

**AICPA**  
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**Performing and Reporting on Peer Reviews of Compilations Performed Under SSARS 19**

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Colleagues,

Thank you for the opportunity to critique this issuance. Details follow:

Background

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The guidance covers the requisite documentation for compilation engagements. The written communications with management establish an understanding of services to be performed or a justification for the lack of a written communication. If alternative procedures are to be performed, are these sufficient in the circumstances ?

SSARS 19 says the documentation accumulated depends upon the circumstances. **I concur.**

The form, content, and extent of what you decide to document is determined by the circumstances of the engagement, the methodology employed on your review, the technology software employed by your firm, and professional judgment. That gives you a tremendous amount of judgment or discretion in determining what kind of documentation to gather and the analytic methods employed to interpret the documentation fairly and consistently so that a disinterested party can examine what you generate dispassionately. **I concur.**

Do you need an engagement letter? The answer is more likely than not. The analytic procedures should include the rational expectations developed before performing an analytical procedure with an aim toward developing a reasonable expectation about the data. The expectation and the reason for the expectation should be committed to writing.

What did management have to say about any unexpected fluctuations ? When you see the results of an analytical procedure that don't make common sense or a relationship that is contradictory to your expectation, more work needs to be done in order to satisfy these basic questions.

Critique:

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An engagement letter would set forth the terms of the engagement unambiguously. The circumstances of the engagement, your review methodology, technology tools and professional judgment will aid in interpreting the document fairly and consistently so that a disinterested party can examine what you did dispassionately and arrive at a similar conclusion. Ref. Pg. .102 .107 .108 **I concur.**

Unexpected fluctuations in trends or the data need to be explained so that the reasons have a rationale based on the overall profile of the data and what is known through the prism of prior year workpapers, if available. Filings with the SEC like the 10K can shed additional light on industry trends . Legal stare decisis on matters like derivative transactions can provide further perspective on the assertions of the principal parties, counterparties and their legal expert opinions on the rights, duties, liabilities, contingencies and recourse of the parties to the derivative contract arrangement.

There are other potential problematic areas. i.e. If the cost of sales varies significantly from prior years, then a rational reason must be ascertainable. Unusual gyrations in the VIX index can raise basic questions about investment portfolio valuations as to their reasonableness in the circumstances.

If there are significant findings which point to financial statements having been materially mis-stated, then there are contradictions to the basic expectations which require more audit work and inquiry. ***The accountant should pay close attention to anything in the field which materially contradicts management's plausible assertions either orally or in writing .*** These items may need further investigation and/ or inquiry.