginning on or after December 15, 2012.	4. This proposed SSARS is effective for reviews of financial statements for periods ending on or after December 15, 2014.	
Objective	Objectives	
.05 The objective of the auditor when performing an engagement to review interim financial information is to obtain a basis for reporting whether the auditor is aware of any material modifications that should be made to the interim financial information for it to be in accordance with the applicable financial reporting framework through performing limited procedures. (Ref: par. .A4–.A5)	5. The objective of the accountant when performing a review of financial statements is to obtain limited assurance as a basis for reporting whether the accountant is aware of any material modifications that should be made to the financial statements for them to be in accordance with the applicable financial reporting framework, primarily through the performance of inquiry and analytical procedures. (Ref: par. A6–A11)	The proposed SSARS uses the term <i>limited assurance</i> in the objective and spells out the “limited procedures” as inquiry and analytical procedures.
Definition	Definitions	
.06 For purposes of this section, the following term has the meaning attributed as follows: Interim financial information. Financial information prepared and pre-	6. For purposes of SSARSs, the following terms have the meanings attributed as follows: Analytical procedures. Evaluations of financial information	AU-C section 930 does not include definitions that are defined elsewhere in the clarified auditing standards.
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sented in accordance with an applicable financial reporting framework that comprises either a complete or condensed set of financial statements covering a period or periods less than one full year or covering a 12-month period ending on a date other than the entity’s fiscal year end.	<p>through analysis of plausible relationships among both financial and nonfinancial data. Analytical procedures also encompass such investigation, as is necessary, of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.</p> <p>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.</p> <p>Comparative financial statements. A complete set of financial statements for one or more prior periods included for comparison with the financial statements of the current period.</p> <p>Emphasis-of-matter paragraph. A paragraph included in the accountant’s review report that is required by SSARSs, or is included at the accountant’s discretion, and that refers to a matter appropriately presented or disclosed in the financial statements that, in the accountant’s professional judgment, is of such importance that it is fundamental to the users’ understanding of the financial statements. See also other-matter paragraph.</p> <p>Engagement risk. The risk that the accountant expresses an inappropriate conclusion when the financial statements are materially misstated.</p> <p>Error. Mistakes in the financial statements, including arith-</p>	

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	<p>metrical or clerical mistakes, and mistakes in the application of accounting principles, including inadequate disclosures.</p> <p>Experienced accountant. An individual (whether internal or external to the firm) who possesses the competencies and skills that would have enabled the accountant to perform the review, and a reasonable understanding of</p> <ul style="list-style-type: none">(1) review processes;(2) SSARSs and the applicable legal and regulatory requirements;(3) The business environment in which the entity operates; and(4) Review and financial reporting issues relevant to the entity’s industry. <p>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 (GAAP), International Financial Reporting Standards promulgated by the International Accounting Standards Board, or a special purpose framework.</p> <p>Financial statements. A structured representation of historical financial information, including related notes, 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 related notes ordinarily comprise a summary of signifi-</p>	

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	<p>cant accounting policies and other explanatory information. The term <i>financial statements</i> 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.</p> <p>Fraud. An intentional act that results in a misstatement in financial statements.</p> <p>Generally accepted accounting principles (GAAP). Reference to <i>GAAP</i> in SSARSs means generally accepted accounting principles promulgated by bodies designated by the Council of the AICPA pursuant to Rule 202, <i>Compliance With Standards</i> (AICPA, <i>Professional Standards</i>, ET sec. 202 par. .01), and Rule 203, <i>Accounting Principles</i> (AICPA, <i>Professional Standards</i>, ET sec. 203 par. .01), of the AICPA Code of Professional Conduct.</p> <p>Management. The person(s) with executive responsibility for the conduct of the entity’s operations. For some entities, management includes some or all of those charged with governance, for example, executive members of a governance board or an owner-manager.</p> <p>Noncompliance. Acts of omission or commission by the entity, either intentional or unintentional, which are contrary to prevailing laws or regulations. Such acts include transactions entered into, by, or in the name of, the entity or on its behalf by those charged with governance, management, or employees. <i>Noncompliance</i> does not include personal misconduct (unrelated to the business activities of the entity) by</p>	

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	<p>those charged with governance, management, or employees of the entity.</p> <p>Nonissuer. Any entity not subject to the Sarbanes-Oxley Act of 2002 or the rules of the U.S. Securities and Exchange Commission (SEC).</p> <p>Other-matter paragraph. A paragraph included in the accountant’s review report that is required by SSARSs, or is included at the accountant’s discretion, and that refers to a matter other than those presented or disclosed in the financial statements that, in the accountant’s judgment, is relevant to users’ understanding of the review, the accountant’s responsibilities, or the accountant’s review report. See also emphasis-of-matter paragraph.</p> <p>Professional judgment. The application of relevant training, knowledge, and experience, within the context provided by professional standards, in making informed decisions about the courses of action that are appropriate in the circumstances of the engagement.</p> <p>Review documentation. The record of review procedures performed, relevant review evidence obtained, and conclusions the accountant reached (terms such as <i>working papers</i> or <i>workpapers</i> are also sometimes used).</p> <p>Review evidence. Information used by the accountant to provide a reasonable basis for the obtaining of limited assurance.</p> <p>Special purpose framework. A financial reporting framework</p>	

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	<p>other than GAAP that is one of the following bases of accounting:</p> <ul style="list-style-type: none">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.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 commission).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 utilizes a definite set of logical, reasonable criteria that is applied to all material items appearing in financial statement. <p>All of the preceding bases of accounting, with the exception of the contractual basis, are commonly referred to as <i>other comprehensive bases of accounting</i>.</p>	

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	<p>Those charged with governance. The person(s) or organization(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. Those charged with governance may include management personnel, for example, executive members of a governance board or an owner manager.</p> <p>Updated report. A report issued by a continuing accountant that takes into consideration information that the accountant becomes aware of during the accountant’s current engagement and that re-expresses the accountant’s previous conclusions or, depending on the circumstances, expresses different conclusions on the financial statements of a prior period reviewed by the accountant as of the date of the accountant’s current report.</p> <p>Written representation. A written statement by management provided to the accountant to confirm certain matters or to support other review evidence. Written representations in this context do not include financial statements or supporting books and records.</p>	
Requirements	Requirements	
Acceptance	Acceptance	
.07 Before accepting an engagement to review an entity’s interim fi-		AU-C section 930 refers to AU-C section

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<p>nancial information for a new client, the auditor should follow the procedures for initial engagements required by section 210, <i>Terms of Engagement</i>.^{fn1}</p> <p>^{fn1} Paragraphs .11–.12 of section 210, <i>Terms of Engagement</i>.</p>		210.
<p>.08 Before accepting an engagement to perform a review of interim financial information, the auditor should</p> <p><i>a.</i> determine whether the financial reporting framework to be applied in the preparation of the interim financial information is acceptable and</p> <p><i>b.</i> obtain the agreement of management that it acknowledges and understands its responsibility</p> <p><i>i.</i> for the preparation and fair presentation of the interim financial information in accordance with the applicable financial reporting framework;</p> <p><i>ii.</i> for the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with the applicable financial reporting framework;</p> <p><i>iii.</i> to provide the auditor with</p>	<p>7. As a condition for accepting an engagement to review an entity’s financial statements, the accountant should</p> <p><i>a.</i> Determine whether preliminary knowledge of the engagement circumstances indicate that ethical requirements regarding professional competence will be satisfied.</p> <p><i>b.</i> Determine whether the financial reporting framework to be applied in the preparation of the financial statements is acceptable and</p> <p><i>c.</i> Obtain the agreement of management that it acknowledges and understands its responsibility</p> <p><i>i.</i> For the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework;</p> <p><i>ii.</i> For the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of financial statements in accordance with the applicable financial reporting framework;</p> <p><i>iii.</i> To provide the accountant with</p>	Paragraph 7(a) of the proposed SSARS is from International Standard on Review Engagements 2400.

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<p>(1) access to all information of which management is aware that is relevant to the preparation and fair presentation of the interim financial information, such as records, documentation, and other matters;</p> <p>(2) additional information that the auditor may request from management for the purpose of the review; and</p> <p>(3) unrestricted access to persons within the entity of whom the auditor determines it necessary to make inquiries;^{fn 2} and</p> <p>to include the auditor’s review report in any document containing interim financial information that indicates that such information has been reviewed by the entity’s auditor.</p> <p>^{fn2} Paragraph .06 of section 210.</p>	<p>(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;</p> <p>(2) Additional information that the accountant may request from management for the purpose of the review; and</p> <p>(3) Unrestricted access to persons within the entity of whom the accountant determines it necessary to make inquiries; and</p> <p>iv. To include the accountant’s review report in any document containing financial statements that indicates that such financial statements have been reviewed by the entity’s accountant. (Ref: par. A12)</p>	
<p>.09 The auditor should not accept an engagement to review interim financial information if</p> <p><i>a.</i> the auditor has determined that the financial reporting framework to be applied in the preparation of the interim financial information is unacceptable.</p> <p><i>b.</i> the agreement referred to in paragraph .08<i>b</i> has not been obtained.</p>	<p>8. If the accountant is not satisfied about any of the matters set out in paragraph 7 as preconditions for accepting a review engagement, the accountant should discuss the matter with management or those charged with governance. If changes cannot be made to satisfy the accountant as to those matters, the accountant should not accept the proposed engagement.</p>	<p>The proposed SSARS is more restrictive than AU-C section 930.</p>

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<i>Agreement on Engagement Terms</i>	<i>Agreement on Engagement Terms</i>	
<p>.10 The auditor should agree upon the terms of the engagement with management or those charged with governance, as appropriate. The agreed-upon terms of the engagement should be recorded in an engagement letter or other suitable form of written agreement and should include the following: (Ref: par. .A6)</p> <ul style="list-style-type: none">a. The objectives and scope of the engagementb. The responsibilities of management set forth in paragraph .08bc. The responsibilities of the auditord. The limitations of a review engagemente. Identification of the applicable financial reporting framework for the preparation of the interim financial information	<p>9. The accountant should agree upon the terms of the engagement with management. The agreed-upon terms of the engagement should be documented in an engagement letter or other suitable form of written agreement and should include the following: (Ref: par. A13-A18)</p> <ul style="list-style-type: none">a. The objectives of the engagement,b. The responsibilities of management set forth in paragraph 7c,c. The responsibilities of the accountant,d. The limitations of a review engagemente. Identification of the applicable financial reporting framework for the preparation of the financial statements	The proposed SSARS includes the highlighted language as paragraph A14.
	<p>10. The engagement letter or other suitable form of written communication should be signed by</p> <ul style="list-style-type: none">a. the accountant or the accountant’s firm andb. management or those charged with governance, as appropriate. (Ref: par. A14)	The Auditing Standards Board believes that the requirement to obtain a signed engagement letter is implicit. However, the Accounting and Review Services Committee determined to make the requirement explicit.
	Professional Judgment	
	<p>11. The accountant should perform the engagement recognizing that</p>	

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	circumstances may exist that cause the financial statements to be materially misstated.	
	12. The accountant should exercise professional judgment in conducting a review engagement. (Ref: par. A18-A21)	
Procedures for a Review of Interim Financial Information		
	Understanding of the Industry	
	13. To perform the review engagement, the accountant should possess or obtain an understanding of the industry in which the entity operates, including the accounting principles and practices generally used in the industry sufficient to enable the accountant to review financial statements that are appropriate for an entity operating in that industry. (Ref: par. A22)	
<i>Understanding the Entity and Its Environment, Including Its Internal Control</i>	Knowledge of the Entity	
.11 To plan and conduct the engagement, the auditor should have an understanding of the entity and its environment, including its internal control as it relates to the preparation and fair presentation of both annual and interim financial information, sufficient to be able to a. identify the types of potential material misstatements in the interim financial information and consider the likelihood of their occurrence.	14. The accountant should obtain knowledge about the entity, including an understanding of • the entity's business, and (Ref: par. A23)	

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<i>b.</i> select the inquiries and analytical procedures that will provide the auditor with a basis for reporting whether the auditor is aware of any material modifications that should be made to the interim financial information for it to be in accordance with the applicable financial reporting framework.	<ul style="list-style-type: none">the accounting principles and practices used by the entity (Ref: par. A24) sufficient to identify areas in the financial statements where there is a greater likelihood that material misstatements may arise, and to be able to design procedures to address those areas.	
	15. In obtaining the understanding of the entity's accounting policies and practices, the accountant should be alert to accounting policies and procedures that, based on the accountant's knowledge of the industry, are unusual.	
.12 To update or, in the case of an auditor who has not yet performed an audit of the entity's annual financial statements, obtain the understanding required by paragraph .11, the auditor should perform the following procedures: (Ref: par. .A7–.A8) <i>a.</i> Read available documentation of the preceding year's audit and of reviews of the prior interim period(s) of the current year and the corresponding interim period(s) of the prior year to the extent necessary, based on the auditor's judgment, to enable the auditor to identify matters that may affect the current period interim financial information. (Ref: par. .A9–.A10) In reading such documents, the auditor should specifically consider the nature of any <i>i.</i> corrected material misstatements; <i>ii.</i> matters identified in any summary of uncorrected misstatements; <i>iii.</i> identified risks of material misstatement due to fraud, in-		

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<p>cluding the risk of management override of controls; and</p> <p>iv. significant financial accounting and reporting matters that may be of continuing significance, such as significant deficiencies and material weaknesses.</p> <p>b. Read the most recent annual and comparable prior interim period financial information.</p> <p>c. Consider the results of any audit procedures performed with respect to the current year’s financial statements.</p> <p>d. Inquire of management about changes in the entity’s business activities.</p> <p>e. Inquire of management about the identity of, and nature of transactions with, related parties.</p> <p>f. Inquire of management about whether significant changes in internal control, as it relates to the preparation and fair presentation of interim financial information, have occurred subsequent to the preceding annual audit or prior review of interim financial information, including changes in the entity’s policies, procedures, and personnel, as well as the nature and extent of such changes.</p>		
	Designing and Performing Review Procedures	
	16. The accountant should design and perform analytical procedures and make inquiries and perform other procedures, as appropriate, to obtain limited assurance as a basis for reporting whether the accountant is aware of any material modifications that should be made to	

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	<p>the financial statements in order for the statements to be in accordance with the applicable financial reporting framework based on the accountant’s (Ref: par. A25)</p> <p class="list-item-l1">a. understanding of the industry,</p> <p class="list-item-l1">b. knowledge of the client, and</p> <p class="list-item-l1">c. awareness of the risk that the accountant may unknowingly fail to modify the accountant's review report on financial statements that are materially misstated. (Ref: par. A26)</p>	
	<p>17. The accountant should focus the analytical procedures and inquiries in those areas where the accountant believes there are increased risks of misstatements.</p>	
<i>Analytical Procedures, Inquiries, and Other Review Procedures</i>		
<i>Analytical Procedures</i>	Analytical Procedures	
<p>.13 The auditor should apply analytical procedures to the interim financial information to identify and provide a basis for inquiry about the relationships and individual items that appear to be unusual and that may indicate a material misstatement. Such analytical procedures should include the following: (Ref: par. .A11–.A13)</p> <p class="list-item-l1">a. Comparing the interim financial information with comparable information for the immediately preceding interim period, if applicable, and with the corresponding period(s) in the previ-</p>	<p>.18 The accountant should apply analytical procedures to the financial statements to identify and provide a basis for inquiry about the relationships and individual items that appear to be unusual and that may indicate a material misstatement. Such analytical procedures should include the following: (Ref: par. A27–A28)</p> <p class="list-item-l1">a. Comparing the financial statements with comparable information for the prior period, giving consideration to knowledge about changes in the entity’s business and</p>	

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<p>ous year, giving consideration to knowledge about changes in the entity’s business and specific transactions</p> <p>b. Considering plausible relationships among both financial and, when relevant, nonfinancial information (Ref: par. .A14)</p> <p>c. Comparing recorded amounts or ratios developed from recorded amounts to expectations developed by the auditor through identifying and using relationships that are reasonably expected to exist, based on the auditor’s understanding of the entity and the industry in which the entity operates</p> <p>d. Comparing disaggregated revenue data (Ref: par. .A15)</p>	<p>specific transactions</p> <p>b. Considering plausible relationships among both financial and, when relevant, nonfinancial information (Ref: par. A29)</p> <p>c. Comparing recorded amounts or ratios developed from recorded amounts to expectations developed by the accountant through identifying and using relationships that are reasonably expected to exist, based on the accountant’s understanding of the entity and the industry in which the entity operates</p>	
	<p>19. When designing and performing analytical procedures, the accountant should (Ref: par. A30-A32)</p> <p>a. Determine the suitability of particular analytical procedures;</p> <p>b. Consider the reliability of data from which the accountant’s expectation of recorded amounts or ratios is developed, taking into account the source, comparability, and nature and relevance of information available and controls over preparation;</p> <p>c. Develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to provide the accountant with limited assurance that a misstatement will be identified that, either individually or when aggregated with other misstatements, may cause the financial statements to be misstated; and</p>	<p>Taken from paragraph .05 of AU-C section 520, <i>Analytical Procedures</i> (AICPA, <i>Professional Standards</i>).</p>

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	<i>d.</i> Determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation as required by paragraph 20 and compare the recorded amounts, or ratios developed from recorded amounts, with the expectations.	
	<i>Investigating Results of Analytical Procedures</i>	
	20. If analytical procedures identify fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, the accountant should investigate such differences by <i>a.</i> inquiring of management and <i>b.</i> performing other review procedures if considered necessary in the circumstances. (Ref: par. A33)	Taken from paragraph .07 of AU-C section 520.
<i>Inquiries and Other Review Procedures</i>	Inquiries of Members of Management Who Have Responsibility For Financial and Accounting Matters	
.14 The auditor should make the following inquiries and perform the following other review procedures when conducting a review of interim financial information: <i>a.</i> Read the available minutes of meetings of stockholders, directors, and appropriate committees and inquire about matters dealt with at meetings for which minutes are not available to identify matters that may affect the interim financial infor-	21. The accountant should inquire of members of management who have responsibility for financial and accounting matters concerning the financial statements about (Ref: par. A34):	The SSARS includes a requirement to inquire about “actions taken at meetings of stockholders, the board of directors,

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<p>mation. (Ref: par. .A16)</p> <p>b. Obtain reports from component auditors, if any, related to reviews performed of the interim financial information of significant components of the reporting entity, including its investees, or inquire of those auditors if reports have not been issued. (Ref: par. .A17)</p> <p>c. Inquire of management about</p> <p>i. whether the interim financial information has been prepared and fairly presented in accordance with the applicable financial reporting framework consistently applied.</p> <p>ii. unusual or complex situations that may have an effect on the interim financial information. (Ref: par. .A18)</p> <p>iii. significant transactions occurring or recognized in the interim period, particularly those in the last several days of the interim period.</p> <p>iv. the status of uncorrected misstatements identified during the previous audit and interim review (that is, whether ad-</p>	<p>a. Whether the financial statements have been prepared and fairly presented in accordance with the applicable financial reporting framework consistently applied.</p> <p>b. Unusual or complex situations that may have an effect on the financial statements. (Ref: par. A35)</p> <p>c. Significant transactions occurring or recognized during the period, particularly those in the last several days of the period.</p> <p>d. The status of uncorrected misstatements identified during the previous review (that is, whether adjustments had been recorded subsequent to the periods covered by the prior review and, if</p>	<p>committees of the board of directors, or comparable meetings that may affect the financial statements” (see subparagraph l). That subparagraph includes a reference to an application paragraph that the accountant may conclude that it is more effective and efficient to read the minutes of such meetings.</p> <p>This requirement is paragraph 24 of the proposed SSARS.</p>

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<p>justments had been recorded subsequent to the periods covered by the prior audit or interim review and, if so, the amounts recorded and period in which such adjustments were recorded).</p> <p>v. matters about which questions have arisen in the course of applying the review procedures.</p> <p>vi. events subsequent to the date of the interim financial information that could have a material effect on the fair presentation of such information.</p> <p>vii. its knowledge of any fraud or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, or (3) others when the fraud could have a material effect on the financial information.</p> <p>viii. whether management is aware of allegations of fraud or suspected fraud affecting the entity communicated by employees, former employees, regulators, or others.</p> <p>ix. significant journal entries and other adjustments.</p> <p>x. communications from regulatory agencies.</p> <p>xi. significant deficiencies and material weaknesses in the design or operation of internal control as it relates to the preparation and fair presentation of both annual and inter-</p>	<p>so, the amounts recorded and period in which such adjustments were recorded).</p> <p>e. Matters about which questions have arisen in the course of applying the review procedures.</p> <p>f. Events subsequent to the date of the financial statements that could have a material effect on the fair presentation of such financial statements.</p> <p>g. Its knowledge of any fraud or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, or (3) others when the fraud could have a material effect on the financial statements. (Ref: par. A36)</p> <p>h. Whether management is aware of allegations of fraud or suspected fraud affecting the entity communicated by employees, former employees, regulators, or others.</p> <p>i. Significant journal entries and other adjustments.</p> <p>j. Communications from regulatory agencies, if applicable.</p>	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<p>im financial information.</p> <p>xii. changes in related parties or significant new related party transactions.</p> <p>d. Obtain evidence that the interim financial information agrees or reconciles with the accounting records. In addition, the auditor should inquire of management about the reliability of the records to which the interim financial information was compared or reconciled. (Ref: par. .A19)</p> <p>e. Read the interim financial information to consider whether, based on the results of the review procedures performed and other information that has come to the auditor’s attention, the information to be reported is in accordance with the applicable financial reporting framework.</p> <p>f. Read other information in documents containing the interim financial information to consider whether such information or the manner of its presentation is materially inconsistent with the interim financial information. If the auditor concludes that a material inconsistency exists or becomes aware of infor-</p>	<p>k. Related parties and significant new related party transactions.</p> <p>l. Any litigation, claims, and assessments that existed at the date of the balance sheet being reported on and during the period from the balance sheet date to the date of management’s response to the accountant’s inquiry</p> <p>m. Actions taken at meetings of stockholders, the board of directors, committees of the board of directors, or comparable meetings that may affect the financial statements. (Ref: par. A37)</p> <p>n. Any other matters that the accountant may consider necessary.</p>	<p>The requirement is included in paragraph 25 of the proposed SSARS.</p> <p>The requirement is included in paragraph 23 of the proposed SSARS.</p>

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information that the auditor believes is a material misstatement of fact, the auditor should take action based on the auditor’s professional judgment. (Ref: par. .A20–.A21)		
<i>Inquiry Concerning Litigation, Claims, and Assessments</i>		
.15 If information comes to the auditor’s attention regarding litigation, claims, or assessments that leads the auditor to question whether the interim financial information has been prepared, in all material respects, in accordance with the applicable financial reporting framework, and the auditor believes that the entity’s internal or external legal counsel may have relevant information, the auditor should inquire of such legal counsel concerning litigation, claims, and assessments. (Ref: par. .A22)		The proposed SSARS includes a specific inquiry to management regarding litigation, claims, and assessment (see paragraph 21[1]).
	22. The accountant should consider the reasonableness and consistency of management’s responses in light of the results of other review procedures and the accountant’s knowledge of the entity’s business. However, the accountant is not required to corroborate management’s responses with other evidence.	
	Reading the Financial Statements	
	23. The accountant should read the financial statements and consider whether any information has come to the accountant’s attention to indicate that such financial statements do not conform to the applicable financial reporting framework.	

Mapping Document of AU-C section 930 to proposed Review SSARS		
AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	Using the Work of Other Accountants	
	24. If other accountants have issued a report on the financial statements of significant components, such as subsidiaries and investees, the accountant should obtain and read reports from such other accountants.	
	Reconciling the Financial Statements to the Underlying Accounting Records	
	25. The accountant should obtain evidence that the financial statements agree or reconcile with the accounting records. In addition, the accountant should inquire of management about the reliability of the records to which the financial statements were compared or reconciled. (Ref: par. A38)	
<i>Inquiry Concerning an Entity’s Ability to Continue as a Going Concern</i>		
<p>.16 If (1) conditions or events that may indicate substantial doubt about an entity’s ability to continue as a going concern existed at the date of prior period financial statements, regardless of whether the substantial doubt was alleviated by the auditor’s consideration of management’s plans, or (2) in the course of performing review procedures on the current period interim financial information, the auditor becomes aware of conditions or events that might be indicative of the entity’s possible inability to continue as a going concern, the auditor should</p> <p><i>a.</i> inquire of management about its plans for dealing with the</p>		The requirements from AU-C section 930 are covered in paragraphs 18–19 of the proposed SSARS <i>Review of Financial Statements—Special Considerations</i> .

Mapping Document of AU-C section 930 to proposed Review SSARS		
AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<p>adverse effects of the conditions and events, and (Ref: par. .A23)</p> <p><i>b.</i> consider the adequacy of the disclosure about such matters in the interim financial information. (Ref: par. .A24)</p>		
<i>Consideration of Management’s Responses and Extension of Interim Review Procedures</i>		
.17 The auditor should consider the reasonableness and consistency of management’s responses in light of the results of other review procedures and the auditor’s knowledge of the entity’s business and its internal control. However, the auditor is not required to corroborate management’s responses with other evidence.		The requirement from AU-C section 930 is included as paragraph 22 of the proposed SSARS.
.18 When a matter comes to the auditor’s attention that leads the auditor to question whether the interim financial information has been prepared in accordance with the applicable financial reporting framework in all material respects, the auditor should make additional inquiries of management or others or perform other procedures to provide a basis for reporting whether the auditor is aware of any material modifications that should be made to the interim financial information. (Ref: par. .A25)		The requirement from AU-C section 930 is covered in paragraphs 26–29 of the proposed SSARS.
Evaluating the Results of Interim Review Procedures	Evaluating Evidence Obtained From the Procedures Performed	
.19 The auditor should accumulate misstatements, including inadequate disclosure, identified by the auditor in performing the review procedures or brought to the auditor’s attention during the performance of the re-	26. The accountant should accumulate misstatements, including inadequate disclosure, identified by the accountant in performing the review procedures or brought to the accountant’s attention during the perfor-	
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AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
view. (Ref: par. .A26)	mance of the review.	
.20 The auditor should evaluate, individually and in the aggregate, misstatements, including inadequate disclosure, accumulated in accordance with paragraph .19 to determine whether material modification should be made to the interim financial information for it to be in accordance with the applicable financial reporting framework. (Ref: par. .A27–.A28)	27. The accountant should evaluate, individually and in the aggregate, misstatements, including inadequate disclosure, accumulated in accordance with paragraph 26 to determine whether material modification should be made to the financial statements for them to be in accordance with the applicable financial reporting framework. (Ref: par. A40)	
	28. If, during the performance of review procedures, the accountant becomes aware that information coming to the accountant’s attention is incorrect, incomplete, or otherwise unsatisfactory the accountant should <ul style="list-style-type: none">a. request that management consider the effect of those matters on the financial statements and communicate the results of its consideration to the accountant andb. consider the results communicated to the accountant by management and whether such results indicate that the financial statements may be materially misstated.	
	29. If the accountant determines that the evidence obtained from the performance of analytical procedures and inquiries does not provide limited assurance as a basis for reporting whether there are any material modifications that should be made to the financial statements in order for the statements to be in conformity with the applicable financial reporting framework, the accountant withdraw from the engagement.	

Mapping Document of AU-C section 930 to proposed Review SSARS		
AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
Written Representations From Management	Written Representations	
	<i>Written Representations as Review Evidence</i>	
	30. Written representations are necessary information that the accountant requires in connection with a review of the entity’s financial statements. Accordingly, similar to responses to inquiries, written representations are review evidence. (Ref: par. A41)	From paragraph .03 of AU-C section 580, <i>Written Representations</i> (AICPA, <i>Professional Standards</i>).
	<i>Management From Whom Written Representations Are Requested</i>	
	31. The accountant should request written representations from management with appropriate responsibilities for the financial statements and knowledge of the matters concerned. (Ref: par. A42-A44)	From paragraph .09 of AU-C section 580.
	<i>Specific Written Representations</i>	
.21 For all interim financial information presented and for all periods covered by the review, the auditor should request management to provide written representations, as of the date of the auditor’s review report (Ref: par. .A29–.A30) <i>a.</i> that management has fulfilled its responsibility for the preparation and fair presentation of the interim financial information, in accordance with the applicable financial reporting framework, as set out in the terms of the engagement.	32. For all financial statements presented and for all periods covered by the review, the accountant should request management to provide written representations, as of the date of the accountant’s review report (Ref: par. A45-A51) <i>a.</i> that management has fulfilled its responsibility for the preparation and fair presentation of the financial statements, in accordance with the applicable financial reporting framework, as set	
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AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<p>b. that management acknowledges its responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of interim financial statements, including its responsibility to prevent and detect fraud.</p> <p>c. that management has disclosed to the auditor all significant deficiencies and material weaknesses in the design or operation of internal control of which management is aware as it relates to the preparation and fair presentation of both annual and interim financial information.</p> <p>d. that management has provided the auditor with all relevant information and access, as agreed upon in the terms of the engagement.</p> <p>e. that all transactions have been recorded and are reflected in the interim financial information.</p> <p>f. that management has disclosed to the auditor the results of its assessment of the risk that the interim financial information may be materially misstated as a result of fraud.</p> <p>g. that management has disclosed to the auditor its knowledge of fraud or suspected fraud affecting the entity involving</p> <p>i. management,</p> <p>ii. employees who have significant roles in internal control, or</p> <p>iii. others when the fraud could have a material effect on the interim financial information.</p>	<p>out in the terms of the engagement.</p> <p>b. that management acknowledges its responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements, including its responsibility to prevent and detect fraud.</p> <p>c. that management has provided the accountant with all relevant information and access, as agreed upon in the terms of the engagement, and</p> <p>d. that all transactions have been recorded and are reflected in the financial statements.</p> <p>e. that management has disclosed to the accountant its knowledge of fraud or suspected fraud affecting the entity involving</p> <p>a. management,</p> <p>b. employees who have significant roles in internal control, or</p> <p>c. others where the fraud could have a material effect on the financial statements</p>	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<p><i>h.</i> that management has disclosed to the auditor its knowledge of any allegations of fraud or suspected fraud affecting the entity’s interim financial information communicated by employees, former employees, regulators, or others.</p> <p><i>i.</i> that management has disclosed to the auditor all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing interim financial information.</p> <p><i>j.</i> about whether management believes that the effects of uncorrected misstatements are immaterial, individually and in the aggregate, to the interim financial information as a whole. A summary of such items should be included in, or attached to, the written representation. (Ref: par. .A31)</p> <p><i>k.</i> that management has disclosed to the auditor all known actual or possible litigation and claims whose effects should be considered when preparing the interim financial information, and it has appropriately accounted for and disclosed such litigation and claims in accordance with the applicable financial reporting framework.</p> <p><i>l.</i> about whether management believes that significant assumptions used by it in making accounting estimates are reasonable.</p>	<p><i>f.</i> that management has disclosed to the accountant its knowledge of any allegations of fraud or suspected fraud affecting the entity’s financial statements communicated by employees, former employees, regulators, or others.</p> <p><i>g.</i> that management has disclosed to the accountant all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.</p> <p><i>h.</i> about whether management believes that the effects of uncorrected misstatements are immaterial, individually and in the aggregate, to the financial statements as a whole. A summary of such items should be included in, or attached to, the written representation.</p> <p><i>i.</i> that management has disclosed to the accountant all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements, and it has appropriately accounted for and disclosed such litigation and claims in accordance with the applicable financial reporting framework.</p> <p><i>j.</i> about whether management believes that significant assumptions used by it in making accounting estimates are reasonable.</p>	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<p><i>m.</i> that management has disclosed to the auditor the identity of the entity’s related parties and all the related party relationships and transactions of which it is aware, and it has appropriately accounted for and disclosed such relationships and transactions.</p> <p><i>n.</i> that all events occurring subsequent to the date of the interim financial information and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>	<p><i>k.</i> that management has disclosed to the accountant the identity of the entity’s related parties and all of the related party relationships and transactions of which it is aware and it has appropriately accounted for and disclosed such relationships and transactions.</p> <p><i>l.</i> that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>	
	<p>33. If, in addition to the representations required by paragraph 32, the accountant determines that it is necessary to obtain one or more written representations to support other review evidence relevant to the financial statements, the accountant should request such other written representations.</p>	From paragraph .19 of AU-C section 580.
	<p><i>Form of Written Representations</i></p>	
	<p>34. The written representations should be in the form of a representation letter addressed to the accountant. (Ref: par. A52-A53)</p>	From paragraph .21 of AU-C section 580.
	<p><i>Concerns About the Reliability of Written Representations and Requested Written Representations Not Provided</i></p>	
<p>.22 If the auditor has concerns about the reliability of the representations</p>	<p>35. If the accountant has concerns about the reliability of the represen-</p>	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
or if management does not provide the requested written representations, the auditor should take appropriate action. When management does not provide the written representations described in paragraph .21a–e, the auditor should withdraw from the engagement to review the interim financial information. (Ref: par. .A32)	tations or if management does not provide the requested written representations, the accountant should take appropriate action. (Ref: par. A54)	
Communications With Management and Those Charged With Governance	Communicating to Management and Others Regarding Fraud or Noncompliance With Laws and Regulations	
<i>Matters Affecting the Completion of the Review</i>		
<p>.23 If the auditor cannot complete the review, the auditor should communicate to the appropriate level of management and those charged with governance</p> <p><i>a.</i> the reason why the review cannot be completed;</p> <p><i>b.</i> that an incomplete review does not provide a basis for reporting and, accordingly, that the auditor is precluded from issuing a review report; and</p> <p><i>c.</i> any material modifications of which the auditor has become aware that should be made to the interim financial information for it to be in accordance with the applicable financial reporting framework, in accordance with paragraphs .24–.26. (Ref: par. .A33)</p>		
<p>.24 The auditor should communicate to the appropriate level of management, as soon as practicable, matters that come to the auditor’s attention during the conduct of the review that cause the auditor to believe that</p> <p><i>a.</i> material modification should be made to the interim financial</p>		

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
information for it to be in accordance with the applicable financial reporting framework, or <i>b.</i> the entity issued the interim financial information before the completion of the review.		
.25 If, in the auditor’s judgment, management does not respond appropriately to the auditor’s communication within a reasonable period of time, the auditor should inform those charged with governance of the matters as soon as practicable.		
.26 If, in the auditor’s judgment, those charged with governance do not respond appropriately to the auditor’s communication within a reasonable period of time, the auditor should consider whether to withdraw (a) from the engagement to review the interim financial information and (b) if applicable, from serving as the entity’s auditor. (Ref: par. .A34)		
<i>Other Matters</i>		
.27 If the auditor becomes aware that fraud may have occurred, the auditor should communicate the matter as soon as practicable to the appropriate level of management. If the fraud involves senior management or results in a material misstatement of the interim financial information, the auditor should communicate the matter directly to those charged with governance. If the auditor becomes aware of matters involving identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing interim financial information, the auditor should communicate the matters to those charged with govern-	47. If the accountant becomes aware that fraud (including misappropriation of assets) may have occurred, the accountant should communicate the matter as soon as practical to the appropriate level of management (at a level above those involved with the suspected fraud if possible). If the accountant becomes aware of matters involving identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements, the accountant should communicate the matters to those charged with governance, other than when matters are clearly inconsequential. If the	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
ance, other than when the matters are clearly inconsequential.	<p>fraud or noncompliance with laws or regulations involves senior management or results in a material misstatement of the financial statements, the accountant should communicate the matter directly to those charged with governance. If management or, as appropriate, those charged with governance do not provide sufficient information that supports that (Ref: par. A79-A81)</p> <ul style="list-style-type: none">• the financial statements are not materially misstated due to fraud or• that the entity is in compliance with laws and regulations, and in the accountant’s professional judgment, the effect of the suspected noncompliance may be material to the financial statements <p>the accountant should consider the need to obtain legal advice and take appropriate action (Ref: par. A81-A82).</p>	
<p>.28 The auditor should communicate relevant matters of governance interest arising from the review of interim financial information to those charged with governance, including the following:</p> <p><i>a.</i> Significant deficiencies or material weaknesses in internal control as it relates to the preparation and fair presentation of annual and interim financial information (Ref: par. .A35)</p> <p><i>b.</i> Any of the matters described in section 260, <i>The Auditor’s Communication With Those Charged With Governance</i>, that have been identified, as they relate to the interim financial information (Ref: par. .A36–.A38)</p>		

Mapping Document of AU-C section 930 to proposed Review SSARS		
AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
The Auditor's Report on a Review of Interim Financial Information	Reporting on the Financial Statements	
<i>Form of the Auditor's Review Report</i>		
.29 The auditor's review report should be in writing. (Ref: par. .A39)	36. The accountant's review report should be in writing. (Ref: par. A55-A56)	
	<i>Accountant's Review Report</i>	
.30 The written review report should include the following: (Ref: par. .A40–.A41) <ul style="list-style-type: none"> <i>a.</i> A title that includes the word <i>independent</i> to clearly indicate that it is the report of an independent auditor. <i>b.</i> An addressee as appropriate for the circumstances of the engagement. <i>c.</i> An introductory paragraph that <ul style="list-style-type: none"> i. identifies the entity whose interim financial information has been reviewed, ii. states that the interim financial information identified in the report was reviewed, iii. identifies the interim financial information, and 	37. The written review report should include the following (Ref: par. A70): <ul style="list-style-type: none"> <i>a.</i> A title that includes the word <i>independent</i> to clearly indicate that it is the report of an independent accountant. (Ref: par. A58) <i>b.</i> An addressee as appropriate for the circumstances of the engagement. (Ref: par. A59) <i>c.</i> An introductory paragraph that (Ref: par. A60-A62) <ul style="list-style-type: none"> i. identifies the entity whose financial statements have been reviewed, ii. states that the financial statements identified in the report were reviewed, 	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<p>iv. specifies the date or period covered by each financial statement comprising the interim financial information.</p> <p>d. A section with the heading “Management’s Responsibility for the Financial Statements” that includes an explanation that management is responsible for the preparation and fair presentation of the interim financial information in accordance with the applicable financial reporting framework; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with the applicable financial reporting framework.</p> <p>e. A section with the heading “Auditor’s Responsibility” that includes the following statements:</p> <p>i. The auditor’s responsibility is to conduct the review of interim financial information in accordance with auditing</p>	<p>iii. identifies the financial statements,</p> <p>iv. specifies the date or period covered by each financial statement,</p> <p>v. includes a statement that a review includes primarily applying analytical procedures to management’s (owner’s) financial data and making inquiries of company management (owners), and</p> <p>vi. includes a statement that a review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole, and that, accordingly, the accountant does not express such an opinion.</p> <p>d. A section with the heading “Management’s Responsibility for the Financial Statements” that includes an explanation that management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of financial statements in accordance with the applicable financial reporting framework. (Ref; par. A63)</p> <p>e. A section with the heading “Accountant’s Responsibility” that includes the following statements:</p> <p>i. The accountant’s responsibility is to conduct the</p>	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<p>standards generally accepted in the United States of America applicable to reviews of interim financial information.</p> <p>ii. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters.</p> <p>iii. A review of interim financial information is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, no such opinion is expressed.</p> <p>f. A concluding section with an appropriate heading that includes a statement about whether the auditor is aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with the applicable financial reporting framework and that identifies the country of origin of those accounting principles, if applicable.</p> <p>g. The manual or printed signature of the auditor’s firm.</p>	<p>review engagement in accordance with SSARSs promulgated by the Accounting and Review Services Committee of the AICPA. The accountant’s review report should also explain that those standards require that the accountant perform the procedures to obtain limited assurance as a basis for reporting whether the accountant is aware of any material modifications that should be made to the financial statements for them to be in accordance with the applicable financial reporting framework and (Ref: par. A64-A66)</p> <p>ii. Whether the accountant believes that the review evidence the accountant has obtained is sufficient and appropriate to provide a basis for the accountant’s conclusion.</p> <p>f. A concluding section with an appropriate heading that includes a statement about whether the accountant is aware of any material modifications that should be made to the accompanying financial statements for them to be in accordance with the applicable financial reporting framework and that identifies the country of origin of those accounting principles, if applicable.(Ref: par. A40)</p> <p>g. The manual or printed signature of the accountant’s firm.</p> <p>h. The city and state where the accountant practices. (Ref: par.</p>	<p>The required language from paragraphs .30(e)(ii) and .30(e)(iii) of AU-C section 930 are included in the introductory paragraph of the proposed SSARSs review report.</p>

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<p><i>h.</i> The city and state where the auditor practices.</p> <p><i>i.</i> The date of the review report, which should be dated as of the date of completion of the review procedures.</p>	<p>A67)</p> <p><i>i.</i> The date of the review report, which should be dated no earlier than the date on which the completed procedures sufficient to obtain limited assurance as a basis for reporting whether the accountant is aware of any material modifications that should be made to the financial statements for them to be in accordance with the applicable financial reporting framework including evident that</p> <p>a. All the statements that the financial statements comprise, including the related notes, have been prepared; and</p> <p>b. Management has asserted that they have taken responsibility for those financial statements. (Ref: par. A68-A69)</p>	
<p>.31 The auditor should determine that management has clearly marked as unaudited each page of the interim financial information accompanying the review report.</p>		
	<p><i>Accountant’s Review Report on Financial Statements Prepared in Accordance With a Special Purpose Framework</i></p>	
	<p>38. In a review of financial statements prepared in accordance with a special purpose framework the accountant should consider whether the financial statements:</p>	<p>From paragraph .15 of AU-C section 800, <i>Special Considerations—Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks</i> (AICPA, <i>Professional Standards</i>).</p>

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	<ul style="list-style-type: none">a. are suitably titled, (Ref: par. A71)b. include a summary of significant accounting policies, andc. adequately describe how the special purpose framework differs from GAAP. The effects of these differences need not be quantified. (Ref: par. A72)	
	<p>39. In a review of financial statements prepared in accordance with a special purpose framework, when the financial statements contain items that are the same as, or similar to, those in financial statements prepared in accordance with GAAP, the accountant should consider whether the financial statements include informative disclosures similar to those required by GAAP. (Ref: par. A73)</p>	
	<p>40. In the case of financial statements prepared in accordance with a contractual basis of accounting, the accountant should consider whether the financial statements adequately describe any significant interpretations of the contract on which the financial statements are based.</p>	From paragraph .16 of AU-C section 800.
	<p>41. The accountant’s review report on financial statements prepared in accordance with a special purpose framework should,</p> <ul style="list-style-type: none">• when management has a choice of financial reporting frameworks in the preparation of such financial statements, make reference to management’s responsibility for determining that the applicable financial reporting framework is acceptable in the circumstances.• when the financial statements are prepared in accordance with a	From paragraph .18 of AU-C section 800.

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	regulatory or contractual basis of accounting, describe the purpose for which the financial statements are prepared or refer to a note in the financial statements that contains that information. (Ref: par. A74)	
	<p>42. The accountant’s review report on financial statements prepared in accordance with a special purpose framework should include an emphasis-of-matter paragraph, under an appropriate heading, that (Ref: par. A75):</p> <ul style="list-style-type: none">• indicates that the financial statements are prepared in accordance with the applicable special purpose framework;• refers to the note to the financial statements that describes the framework; and• states that the special purpose framework is a basis of accounting other than GAAP.	From paragraph .19 of AU-C section 800.
	<p>43. The accountant’s review report on special purpose financial statements should include, in accordance with paragraph 7 of the proposed SSARS <i>Review of Financial Statements – Special Considerations</i>, an <i>other-matter</i> paragraph, under an appropriate heading, that, in accordance with paragraphs 14-15 of the proposed SSARS <i>Review of Financial Statements – Special Considerations</i>, restricts the use of the accountant’s review report solely to those within the entity, the parties to the contract or agreement, or the regulatory agencies to whose jurisdiction the entity is subject when the special purpose financial state-</p>	From paragraph .20 of AU-C section 800.

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	ments are prepared in accordance with either <ul style="list-style-type: none">• a contractual basis of accounting or• a regulatory basis of accounting, unless the special purpose financial statements together with the accountant’s review report are intended for general use.	
	Comparative Financial Statements	
	44. Comparative financial statements may be required by the applicable financial reporting framework, or management may elect to provide such information. When comparative financial statements are presented, the accountant’s report should refer to each period for which financial statements are presented. (Ref: par. A76)	
	<i>Updating the Report</i>	
	45. When reporting on all periods presented, a continuing accountant should update the report on one or more prior periods presented on a comparative basis with those of the current period. The accountant’s report on comparative financial statements should not be dated earlier than the date that the accountant completed procedures sufficient to obtain limited assurance as a basis for reporting whether the accountant is aware of any material modifications that should be made to the financial statements for them to be in accordance with the applicable financial reporting framework with respect to the current period. (Ref: par. A77-A78)	

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	46. When issuing an updated report, the continuing accountant should consider information that the accountant has become aware of during the review of the current period financial statements.	
<i>Comparative Interim Financial Information That Has Not Been Reviewed Presented With Reviewed Interim Financial Information</i>		
.32 If an auditor is engaged to perform a review of the most recent interim period in accordance with this section, and such financial information will be presented in comparative form with interim financial information of a prior period that has not been reviewed, such interim financial information should be accompanied by an indication in the auditor’s review report that the auditor has not reviewed the prior period interim financial information and that the auditor assumes no responsibility for it. (Ref: par. .A42)		
<i>Interim Financial Information Presented With Condensed Balance Sheet Information for the Most Recent Year End</i>		
.33 When a condensed balance sheet derived from audited financial statements is presented on a comparative basis with the interim financial information, the auditor should report on the condensed balance sheet only when the auditor audited the financial statements from which the condensed balance sheet was derived. The auditor should compare the condensed balance sheet with the related information in the audited financial statements to determine whether the condensed balance sheet agrees with, or can be recalculated from, the related information in the		

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audited financial statements. The auditor’s report on the interim financial information should include a paragraph addressing the condensed balance sheet that <ul style="list-style-type: none">a. identifies the condensed balance sheet on which the auditor is reporting.b. identifies the audited financial statements from which the condensed balance sheet was derived and indicates that such financial statements are not separately presented.c. refers to the auditor’s report on the audited financial statements, the date of that report, and the type of opinion expressed and, if the opinion is modified, the basis for the modification.d. describes the nature of any emphasis-of-matter paragraph or other-matter paragraph included in the auditor’s report.e. includes an opinion about whether the condensed balance sheet is consistent, in all material respects, in relation to the audited financial statements from which it has been derived. (Ref: par. .A43)		
<i>Modification of the Auditor’s Review Report</i>		
.34 When the interim financial information has not been prepared in accordance with the applicable financial reporting framework in all material respects, the auditor should consider whether modification of the auditor’s review report on the interim financial information is sufficient to address the departure from the applicable financial reporting framework.		Included in paragraph 9 of the proposed SSARS <i>Review of Financial Statements—Special Considerations</i> .

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(Ref: par. .A44–.A47)		
.35 If the auditor concludes that modification of the standard review report is sufficient to address the departure, the auditor should modify the review report. The modification should describe the nature of the departure and, if practicable, should state the effects on the interim financial information. If the departure is due to inadequate disclosure, the auditor should, if practicable, include the information in the report that the auditor believes is necessary for adequate disclosure in accordance with the applicable financial reporting framework. (Ref: par. .A48)		Included in paragraph 10 of the proposed SSARS <i>Review of Financial Statements—Special Considerations</i> .
.36 If the auditor believes that modification of the review report is not sufficient to address the deficiencies in the interim financial information, the auditor should withdraw from the review engagement and provide no further services with respect to such interim financial information.		Included in paragraph 12 of the proposed SSARS <i>Review of Financial Statements—Special Considerations</i> .
Subsequent Discovery of Facts Existing at the Date of the Auditor’s Review Report		
.37 If, subsequent to the date of the auditor’s review report, the auditor becomes aware that facts existed at the date of the review report that might have affected the auditor’s review report had the auditor then been aware of those matters, the auditor should apply the requirements and guidance, adapted as necessary, in section 560, <i>Subsequent Events and Subsequently Discovered Facts</i> .		The appropriate requirements are included as paragraphs 28–31 of the proposed SSARS <i>Review of Financial Statements—Special Considerations</i> .

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Other Considerations		
<p>.38 If management does not include the auditor’s review report in a report, document, or written communication containing the reviewed interim financial information that indicates that such information has been reviewed by the entity’s auditor, despite having agreed in the terms of the engagement to do so, the auditor should perform the following procedures:</p> <ul style="list-style-type: none">• Request that management amend the report, document, or written communication to include the auditor’s review report and reissue the report, document, or written communication• If management does not comply with the request to amend and reissue the report, document, or written communication, request that the auditor’s name not be associated with the interim financial information or referred to in the report, document, or written communication because the auditor will not permit either the use of the auditor’s name or reference to the auditor unless the auditor’s review report is included with the reviewed interim financial information in these circumstances• Communicate management’s noncompliance with the requests to those charged with governance• When appropriate, recommend that the entity consult with its legal counsel about the application of relevant laws and regulations to the circumstances• Consider what other actions might be appropriate (Ref: par. .A49)		

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<p>.39 If the auditor has issued a modified review report due to a departure from the applicable financial reporting framework, and management issues the interim financial information without including the review report in the document containing the interim financial information, the auditor should determine the appropriate course of action in the circumstances, including whether to withdraw from the engagement to audit the annual financial statements.</p>		
<p>Interim Financial Information Accompanying Audited Financial Statements</p>		
<p>.40 The auditor should include an other-matter paragraph in the auditor’s report on the audited financial statements when all the following conditions exist:</p> <p><i>a.</i> The interim financial information that has been reviewed in accordance with this section is included in a document containing audited financial statements.</p> <p><i>b.</i> The interim financial information accompanying audited financial statements does not appear to be presented in accordance with the applicable financial reporting framework.</p> <p><i>c.</i> The auditor’s separate review report, which refers to the departure from the applicable financial reporting framework, is not presented with the interim financial information.</p>		
<p>.41 The auditor is required by section 700, <i>Forming an Opinion and Reporting on Financial Statements</i>, to address in the auditor’s report on the audited financial statements information that is not required by the appli-</p>		

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<p>cable financial reporting framework but is nevertheless presented as part of the basic financial statements if it cannot be clearly differentiated.^{fn 3} When the interim financial information included in a note to the financial statements, including information that has been reviewed in accordance with this section, is not appropriately marked as unaudited, the auditor should, in the auditor’s report on the audited financial statements, disclaim an opinion on the interim financial information. (Ref: par. .A50–.A51)</p> <p>^{fn3} Paragraph .58 of section 700, <i>Forming an Opinion and Reporting on Financial Statements</i>.</p>		
Documentation	Review Documentation	
	<i>Documentation of the Review Procedures Performed and the Review Evidence Obtained</i>	
<p>.42 The auditor should prepare documentation in connection with a review of interim financial information that will enable an experienced auditor, having no previous connection to the review, to understand</p> <p class="list-item-l1">a. the nature, timing, and extent of the review procedures performed;</p> <p class="list-item-l1">b. the results of the review procedures performed and the evi-</p>	<p>48. The accountant should prepare review documentation that is sufficient to enable an experienced accountant, having no previous connection to the review, to understand (Ref: par. A83-A86)</p> <p class="list-item-l1">a. the nature, timing, and extent of the review procedures performed to comply with SSARSs;</p> <p class="list-item-l1">b. the results of the review procedures performed, and the review evidence obtained; and</p>	
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<p>dence obtained; and</p> <p>c. significant findings or issues arising during the review, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions.</p>	<p>c. significant findings or issues arising during the review, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions. (Ref: par. A87)</p>	
<p>.43 The documentation should include the communications required by this section, whether written or oral. (Ref: par. .A52–.A53)</p>	<p>49. In addition to the requirements in paragraph 48, the review documentation should include the following:</p> <ul style="list-style-type: none">• The engagement letter or other suitable form of written documentation with management, as described in paragraph 12 (Ref: par. A15-A17)• Communications required by SSARSs.• The representation letter• A copy of the reviewed financial statements and the accountant’s review report.	
Application and Other Explanatory Material	Application and Other Explanatory Material	
<p>Scope of This Section (Ref: par. .02)</p>	<p>Scope and Applicability of This Proposed Statement on Standards for Accounting and Review Services (Ref: par. 1-3)</p>	

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	<p>A1.Examples of other historical financial information that an accountant may be engaged to review include but are not limited to,</p> <ul style="list-style-type: none">• Specified elements, accounts, or items of a financial statement such as schedules of rentals, royalties, profit participation, or provision for income taxes• Supplementary information• Required supplementary information• Financial information contained in a tax return	The scope of AU-C section 930 is limited to reviews of interim financial information (performed by the entity’s auditor). All other reviews would be performed in accordance with the SSARSs.
	<p>A2.The accountant may review a single financial statement, such as a balance sheet, and not other related financial statements, such as the statements of income, retained earnings, and cash flows, if the scope of the accountant’s inquiry and analytical procedures have not been restricted.</p>	
	<p>A3.The AICPA Code of Professional Conduct provides guidance with respect to independence.</p>	
	<p>A4. The preparation of financial statements, in whole or in part, is a nonattest service subject to the provisions of Interpretation 101-3, “Performance of Nonattest Services,” under Rule 101, <i>Independence</i> (AICPA, <i>Professional Standards</i>, ET sec. 101 par. .05), of the AICPA Code of Professional Conduct.</p>	The proposed SSARS references the proposed revisions to Interpretation No. 101-3 as such revised ethics standards are expected to be finalized prior to the issuance of the clarified SSARS.

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.A1The ability to apply this section even when the auditor does not expect to be engaged to audit the current year financial statements provides for appropriate transitions between the predecessor auditor and the auditor of the current year financial statements.	A5.The ability to apply the provisions of AU-C section 930 even when the accountant does not expect to be engaged to audit the current year financial statements provides for appropriate transitions between the predecessor auditor and the auditor of the current year financial statements.	
.A2Appropriate financial reporting frameworks for condensed interim financial information may include, for example, Financial Accounting Standards Board (FASB) <i>Accounting Standards Codification</i> (ASC) 270, <i>Interim Reporting</i> , and Article 10 of Securities and Exchange Commission (SEC) Regulation S-X, with respect to accounting principles generally accepted in the United States of America, or International Accounting Standard 34, <i>Interim Financial Reporting</i> , with respect to International Financial Reporting Standards issued by the International Accounting Standards Board. FASB ASC 270 outlines the application of U.S. generally accepted accounting principles (GAAP) to the determination of income when interim financial information is presented, provides for the use of estimated effective income tax rates, and specifies certain disclosure requirements for condensed interim financial information issued by public companies and may be adapted by nonissuers as a fair presentation framework for condensed interim financial information. In addition to FASB ASC 270, other FASB ASC topics also include disclosure requirements for interim financial information.		The proposed SSARS does not address condensed financial statements.
<i>The Meaning of Readily Available</i> (Ref: par. .02d(iii))		

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.A3 Audited financial statements are deemed to be readily available if a third-party user can obtain the financial statements without any further action by the entity (for example, financial statements on an entity’s web-site may be considered readily available, but being available upon request is not considered readily available).		Because there is no link between audited financial statements and the reviewed financial statements in the SSARSs, there is no need for the concept of “readily available.”
Objective (Ref: par. .05)	Objectives (Ref: par. 5)	
.A4 The objective of a review of interim financial information differs significantly from that of an audit conducted in accordance with auditing standards generally accepted in the United States of America. A review of interim financial information does not provide a basis for expressing an opinion about whether the interim financial information is presented fairly, in all material respects, in accordance with the applicable financial reporting framework.	A6. A review differs significantly from an audit of financial statements in which the auditor obtains a high level of assurance (expressed in the auditor’s report as obtaining reasonable assurance) that the financial statements are free of material misstatement. A review does not contemplate obtaining an understanding of the entity’s internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, in a review, the accountant does not obtain assurance that he or she will become aware of all significant matters that would be disclosed in an audit. Therefore, a review is designed to obtain only limited assurance as a basis for reporting whether the accountant is aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with the applicable financial reporting framework.	The SSARS condenses the application material from paragraphs .A4 and .A5 in AU-C section 930 into one paragraph.
.A5 A review, in contrast to an audit, is not designed to provide the auditor with a basis for obtaining reasonable assurance that the interim finan-		

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cial information is free from material misstatement. A review consists principally of performing analytical procedures and making inquiries of persons responsible for financial and accounting matters and does not contemplate (a) tests of accounting records through inspection, observation, or confirmation; (b) tests of controls to evaluate their effectiveness; (c) the obtainment of corroborating evidence in response to inquiries; or (d) the performance of certain other procedures ordinarily performed in an audit. A review may bring to the auditor’s attention significant findings or issues affecting the interim financial information, but it does not provide assurance that the auditor will become aware of all significant findings or issues that would be identified in an audit.		
	<i>Materiality</i>	
	<p>A7. The accountant’s consideration of materiality is made in the context of the applicable financial reporting framework. Some financial reporting frameworks discuss the concept of materiality in the context of the preparation and presentation of financial statements. Although financial reporting frameworks may discuss materiality in different terms, they generally explain that</p> <ul style="list-style-type: none">• misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;• judgments about materiality are made in light of surrounding circumstances and are affected by the size or nature of a misstatement or a combination of both; and• judgments about matters that are material to users of the fi-	

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	nancial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.	
	A8. If present in the applicable financial reporting framework, a discussion of the concept of materiality provides a frame of reference to the accountant in determining, as required by paragraph 38, whether there are any material modifications that should be made to the financial statements in order for the statements to be in accordance with the applicable financial reporting framework. If the applicable financial reporting framework does not include a discussion of the concept of materiality, the characteristics referred to in paragraph A7 provide the accountant with such a frame of reference.	
	A9. The accountant’s determination of materiality is a matter of professional judgment, and is affected by the accountant’s perception of the needs of the intended users of the financial statements. In this context, it is reasonable for the accountant to assume that users <ol style="list-style-type: none">have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information in the financial statements with reasonable diligence;understand that financial statements are prepared, presented and reviewed to levels of materiality;recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment, and the consideration of future events; and	

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	<p><i>d.</i> make reasonable economic decisions on the basis of the information in the financial statements.</p> <p>Further, unless the review engagement is undertaken for financial statements that are intended to meet the particular needs of specific users, the possible effect of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered.</p>	
	<p>A10. The accountant’s judgment about what is material in relation to the financial statements as a whole is the same regardless of the level of assurance obtained by the accountant as a basis for expressing a conclusion on the financial statements.</p>	
	<p><i>Revising Materiality</i></p>	
	<p>A11. The accountant’s determination of materiality for the financial statements as a whole may need to be revised during the engagement as a result of</p> <ul style="list-style-type: none">• A change in the circumstances that occurred during the review (for example, a decision to dispose of a major part of the entity’s business).• New information, or a change in the accountant’s understanding of the entity and its environment as a result of performing review procedures (for example, if during the review it appears though actual financial results are likely to be substantially different from anticipated period-end financial results that were used initially to consider materiality for the financial statements	

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	as a whole).	
Acceptance	Acceptance (Ref: par. 7[c][iv])	
	A12. Documents containing financial statements that may include an indication that such financial statements have been reviewed by the entity's accountant includes documents submitted to bonding companies.	
<i>Agreement on Engagement Terms</i> (Ref: par. .10)	<i>Agreement on Engagement Terms</i> (Ref: par. 9-10)	
	A13. Both management and the accountant have an interest in documenting the agreed-upon terms of the review engagement before the commencement of the review engagement to help avoid misunderstandings with respect to the review engagement. For example, it reduces the risk that management may inappropriately rely on or expect the accountant to protect management against certain risks or to perform certain functions including those that are management's responsibility.	
	A14. The roles of management and those charged with governance in agreeing upon the terms of the review engagement for the entity depend on the governance structure of the entity and relevant law or regulation. Depending on the entity's structure, the agreement may be with management, those charged with governance, or both. When the agreement on the terms of engagement is only with those charged with governance, nonetheless in accordance with paragraph7c, the accountant is required to obtain management's agreement that it acknowledges	

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	and understands its responsibilities.	
	<i>Documenting the Understanding With Management</i> (Ref: par. 9 and 48)	
	A15. A contract is another suitable form of written communication. The understanding with management regarding the services to be performed for review engagements is required by paragraph 9 to be in a documented form, and, accordingly, a verbal understanding is insufficient. An engagement letter is the most common and usually the most convenient method for documenting the understanding with management regarding the services to be performed for review engagements.	
.A6 The engagement letter or other suitable form of written agreement documenting the agreed-upon terms of the engagement with the entity regarding a review of interim financial information may use the following wording to include the information necessary to meet the requirements of paragraph .10: <i>Objectives and scope of the engagement</i> <ul style="list-style-type: none">• The objective of a review of interim financial information is to provide the auditor with a basis for reporting whether the auditor is aware of any material modifications that should be made to the interim financial information for it to be in accordance with the applicable financial reporting framework.• A review includes obtaining sufficient knowledge of the entity’s business and internal control, as it relates to the		

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<p>preparation and fair presentation of both annual and interim financial information, to enable the auditor to</p> <ul style="list-style-type: none">— identify the types of potential material misstatements in the interim financial information and consider the likelihood of their occurrence.— select the inquiries and analytical procedures that will provide the auditor with a basis for reporting whether the auditor is aware of any material modifications that should be made to the interim financial information for it to conform with the applicable financial reporting framework. <p><i>Management’s responsibilities</i></p> <ul style="list-style-type: none">• Management is responsible for the following:<ul style="list-style-type: none">— Preparing and presenting the interim financial information in accordance with the applicable financial reporting framework.— Designing, implementing, and maintaining internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with the applicable financial reporting framework.— Providing the auditor with (1) access to all information of which management is aware that is relevant to the preparation and fair presentation of the interim financial information, such as records, documentation, and other matters; (2) additional information that the auditor may request from management for the purpose of		

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<p>the review; and (3) unrestricted access to persons within the entity of whom the auditor determines it necessary to make inquiries.</p> <ul style="list-style-type: none">— Including the auditor’s review report in any document containing interim financial information that indicates that such information has been reviewed by the entity’s auditor.— Identifying and ensuring that the entity complies with the laws and regulations applicable to its activities.— Providing the auditor, at the conclusion of the engagement, with a letter confirming certain representations made during the review.— Adjusting the interim financial information to correct material misstatements. Although a review of interim financial information is not designed to provide the auditor with reasonable assurance that the interim financial information is free from material misstatement, management nonetheless is responsible for affirming in its representation letter to the auditor that the effects of any uncorrected misstatements aggregated by the auditor during the current engagement and pertaining to the current year period(s) under review are immaterial, both individually and in the aggregate, to the interim financial information as a whole. <p><i>The auditor’s responsibilities</i></p> <ul style="list-style-type: none">• The auditor is responsible for conducting the review in accordance with auditing standards generally accepted in the		

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<p>United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of performing analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information as a whole. Accordingly, the auditor will not express an opinion on the interim financial information.</p> <p><i>Limitations of the engagement</i></p> <ul style="list-style-type: none">• A review does not provide a basis for expressing an opinion about whether the interim financial information is presented fairly, in all material respects, in accordance with the applicable financial reporting framework.• A review does not provide the auditor with a basis for obtaining reasonable assurance that the auditor will become aware of all significant findings or issues that would be identified in an audit.• A review is not designed to provide the auditor with a basis for obtaining reasonable assurance on internal control or to identify significant deficiencies or material weaknesses in internal control; however, the auditor is responsible for communicating to management and those charged with governance any significant deficiencies or material weaknesses in internal control that the auditor identifies during the performance of review procedures.		

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	A16. Although the accountant may prepare the financial statements, in whole or in part, the financial statements are representations of management, and the fairness of their presentation in accordance with the applicable financial reporting framework is management’s responsibility.	
	A17. An illustration of an engagement letter for a review of financial statements is presented in exhibit A. “Illustrative Engagement Letter.”	
	Professional Judgment (Ref: par. 12)	
	A18. 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 to make informed decisions about appropriate courses of action in undertaking a review engagement. 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.	
	A19. 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: <ul style="list-style-type: none">• Knowledge acquired from engagements carried out for the	

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	<p>entity’s financial statements in prior periods, where applicable.</p> <ul style="list-style-type: none">• The accountant’s understanding of the entity and its environment, including its accounting system, and of 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.	
	<p>A20. Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of SSARSs and accounting principles, and is appropriate in the light of, and consistent with, the facts and circumstances that were known to the accountant up to the date of the accountant’s review report.</p>	
	<p>A21. Professional judgment needs to be exercised throughout the review. It also needs to be appropriately documented, in accordance with the requirements of this SSARS. 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 the evidence obtained.</p>	
	<p>Understanding of the Industry (Ref: par. 13)</p>	
	<p>A22. The requirement that the accountant possess a level of knowledge of the industry in which the entity operates does not prevent</p>	

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	the accountant from accepting a review engagement for an entity in an industry with which the accountant has no previous experience. It does, however, place upon the accountant a responsibility to obtain the required level of knowledge. The accountant may do so, for example, by consulting AICPA guides, industry publications, financial statements of other entities in the industry, textbooks and periodicals, appropriate continuing professional education, or individuals knowledgeable about the industry.	
Procedures for a Review of Interim Financial Information		
<i>Understanding the Entity and Its Environment, Including Its Internal Control</i> (Ref: par. .11–.12)	Knowledge of the Entity (Ref: par. 14)	
	<p>A23. The accountant may obtain knowledge of the entity through inquiry of the entity’s personnel, the review of documents prepared by the entity, or experience with the entity or the entity’s industry. Such knowledge includes</p> <ul style="list-style-type: none">• An understanding of the entity’s business• An understanding of the accounting principles and practices used by the entity in measuring, recognizing recording, and disclosing all significant accounts and disclosures in the financial statements.	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	A24. The accountant's understanding of the entity's business encompasses a general understanding of the client's organization; its operating characteristics; and the nature of its assets, liabilities, revenues, and expenses.	
.A7 As required by section 315, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i> , the auditor who has audited the entity's financial statements for one or more annual periods would have obtained an understanding of the entity and its environment, including its internal control as it relates to the preparation and fair presentation of annual financial information, that was sufficient to conduct the audit. Internal control over the preparation and fair presentation of interim financial information may differ from internal control over the preparation and fair presentation of annual financial statements because certain accounting principles and practices used for interim financial information may differ from those used for the preparation of annual financial statements (for example, the use of estimated effective income tax rates for the preparation of interim financial information).		
.A8 The auditor is unable to complete the review if the entity's internal control appears to contain deficiencies so significant that it would be impracticable for the auditor to effectively perform review procedures that would achieve the objective stated in paragraph .05. Paragraph .23 addresses the auditor's responsibilities when the review cannot be completed.		

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.A9 In an initial review of interim financial information, when performing the procedures for a new client required by paragraph .07, the auditor also may consider requesting access to review the predecessor auditor’s documentation related to reviews of an interim period or interim periods in the prior year. However, the inquiries made and analytical procedures performed, or other procedures performed in the initial review, and the conclusions reached are solely the responsibility of the auditor. Therefore, the auditor is not permitted to make reference to the report or work of the predecessor auditor as the basis, in part, for the auditor’s own report.		
.A10 If the predecessor auditor does not respond to the auditor’s inquiries or does not allow the auditor to review the predecessor auditor’s documentation, the auditor may inquire why and use alternative procedures to obtain the understanding required by paragraph .11.		
	Designing and Performing Review Procedures (Ref: par. 16)	
	A25. Review evidence obtained through the performance of analytical procedures and inquiry will ordinarily provide the accountant with a reasonable basis for obtaining limited assurance. However, in addition to analytical procedures and inquiries, in certain circumstances and based on the accountant’s professional judgment, the accountant may perform procedures ordinarily performed in an audit. In such instances, the engagement remains a review and the accountant is not required to perform an audit of the financial statements.	

Mapping Document of AU-C section 930 to proposed Review SSARS		
AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	A26. The results of the accountant's analytical procedures and inquiries may modify the accountant's risk awareness. For example, the response to an inquiry that that a related party transaction is not disclosed may revise the accountant's awareness of risk relative to related party transactions.	
<i>Analytical Procedures, Inquiries, and Other Review Procedures</i>		
<i>Analytical Procedures</i> (Ref: par. .13)	Analytical Procedures (Ref: par. 18-19)	
<p>.A11 Procedures for conducting a review of interim financial information generally are limited to analytical procedures, inquiries, and other procedures that address significant accounting and disclosure matters relating to the interim financial information. The auditor's understanding of the entity and its environment, including its internal control, the results of the risk assessments relating to the preceding audit, and the auditor's consideration of materiality as it relates to the interim financial information, influences the nature and extent of the inquiries made and analytical procedures performed. For example, if the auditor becomes aware of a significant change in the entity's control activities at a particular location, the auditor may consider the following procedures:</p> <ul style="list-style-type: none"> • Making additional inquiries, such as whether management monitored the changes and considered whether they were operating as intended • Employing analytical procedures with a more precise expectation 		

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
.A12 Examples of analytical procedures that an auditor may consider performing when conducting a review of interim financial information are contained in appendix A, “Analytical Procedures the Auditor May Consider Performing When Conducting a Review of Interim Financial Information.” The auditor also may find the guidance in section 520, <i>Analytical Procedures</i> , useful in conducting a review of interim financial information.	A27. Examples of analytical procedures that an accountant may consider performing when conducting a review of financial statements are contained in appendix A, “Analytical Procedures the Accountant May Consider Performing When Conducting a Review of Financial Statements.”	
.A13 Expectations developed by the auditor in performing analytical procedures in connection with a review of interim financial information ordinarily are less precise than those developed in an audit. Also, in a review, the auditor is not required to corroborate management’s responses with other evidence.	A28. Expectations developed by the accountant in performing analytical procedures in connection with a review of financial statements may be less precise than those developed in an audit. Also, in a review, the accountant is not required to corroborate management’s responses with other evidence.	
.A14 In considering plausible relationships, the auditor may wish to consider information developed and used by the entity (for example, analyses prepared for management or those charged with governance).	A29. In considering plausible relationships, the accountant may wish to consider information developed and used by the entity (for example, analyses prepared for management or those charged with governance).	
.A15 To compare disaggregated revenue data, the auditor may compare, for example, revenue reported by month and product line or operating segment during the current interim period with that of comparable prior periods.		
	A30. Analytical procedures include the consideration of comparisons of the entity’s financial information with, for example	Taken from paragraph .A2 of AU-C section 520.

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	<ul style="list-style-type: none">• Comparable information for prior periods.• Anticipated results of the entity, such as budgets or forecasts, or expectations of the accountant, such as an estimation of depreciation.• Similar industry information, such as a comparison of the entity’s ratio of sales to accounts receivable and gross margin percentages with industry averages or other entities of comparable size in the same industry.	
	<p>A31. Analytical procedures also include consideration of relationships, for example</p> <ul style="list-style-type: none">• Among elements of financial information, such as gross margin percentages, that would be expected to conform to a predictable pattern based on recent history of the entity and industry.• Between financial information and relevant nonfinancial information, such as payroll costs to number of employees.	Taken from paragraph .A3 of AU-C section 520.
	<p>A32. Various methods may be used to perform analytical procedures. These methods range from performing simple comparisons to performing complex analyses. Analytical procedures may be performed at the financial statement level or at the detailed account level. The nature, timing, and extent of analytical procedures are a matter of professional judgment.</p>	Taken from paragraph .A4 of AU-C section 520.

Mapping Document of AU-C section 930 to proposed Review SSARS

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	<i>Investigating Results of Analytical Procedures</i> (Ref: par. 20(b))	
	A33. Although the accountant is not required to corroborate management's responses with other evidence the need to perform other review procedures may arise when, for example, management is unable to provide an explanation, or the explanation is not considered adequate.	
<i>Inquiries and Other Review Procedures</i> (Ref: par. .14)	Inquiries of Members of Management Who Have Responsibility For Financial and Accounting Matters (Ref: par. 21)	
	A34. In addition to members of management who have responsibility for financial and accounting matters, the accountant may determine to direct inquiries to others within the entity and those charged with governance, if appropriate.	
.A16 Many of the inquiries and review procedures can be performed before, or simultaneously with, the entity's preparation of the interim financial information. For example, the auditor may update the understanding of the entity's internal control and begin reading applicable minutes before the end of an interim period. Performing some of the review procedures earlier in the interim period also permits early identification and consideration of significant findings and issues affecting the interim financial information. In addition, when the auditor performing the review of interim financial information is also engaged to perform an audit of the annual financial statements of the entity, certain auditing procedures as-		

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
sociated with the annual audit of the financial statements may be performed concurrently with the review of interim financial information. For example, information gained from reading the minutes of meetings of the board of directors in connection with the review also may be relevant to the annual audit. Also, there may be significant or unusual transactions occurring during an interim period (for example, business combinations, restructurings, or significant revenue transactions) for which the procedures that would need to be performed for purposes of the audit of the annual financial statements could be performed, to the extent practicable, at the time of the review of the interim period in which the transactions are first recorded.		
.A17 The auditor may find the guidance in section 600, <i>Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)</i> , useful in conducting a review of interim financial information for an entity that prepares group financial statements.		
.A18 Examples of unusual or complex situations about which the auditor may inquire of management are contained in appendix B, “Unusual or Complex Situations to Be Considered by the Auditor When Conducting a Review of Interim Financial Information.”	A35. Examples of unusual or complex situations about which the accountant may inquire of management are contained in appendix B, “Unusual or Complex Situations to Be Considered by the Accountant When Conducting a Review of Financial Statements.”	
	A36. Management may obtain knowledge of fraud or suspected fraud affecting the entity involving management or others where the fraud could have a material effect on the financial statements through, among other things, communications received from employees, former employees, or others.	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	A37. The accountant may obtain and read minutes from meetings of stockholders, the board of directors, committees of the board of directors, or comparable meetings that may affect the financial statements as an effective and efficient procedure to meet the requirement in paragraph 21m to inquire of members of management who have responsibility for financial and accounting matters concerning the financial statements about actions taken at such meetings.	
	Reconciling the Financial Statements to the Underlying Accounting Records (Ref: par. 25)	
.A19 To obtain evidence that the interim financial information agrees or reconciles with the accounting records, the auditor may compare the interim financial information to (a) the accounting records, such as the general ledger; (b) a consolidating schedule derived from the accounting records; or (c) other supporting data in the entity’s records.	A38. To obtain evidence that the financial statements agree or reconcile with the accounting records, the accountant may compare the financial statements to (a) the accounting records, such as the general ledger; (b) a consolidating schedule derived from the accounting records; or (c) other supporting data in the entity’s records.	
.A20 The auditor may find the guidance in section 720, <i>Other Information in Documents Containing Audited Financial Statements</i> (AICPA, <i>Professional Standards</i>), useful in considering other information included in documents containing interim financial information.		
.A21 The auditor may request component auditors involved in the engagement, if any, to read the other information.		

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AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<i>Inquiry Concerning Litigation, Claims, and Assessments</i> (Ref: par. .15)		
.A22 A review of interim financial information does not contemplate obtaining corroborating evidence for responses to inquiries, such as those concerning litigation, claims, and assessments. Consequently, the auditor is not required to send an inquiry letter to an entity’s legal counsel concerning litigation, claims, and assessments.		
<i>Inquiry Concerning an Entity’s Ability to Continue as a Going Concern</i> (Ref: par. .16)		
.A23 A review of interim financial information is not designed to identify conditions or events that may indicate substantial doubt about an entity’s ability to continue as a going concern. However, conditions or events that may cast substantial doubt on the entity’s ability to continue as a going concern may have existed at the date of the prior period financial statements or may be identified as a result of inquiries of management or in the course of performing other review procedures. When performing a review engagement, the auditor is not required to obtain evidence in support of the information that mitigates the effects of the conditions and events.		
.A24 Section 570, <i>The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern</i> (AICPA, <i>Professional Standards</i>), may provide useful guidance to the auditor when considering whether there is adequate and appropriate disclosure in the interim financial information about the entity’s possible inability to continue as a going concern. ^{fn4}		

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<p>When</p> <p class="list-item-l1">a. conditions or events exist as of the interim reporting date covered by the review that might be indicative of the entity’s possible inability to continue as a going concern, or</p> <p class="list-item-l1">b. the auditor’s report for the prior year end contained an emphasis-of-matter paragraph indicating the existence of substantial doubt about the entity’s ability to continue as a going concern, and the conditions that raised such doubt continued to exist as of the interim reporting date covered by the review,</p> <p>the auditor is not required to modify the report if there is adequate and appropriate disclosure about these conditions or events in the interim financial information. However, if the auditor determines that the disclosure about the entity’s possible inability to continue as a going concern is inadequate, resulting in a departure from the applicable financial reporting framework, the auditor is required by paragraph .34 to modify the report.</p> <p>^{fn4} Paragraph .10 of section 570, <i>The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern</i> (AICPA, <i>Professional Standards</i>).</p>		
<p><i>Consideration of Management’s Responses and Extension of Interim Review Procedures</i> (Ref: par. .18)</p>		
<p>.A25 The auditor’s interim review procedures may lead the auditor to make additional inquiries, such as questioning whether, for example, a significant sales transaction is recorded in accordance with the applicable financial reporting framework. Additional procedures that the auditor</p>		

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may perform to resolve such questions include discussing the terms of the transaction with senior sales and accounting personnel, reading the sales contract, or both.		
Evaluating the Results of Interim Review Procedures (Ref: par. .19–.20)	Evaluating Evidence Obtained From the Procedures Performed (Ref: par. 29-30 and 38[f])	
<p>.A26 The auditor may designate an amount below which misstatements would be clearly trivial and would not need to be accumulated because the auditor expects that the accumulation of such amounts would not have a material effect on the interim financial information.^{fn5}</p> <p>^{fn5} Paragraph .A2 of section 450, <i>Evaluation of Misstatements Identified During the Audit</i>.</p>		
<p>.A27 As noted in paragraph .A2, appropriate financial reporting frameworks for interim financial information may include, for example, FASB ASC 270 and Article 10 of SEC Regulation S-X. FASB ASC 270 describes the applicability of GAAP to interim financial information and indicates the types of disclosures necessary to report on a meaningful basis for a period of less than one full year. FASB ASC 270-10-45-16 provides guidance on assessing materiality in interim periods. For example, it states that in determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Further, Rule 10-01(a)(5) of SEC Regulation S-X states the following:</p> <p>The interim financial information shall include disclosures either on the face of the financial statements or in accompanying footnotes sufficient</p>		

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
so as to make the interim information presented not misleading. Registrants may presume that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation, except in regard to material contingencies may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual report to security holders or latest audited financial statements, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, and detailed disclosures prescribed by Rule 4-08 of this Regulation, may be omitted. However, disclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the registrant. Disclosures should encompass for example, significant changes since the end of the most recently completed fiscal year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modification of existing financing arrangements; and the reporting entity resulting from business combinations or dispositions. Notwithstanding the above, where material contingencies exist, disclosure of such matters shall be provided even though a significant change since year end may not have occurred.		
.A28 Considerations that may affect the evaluation of whether uncorrected misstatements, individually or in the aggregate, are material include the following: <ul style="list-style-type: none">• The nature, cause (if known), and amount of the misstatements	A39. Considerations that may affect the evaluation of whether uncorrected misstatements, individually or in the aggregate, are material include the following: <ul style="list-style-type: none">• The nature, cause (if known), and amount of the misstatements	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
<ul style="list-style-type: none">Whether the misstatements originated in the preceding year or interim periods of the current yearMateriality judgments made in conjunction with the current or prior year’s annual auditThe potential effect of the misstatements on future interim or annual periodsThe appropriateness of offsetting a misstatement of an estimated amount with a misstatement of an item capable of precise measurementRecognition that an accumulation of immaterial misstatements in the balance sheet could contribute to material misstatements in future periods <p>Section 450, <i>Evaluation of Misstatements Identified During the Audit</i>, provides guidance regarding qualitative considerations in evaluating whether misstatements are material.</p>	<ul style="list-style-type: none">Whether the misstatements originated in the preceding yearThe potential effect of the misstatements on future periodsThe appropriateness of offsetting a misstatement of an estimated amount with a misstatement of an item capable of precise measurementRecognition that an accumulation of immaterial misstatements in the balance sheet could contribute to material misstatements in future periods	
	A40. The accountant’s responsibilities when the accountant concludes that the financial statements are materially misstated is addressed in paragraphs 9-13 of the proposed SSARS <i>Review of Financial Statements – Special Considerations</i> with respect to known departures from the applicable financial reporting framework.	
Written Representations From Management (Ref: par. .21–.22)	Written Representations	
	<i>Written Representations as Review Evidence</i> (Ref: par. 30)	

Mapping Document of AU-C section 930 to proposed Review SSARS

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	A41. Written representations are an important source of review evidence. If management modifies or does not provide the requested written representations, it may alert the accountant to the possibility that one or more significant issues may exist. Further, a request for written rather than oral representations, in many cases, may prompt management to consider such matters more rigorously, thereby enhancing the quality of the representations.	From paragraph .A1 of AU-C section 580.
	<i>Management From Whom Written Representations Are Requested</i> (Ref: par. 31)	
	A42. Written representations are requested from those with overall responsibility for financial and operating matters whom the accountant believes are responsible for, and knowledgeable about, directly or through others in the organization, the matters covered by the representations, including the preparation and fair presentation of the financial statements. Those individuals may vary depending on the governance structure of the entity; however, management (rather than those charged with governance) is often the responsible party. Written representations may therefore be requested from the entity’s chief executive officer and chief financial officer or other equivalent persons in entities that do not use such titles. In some circumstances, however, other parties, such as those charged with governance, also are responsible for the preparation and fair presentation of the financial statements.	From paragraph .A2 of AU-C section 580.
	A43. Due to its responsibility for the preparation and fair presentation of the financial statements and its responsibility for the conduct of	From paragraph .A3 of AU-C section

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	the entity’s business, management would be expected to have sufficient knowledge of the process followed by the entity in preparing the financial statements on which to base the written representations.	580.
	A44. In some cases, management may include in the written representations qualifying language to the effect that representations are made to the best of its knowledge and belief. It is reasonable for the accountant to accept such wording if, in the accountant’s judgment, the representations are being made by those with appropriate responsibilities and knowledge of the matters included in the representations.	From paragraph .A6 of AU-C section 580.
	<i>Specific Written Representations</i> (Ref: par. 32)	
	A45. Review evidence obtained during the review that management has acknowledged the responsibilities referred to in paragraphs 32a and 32b is not sufficient without obtaining representation from management that it believes that it has fulfilled those responsibilities. This is because the accountant is not able to judge solely on other review evidence whether management has prepared and fairly presented the financial statements and provided information to the accountant on the basis of the agreed acknowledgement and understanding of its responsibilities.	From paragraph .A7 of AU-C section 580.
	A46. The written representations relating to fraud required by paragraphs 32e and 32f are important for the accountant to obtain, regardless of the size of the entity, because of the nature of fraud and the difficulties encountered by accountants in detecting material misstate-	From paragraph .A11 of AU-C section 580.

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AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	ments in the financial statements resulting from fraud.	
	A47. Because the preparation of financial statements requires management to adjust the financial statements to correct material misstatements, the accountant is required to request management to provide a written representation about uncorrected misstatements. In some circumstances, management may not believe that certain uncorrected misstatements are misstatements. For that reason, management may want to add to their written representation words such as “We do not agree that items... and... constitute misstatements because [<i>description of reasons</i>].	From paragraph .A12 of AU-C section 580.
	A48. Circumstances in which it may be appropriate to obtain written representations about related parties from those charged with governance in addition to management include the following: <ul style="list-style-type: none">• When they have approved specific related party transactions that (a) materially affect the financial statements or (b) involve management• When they have made specific oral representations to the accountant on details of certain related party transactions• When they have financial or other interests in the related parties or the related party transactions	From paragraph .A15 of AU-C section 580.
	A49. Because written representations are necessary review evidence, the accountant has not obtained limited assurance as a basis for report-	From paragraph .A23 of AU-C section

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	ing whether the accountant is aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with the applicable financial reporting framework, and the accountant’s review report cannot be dated, before the date of the written representations. Furthermore, because the accountant is concerned with events occurring up to the date of the accountant’s review report that may require adjustment to, or disclosure in, the financial statements, the written representations are dated as of the date of the accountant’s review report on the financial statements.	580.
	A50. The written representations cover all periods referred to in the accountant’s review report because management needs to reaffirm that the written representations it previously made with respect to the prior periods remain appropriate. The accountant and management may agree to a form of written representation that updates written representations relating to the prior periods by addressing whether there are any changes to such written representations and, if so, what they are.	From paragraph .A25 of AU-C section 580.
	A51. Situations may arise in which current management was not present during all periods referred to in the accountant’s review report. Such persons may assert that they are not in a position to provide some or all of the written representations because they were not in place during the period. This fact, however, does not diminish such persons’ responsibilities for the financial statements as a whole. Accordingly, the requirement for the accountant to request from them written representations that cover the whole of the relevant period(s) still applies.	From paragraph .A26 of AU-C section 580.

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	<i>Form of Written Representations</i> (Ref: par. 34)	
	A52. Occasionally, circumstances may prevent management from signing the representation letter and returning it to the accountant on the date of the accountant’s review report. In those circumstances, the accountant may accept management’s oral confirmation, on or before the date of the accountant’s review report, that management has reviewed the final representation letter and will sign the representation letter without exception as of the date of the accountant’s review report. Possession of the signed management representation letter prior to releasing the accountant’s review report is necessary because paragraph 34 requires that the representations be in the form of a written letter from management. Furthermore, when there are delays in releasing the report, a fact may become known to the accountant that, had it been known to the accountant at the date of the accountant’s review report, might affect the accountant’s review report and result in the need for updated representations.	From paragraph .A27 of AU-C section 580.
.A29 Exhibit A, “Illustrative Management Representation Letters for a Review of Interim Financial Information,” contains illustrative representation letters for engagements to review interim financial information.	A53. Exhibit B provides an illustrative example of a representation letter.	From paragraph .A28 of AU-C section 580.
.A30 The auditor may request additional representations regarding matters specific to the entity’s business or industry.		
.A31 If no uncorrected misstatements were identified, the representa-		
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tion regarding uncorrected misstatements is not relevant and, accordingly, is not required.		
	<i>Concerns About the Reliability of Written Representations and Requested Written Representations Not Provided</i> (Ref: par. 35)	
.A32 Appropriate action when management does not provide one or more requested written representations or when the auditor has concerns about the reliability of the representations may include <ul style="list-style-type: none">• discussing the matter with management and, when relevant, those charged with governance;• reevaluating the integrity of management and evaluating the effect that this may have on the reliability of representations (oral or written) and evidence in general; and• considering whether to withdraw from the engagement to review the interim financial information and, if applicable, as the entity’s auditor.	A54. Appropriate action when management does not provide one or more requested written representations or when the accountant has concerns about the reliability of the representations may include <ul style="list-style-type: none">• Discussing the matter with management and, when relevant, those charged with governance;• Reevaluating the integrity of management and evaluating the effect this may have on the reliability of representations (oral or written) and evidence in general; and• Considering whether to withdraw from the engagement to review the financial statements.	
Communications With Management and Those Charged With Governance	Communicating to Management and Others Regarding Fraud or Noncompliance With Laws and Regulations (Ref: par. 47)	
<i>Matters Affecting the Completion of the Review</i> (Ref: par. .23–.26)		
.A33 When an auditor is unable to perform the procedures that the auditor considers necessary to achieve the objective of a review of interim financial information, or management does not provide the auditor with		

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the written representations that the auditor believes are necessary, the re-view will be incomplete.		
.A34 The auditor may seek legal advice when considering whether to withdraw from the engagement to review the interim financial information and as the entity’s auditor.		
<i>Other Matters</i> (Ref: par. .27–.28)		
.A35 Section 265, <i>Communicating Internal Control Related Matters Identified in an Audit</i> , provides guidance on identifying and communicating deficiencies in internal control.		
.A36 As a result of performing the review of the interim financial information, the auditor may become aware of matters that, in the opinion of the auditor, are both significant and relevant to those charged with governance in overseeing the financial reporting and disclosure process. Examples of such matters include the following: <ul style="list-style-type: none">• A change in a significant accounting policy affecting the interim financial information• Adjustments that either individually or in the aggregate could have a significant effect on the entity’s financial reporting process• Uncorrected misstatements aggregated by the auditor that were determined by management to be immaterial, both individually and in the aggregate, to the interim financial infor-		

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
mation as a whole		
.A37 The objective of a review of interim financial information differs significantly from that of an audit. Therefore, any communication that the auditor may make about the quality, not just the acceptability, of the entity’s accounting principles as applied to its interim financial reporting generally is limited to the effect of significant events, transactions, and changes in accounting estimates that the auditor considered when conducting the review of interim financial information. Further, interim review procedures do not provide assurance that the auditor will become aware of all matters that might affect the auditor’s judgments about the quality of the entity’s accounting principles that would be identified as a result of an audit.		
.A38 The communications required by paragraphs .23–.28 may be oral or written. The communications are most helpful when made on a sufficiently timely basis to enable management or those charged with governance to take appropriate action.		
	A79. The communication of matters involving identified or suspected noncompliance may describe the act of identified or suspected non-compliance, the circumstances of its occurrence, and the effect on the financial statements. The accountant may reach agreement in advance with management and those charged with governance, if applicable, on the nature and amount of matters that would be considered not material and, thus, need not be communicated.	

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	<p>A80. The disclosure of any evidence or information that comes to the accountant's attention during the performance of review procedures that fraud or noncompliance with laws or regulations may have occurred to parties other than the client's senior management (or those charged with governance, if applicable) ordinarily is not part of the accountant's responsibility and, ordinarily, would be precluded by the accountant's ethical or legal obligations of confidentiality.</p>	
	<p>A81. A duty to disclose to parties outside of the entity may exist in the following circumstances:</p> <ul style="list-style-type: none">a. To comply with certain legal and regulatory requirementsb. To a successor accountant when the successor accountant has been given permission by management to communicate with the predecessor accountant regarding acceptance of an engagement to compile or review the financial statements of a nonissuerc. In response to a subpoena <p>In such circumstances, the accountant may consider it appropriate to consult with legal counsel.</p>	

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	<p>A82. The accountant may consider whether withdrawal from the engagement is necessary when</p> <ul style="list-style-type: none">• Management or those charged with governance do not take the remedial action that the accountant considers necessary in the circumstances or• When matters regarding fraud or noncompliance with laws or regulations involve an owner of the business. <p>When deciding whether withdrawal from the engagement is necessary, the accountant may consider seeking legal advice.</p>	
The Auditor’s Report on a Review of Interim Financial Information	Reporting on the Financial Statements (Ref: par. 36)	
<i>Form of the Auditor’s Review Report</i> (Ref: par. .29–.30)		
	<p>A55. A written report encompasses reports issued in hard copy format and those using an electronic medium.</p>	From paragraph .A16 of AU-C section 700.
	<p>A56. Financial statements that the accountant has reviewed may become unattached from the accountant’s review report. To minimize the</p>	

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	possibility that a user of the reviewed financial statements may infer, through the accountant’s association with the reviewed financial statements, an unintended level of reliance on the reviewed financial statements, the accountant may consider including a reference on each page of the reviewed financial statements to the accountant’s review report. An example of a reference to the accountant’s review report included on each page of the reviewed financial statements is “See independent accountant’s review report.”	
	A57. When the accountant is unable to perform the inquiry and analytical procedures he or she considers necessary to obtain limited assurance as a basis for reporting whether the accountant is aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with the applicable financial reporting framework, or the client does not provide the accountant with a representation letter, the review will be incomplete. A review that is incomplete does not provide an adequate basis for issuing a review report.	
	<i>Accountant’s Review Report</i> (Ref: par. 37)	
	<i>Title</i>	
	A58. An appropriate title would be “Independent Accountant’s Review Report.”	
	<i>Addressee</i>	

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	A59. The accountant’s review report is normally addressed to those for whom the report is prepared. The report may be addressed to the entity whose financial statements are being reviewed or to those charged with governance. A report on financial statements of an unincorporated entity may be addressed as circumstances dictate (for example, to the partners, general partner, or proprietor). Occasionally, an accountant may be retained to review the financial statements of an entity that is not a client; in such a case, the report may be addressed to the entity and not to those charged with governance of the entity whose financial statements are being reviewed.	From paragraph .A19 of AU-C section 700.
	<i>Introductory Paragraph</i>	
	A60. The introductory paragraph states, for example, that the accountant has “reviewed the accompanying financial statements of ABC Company, which comprise the balance sheet as of December 31, 20X1, and the related statements of income, changes in stockholders’ equity and cash flows for the year then ended, and the related notes to the financial statements.” If the financial statements include a separate statement of changes in stockholders’ equity accounts or a separate statement of comprehensive income, paragraph 37ciii requires such statements to be identified in the introductory paragraph of the report as a statement to which the financial statements are comprised.	From paragraph .A20 of AU-C section 700.
	A61. When the accountant is aware that the reviewed financial statements will be included in a document that contains other information, such as an annual report, the accountant may consider, if the form of presentation allows, identifying the page numbers on which the re-	From paragraph .A21 of AU-C section 700.

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	viewed financial statements are presented. This helps users identify the financial statements to which the accountant’s review report relates.	
	A62. The identification of the title for each statement that the financial statements comprise may be achieved by referencing the table of contents.	From paragraph .A23 of AU-C section 700.
	<i>Management’s Responsibility</i>	
	<p>A63. AR section 60, <i>Framework for Performing and Reporting on Compilation and Review Engagements</i> (AICPA, <i>Professional Standards</i>) explains the premise relating to the responsibilities of management and, when appropriate, those charged with governance on which an engagement in accordance with SSARSs is conducted.^{fn 2} Management, and when appropriate, those charged with governance accept responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including their fair presentation. Management also accepts responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The description of management’s responsibilities in the accountant’s review report includes reference to both responsibilities because it helps explain to users the premise on which a review is conducted.</p> <p>^{fn2} Paragraphs .30-.33 of AR section 60, <i>Framework for Performing and Reporting on Compilation and Review Engagements</i> (AICPA, <i>Professional Standards</i>).</p>	From paragraph .A24 of AU-C section 700.

Mapping Document of AU-C section 930 to proposed Review SSARS

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	<i>Accountant’s Responsibility</i>	
	A64. The accountant’s review report states that the accountant’s responsibility is to conduct the review engagement in accordance with SSARSs promulgated by the Accounting and Review Services Committee of the AICPA in order to contrast it to management’s responsibility for the financial statements.	From paragraph .A26 of AU-C section 700.
	A65. The reference to the standards used conveys to users of the accountant’s review report that the review engagement has been conducted in accordance with established standards.	From paragraph .A27 of AU-C section 700.
	A66. The accountant is not permitted to represent compliance with SSARSs in the accountant’s review report unless the accountant has complied with the requirements of this proposed SSARS	From paragraph .A28 of AU-C section 700.
	<i>Signature of the Accountant</i>	
	A67. The city and state where the accountant practices may be indicated on letterhead that contains the issuing office’s city and state.	
.A39 Entities may be required by third parties to engage auditors to perform a review of interim financial information, but such third parties may choose to not require that a written auditor’s review report on such information be provided to users of the entity’s interim financial information. For example, entities that trade unregistered private equity securities on electronic trading platforms, often referred to as private equity		

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exchanges, may be required to provide financial and other information to the qualified investors on the exchange’s website. The ongoing reporting requirements of these exchanges are substantially similar to the reporting required of issuers, wherein entities trading securities on such exchanges are required to engage auditors to review their interim financial information but are not required to include written review reports with interim financial information provided to qualified investors. Nonetheless, in accordance with paragraph .29, the auditor’s report on the review of the interim financial information is required to be in writing.		
.A40 Reporting considerations related to the dating of reports or subsequent events encountered during a review are similar to those encountered in an audit of financial statements. Section 560 and section 700 provide guidance on these issues.		
	<i>Date of the Accountant’s Review Report</i>	
	A68. The date of the accountant’s review report informs users of the accountant’s review report that the accountant has considered the effect of events and transactions of which the accountant became aware and that occurred up to that date. The accountant’s responsibility for events and transactions after the date of the accountant’s review report is addressed in paragraphs 24-30 of the proposed SSARS <i>Review of Financial Statements – Special Considerations</i> .	
	A69. Because the accountant’s conclusion is provided on the financial statements, and the financial statements are the responsibility of	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	management, the accountant is not in position to conclude that the accountant has obtained limited assurance as a basis for reporting whether the accountant is aware of any material modifications that should be made to the financial statements for them to be in accordance with the applicable financial reporting framework until evidence is obtained that all the statements that the financial statements comprise, including the related notes, have been prepared, and management has accepted responsibility for them.	
.A41 Exhibit B, “Illustrations of Auditor’s Review Reports on Interim Financial Information,” contains illustrations of review reports.	A70. Exhibit C, "Illustrations of Accountant’s Review Reports on Financial Statements," contains illustrations of accountant’s review reports on financial statements incorporating the elements required by paragraph 37.	
	<i>Accountant’s Review Report on Financial Statements Prepared in Accordance with a Special Purpose Framework</i> (Ref.: par. 38-43)	
	A71. Terms such as <i>balance sheet</i> , <i>statement of financial position</i> , <i>statement of income</i> , <i>statement of operations</i> , and <i>statement of cash flows</i> , or similar unmodified titles, are generally understood to be applicable only to financial statements that are intended to present financial position, results of operations, or cash flows in accordance with GAAP. Accordingly, the accountant is required by paragraph 38(a) to consider whether the financial statements are suitably titled, for example <ul style="list-style-type: none">a cash basis financial statement might be titled <i>Statement of Cash Receipts and Disbursements</i>.	From paragraph .A17 of AU-C section 800.

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	<ul style="list-style-type: none">financial statements prepared in accordance with the tax basis of accounting might be titled<ul style="list-style-type: none"><i>Statement of Assets, Liabilities, and Equity—Tax-Basis,</i><i>Statement of Operations—Tax-Basis,</i> or<i>Statement of Revenue and Expenses—Tax-Basis.</i>a financial statement prepared in accordance with a regulatory basis of accounting might be titled <i>Statement of Income—Regulatory Basis.</i>	
	<p>A72. The description of how the special purpose framework differs from GAAP ordinarily only includes the material differences between GAAP and the special purpose framework. For example, if several items are accounted for differently in accordance with the special purpose framework than they would be in accordance with U.S. GAAP, but only the differences in how depreciation is calculated are material, a brief description of the depreciation differences is all that would be necessary, and the remaining differences need not be described. The differences need not be quantified.</p>	From paragraph .A18 of AU-C section 800.
	<p>A73. Financial statements prepared when applying a special purpose framework are not considered appropriate in form unless the financial statements include informative disclosures similar to those required by GAAP if the financial statements contain items that are the same as, or similar to, those in financial statements prepared in accordance with GAAP.</p>	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	<p>A74. When the financial statements are prepared in accordance with a regulatory or contractual basis of accounting, the accountant is required by paragraph 41 to describe the purpose for which the financial statements are prepared or refer to a note in the financial statements that contains that information. This is necessary to avoid misunderstandings when the financial statements are used for purposes other than those for which they were intended. The note to the financial statements may also describe any significant interpretations of the contract on which the financial statements are based.</p>	<p>From paragraph .A24 of AU-C section 800.</p>
	<p>A75. When use of the accountant’s review report is restricted, the intended users are the specified parties. The restriction on use of the accountant’s review report is necessary due to the nature of the report and the potential for the report to be misunderstood when taken out of the context in which it was intended to be used. For example, special purpose financial statements prepared in accordance with a contractual basis of accounting are developed for and directed only to the parties to the contract or agreement. Paragraphs 16-17 of the proposed SSARS <i>Review of Financial Statements – Special Considerations</i> addresses adding other parties as specified parties.</p>	
	<p>Comparative Financial Statements (Ref: par. 44-46)</p>	
	<p>A76. The level of information included for the prior periods in comparative financial statements is comparable with that of financial statements of the current period.</p>	

Mapping Document of AU-C section 930 to proposed Review SSARS		
AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	<i>Updating the Report</i>	
	A77. An updated report is issued in conjunction with the continuing accountant’s review report on the current period financial statements.	
	<i>Other Considerations Relating to Comparative Financial Statements</i>	
	A78. If one firm of accountants merges with another firm, and the new firm becomes the accountant of a client of one of the two former firms, the new firm may issue a review report on the financial statements of the prior period(s), as well as on the current period financial statements. The new firm may indicate in the accountant’s review report or as part of the signature that a merger took place and may name the firm of accountants that was merged with it.	
<i>Comparative Interim Financial Information That Has Not Been Reviewed Presented With Reviewed Interim Financial Information</i> (Ref: par. .32)		
<p>.A42 The indication that the auditor has not reviewed the prior period interim financial information and that the auditor assumes no responsibility for it may be worded, for example, as follows:</p> <p>The accompanying [<i>describe the interim financial information or statements</i>] of ABC Company and subsidiaries as of September 30, 20X1, and for the three-month period then ended were not reviewed by us, and ac-</p>		

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
cordingly, we do not express any form of assurance on it.		
<i>Interim Financial Information Presented With Condensed Balance Sheet Information for the Most Recent Year End</i> (Ref: par. .33)		
.A43 Because interim financial reporting is intended to be an update to year-end reporting, condensed balance sheet information as of the most recent year end often is presented for comparative purposes with the corresponding information as of the latest interim period. Appendix B includes an illustration of a review report on comparative interim financial information that includes a condensed balance sheet derived from audited financial statements.		
<i>Modification of the Auditor’s Review Report</i> (Ref: par. .34–.35)		
.A44 Departures from the applicable financial reporting framework include inadequate disclosure and changes in accounting policies that are not in accordance with the applicable financial reporting framework.		
.A45 Section 700 addresses the reporting requirements when the circumstances contemplated by Rule 203, <i>Accounting Principles</i> (AICPA, <i>Professional Standards</i> , ET sec. 203 par. .01), of the AICPA Code of Professional Conduct are present.		
.A46 If the interim financial information adequately discloses the existence of substantial doubt about the entity’s ability to continue as a going concern (see paragraph .16) or a lack of consistency in the application of accounting principles affecting the interim financial information, the auditor may, but is not required to, include an emphasis-of-matter paragraph in the auditor’s review report.		

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
.A47 Exhibit C, “Illustrations of Example Modifications to the Auditor’s Review Report Due to Departures From the Applicable Financial Reporting Framework,” contains illustrative examples of paragraphs modifying the auditor’s review report.		
.A48 The information necessary for adequate disclosure is influenced by the form and context in which the interim financial information is presented. For example, the disclosures considered necessary for interim financial information presented in accordance with the minimum disclosure requirements of FASB ASC 270-10-50-1, which is applicable to condensed financial statements of public companies, are considerably less extensive than those necessary for annual financial statements that present financial position, results of operations, and cash flows in accordance with the applicable financial reporting framework. FASB ASC 270-10-50-3 states that a presumption exists that users of summarized interim financial data will have read the latest published annual report, including the financial disclosures required by GAAP and management’s commentary concerning the annual financial results, and that the summarized interim data will be viewed in that context.		
Other Considerations (Ref: par. .38)		
.A49 The auditor may seek legal advice in considering what actions, if any, may be appropriate in these circumstances.		
Interim Financial Information Accompanying Audited Financial Statements (Ref: par. .40–.41)		
.A50 Interim financial information may accompany audited financial statements. If management chooses or is required to present interim financial information in a note to the audited financial statements, man-		

Mapping Document of AU-C section 930 to proposed Review SSARS		
AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
agement is responsible for clearly marking the information as unaudited in the note.		
.A51 Because the interim financial information has not been audited and is not required for the audited financial statements to be fairly stated in accordance with the applicable financial reporting framework, the auditor ordinarily need not modify the auditor’s report on the audited financial statements to refer to the interim financial information accompanying the audited financial statements, including when the auditor has performed a review in accordance with this section.		
Documentation (Ref: par. .42–.43)	Review Documentation (Ref: par. 48)	
.A52 The auditor may find the guidance in section 230, <i>Audit Documentation</i> , useful in determining the form and content of the review documentation, including guidance on the timing of the final assembly of the engagement documentation.		
	Documentation of the Review Procedures Performed and Review Evidence Obtained (Ref: par. 48)	
	A83. Review documentation may be recorded on paper or on electronic or other media.	
	A84. The accountant need not include in review documentation superseded drafts of working papers and financial statements, notes that reflect incomplete or preliminary thinking, previous copies of documents corrected for typographical or other errors, and duplicates of	

AU-C Section 930, <i>Interim Financial Information</i>	Proposed SSARS <i>Review of Financial Statements</i>	Explanation for Differences
	documents.	
	A85. The accountant is not precluded from supporting the review report by other means in addition to the review documentation. Such other means might include written documentation contained in other engagement files (for example, compilation or nonattest services) or quality control files (for example, consultation files) and, in limited situations, oral explanations. On their own, oral explanations by the accountant do not represent adequate support for the work the accountant performed or conclusions reached, but may be used to explain or clarify information contained in the review documentation.	
	A86. In the case of a review where the engagement partner performs all of the review work, the engagement partner is still required to comply with the overriding requirement in paragraph 48 to prepare review documentation that can be understood by an experienced accountant, as the review documentation may be subject to review by external parties.	
.A53 Examples of findings or issues that, in the auditor’s judgment, are significant include the results of review procedures that indicate that the interim financial information could be materially misstated, including actions taken to address such findings, and the basis for the final conclusions reached.	A87. Findings or issues that, in the accountant’s professional judgment are significant may include the results of review procedures that indicate that the financial statements could be materially misstated, including actions taken to address such findings, and the basis for the final conclusions.	