
MILLER'S

COMPREHENSIVE

GAAS

GUIDE

1984

A comprehensive restatement of
GENERALLY ACCEPTED AUDITING STANDARDS

including

- Statements on Auditing Standards
- Statements on Standards for Accounting and Review Services
 - Industry Audit Guides
 - Review of Forecasts
 - Statements on Responsibilities in Tax Practice
 - Code of Professional Ethics
- Statements on Standards for Management Advisory Services
 - Accountant's Legal Liability

Martin A. Miller
Larry P. Bailey

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Martin A. Miller, C.P.A.
Larry P. Bailey, Ph.D., C.P.A.

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Preface

The *Comprehensive GAAS Guide* contains all the promulgated and many of the nonpromulgated auditing standards, practices, and procedures in use today. This includes GAAS, SAS and Interpretations, SSARS and Interpretations, SEC Auditing Releases, Specialized Industry Audit Guides, Statements on Quality Control Standards, and the Code of Professional Ethics.

The titles of the main chapters in this guide are classified as to the type of auditing or accounting engagement an independent auditor or accountant may render to a client. Within each main chapter a particular topic is thoroughly reviewed in a comprehensive, easily understood format. In-depth illustrations of specific auditing topics and opinions are used generously to aid the reader in grasping a particular subject. All auditing and accounting pronouncements covering the same topic have been compiled and integrated in the same place, regardless of the date of their origin. The Appendix contains (1) an Internal Accounting Control Questionnaire, (2) a Model Audit Program, and (3) a Disclosure Checklist.

In addition to auditing and accounting topics, the *GAAS Guide* includes chapters on tax services, management advisory services (MAS), and the accountant's legal liability. The ultimate goal of the authors has been to create a complete reference book in auditing and its related subjects.

Perhaps the most important feature of this guide is its readability. The utmost care has been exercised to avoid unintelligible language. Sentence structure has been deliberately simplified as much as possible to foster the maximum understanding.

Observation paragraphs are utilized to stress important information and possible conflicts. Although no attempt is made to resolve apparent errors and conflicts in the promulgated pronouncements, these items are objectively brought to the reader's attention.

The quality of future revisions of the *GAAS Guide* will depend largely upon the input and constructive suggestions the authors receive from readers. With this in mind, the authors respectfully request that readers submit their comments directly to the publisher.

Martin A. Miller
Larry P. Bailey

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ORIGINAL PRONOUNCEMENTS TO COMPREHENSIVE GAAS GUIDE CHAPTERS

This locator provides instant cross-reference between an original pronouncement and the chapter(s) in this publication where such pronouncement appears. Original pronouncements are listed chronologically on the left and the chapter(s) in which the pronouncement appears in the GAAS Guide on the right. Where an original pronouncement has been superseded, cross reference is made to the succeeding pronouncement.

STATEMENTS ON AUDITING PROCEDURES

Statements on Auditing Procedures (SAP) Nos. 1-54 were codified or superseded by Statement on Auditing Standards No. 1 (SAS-1) in November 1972.

STATEMENTS ON AUDITING STANDARDS

Statements on Auditing Standards are interpretations of generally accepted auditing standards. Statements on Auditing Standards are issued by the Auditing Standards Board. Rule 202 of the Code of Ethics requires that members of the AICPA adhere to generally accepted auditing standards. A member must be prepared to justify a departure from a Statement on Auditing Standards.

ORIGINAL PRONOUNCEMENT

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AUDITING INTERPRETATIONS

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Note: Under the GAAS Guide Reference column, "no reference" is indicated for those auditing interpretations which contain duplicate material already included elsewhere in this publication or which are directed to isolated events.

ORIGINAL PRONOUNCEMENT**GAAS GUIDE REFERENCE****January 1973**

- Scope of a Special Study Compared to an Audit
- Reports on Internal Control for Governmental Agencies
- Reports on Internal Control Based on Criteria Established by Governmental Agencies

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January 1974

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- Reports on Internal Accounting Control of Trust Departments of Banks

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INDUSTRY AUDIT GUIDES

An Audit Guide is published for the guidance of members of the AICPA in a particular area. It does not have the authority of a pronouncement issued by the Auditing Standards Board. However, an Audit Guide represents the considered opinion of a committee or task force that has been charged with the responsibility to address the area, and as such contains the best thoughts of the profession as to the best practices in an area. Members should be aware that they may be called upon to justify departures from an Audit Guide.

ORIGINAL PRONOUNCEMENT

Audits of Banks (1983)
Savings and Loan Associations (1979)
Audits of Finance Companies (1973)
Audits of Investment Companies (1973)
Audits of Fire and Casualty Insurance Companies (1966)
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Audits of Airlines (1981)
Audits of Securities Brokers and Dealers in Securities (1973)
Audits of Employee Benefit Plans (1983)
Audits of Voluntary Health and Welfare Organizations (1974)
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Audits of Colleges and Universities (1973)
Hospital Audit Guide (1972)
Medicare Audit Guide (1969)
Audits of State and Local Governmental Units (1974)

GAAS GUIDE REFERENCE

Specialized Industry Audit Practices, p. 61.01
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STATEMENTS OF POSITION OF THE AUDITING STANDARDS DIVISION

Statements of Position of the Auditing Standards Division are issued to revise or clarify certain recommendations in previously issued Industry Audit Guides. Statements of Position of the Auditing Standards Division have the same authority as that of an audit guide. As to such matters, members may be called upon to justify departures from the recommendations.

ORIGINAL PRONOUNCEMENT

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Revision of Form of Auditor's Report, Audits of Fire and Casualty Insurance Companies

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Specialized Industry Audit Practices, p. **66.01**

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STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES

Statements on Standards for Accounting and Review Services are issued by the Accounting and Review Services Committee in connection with unaudited statements or information of a nonpublic entity. Under Rule 204 of the Code of Ethics, a member must be prepared to justify departures from Statements on Standards for Accounting and Review Services.

ORIGINAL PRONOUNCEMENT

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ACCOUNTING AND REVIEW SERVICES INTERPRETATIONS

Accounting and Review Services Interpretations provide guidance to the accountant in interpreting the promulgated Statements on Standards for Accounting and Review Services (SSARS) issued by the AICPA. Accounting and Review Services Interpretations are issued by the staff of the Accounting and Review Services Committee of the AICPA and are reviewed by members of that Committee. Accounting and Review Services Interpretations are not considered as authoritative as the actual Statements on Standards for Accounting and Review Services. However, a member of the AICPA may have to justify any departure from an Accounting and Review Services Interpretation, if the quality of the work is in doubt.

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