

# Compilation of Financial Information

**CPD Online**

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**IPA** INSTITUTE OF PUBLIC  
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Accounting Professional & Ethical Standards Board

# Areas of non-compliance

## Compilation report

- ✘ Missing key elements (e.g. date, signature)
- ✘ Does not identify the compiled information
- ✘ Contains references to withdrawn standard (Pronouncement 5)
- ✘ Lack of independence not disclosed

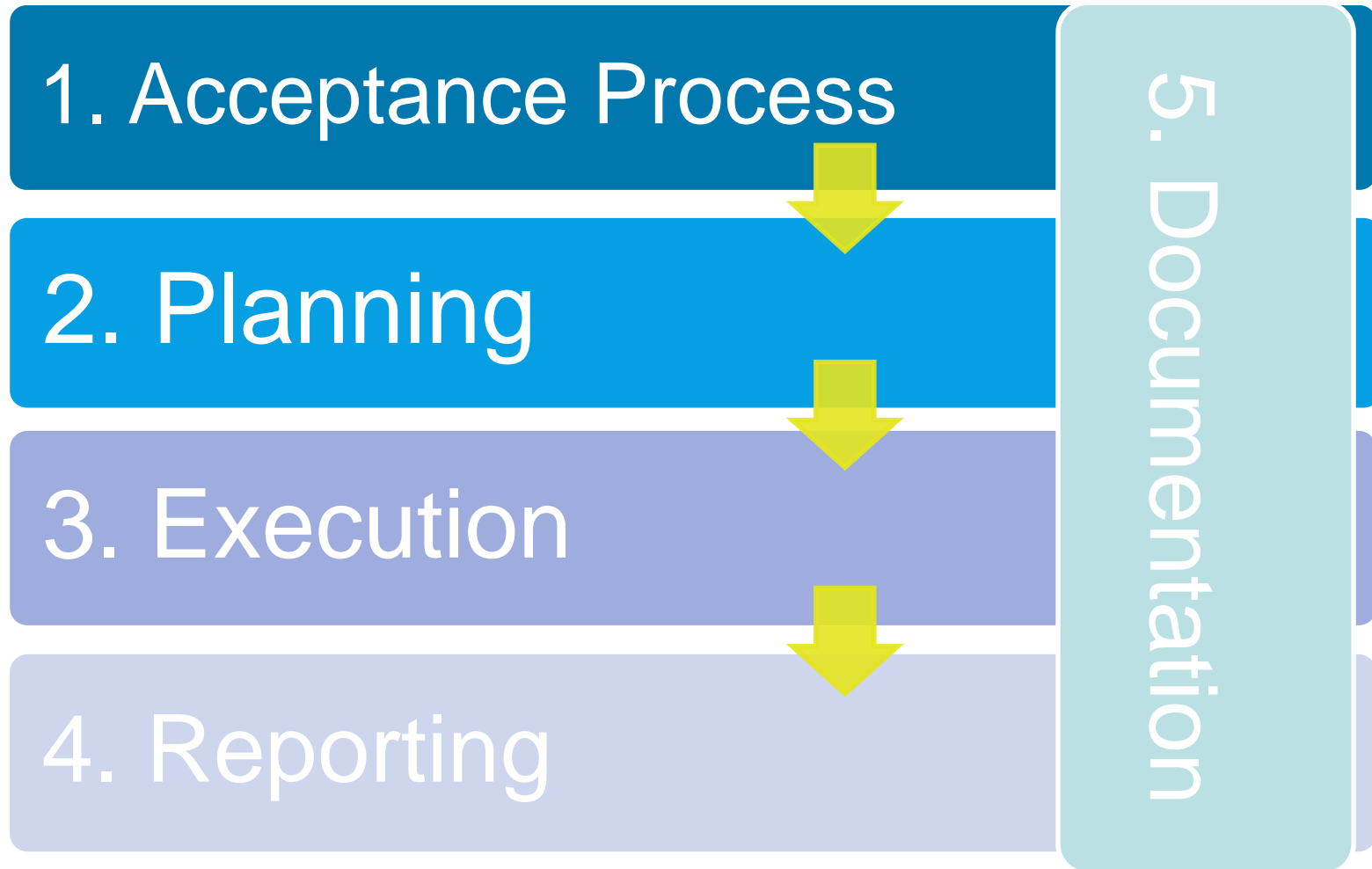
## Missing documentation

- ✘ Terms of Engagement not documented or retained on file
- ✘ No justification as to why compilation report not issued
- ✘ No acknowledgment from client of their responsibilities

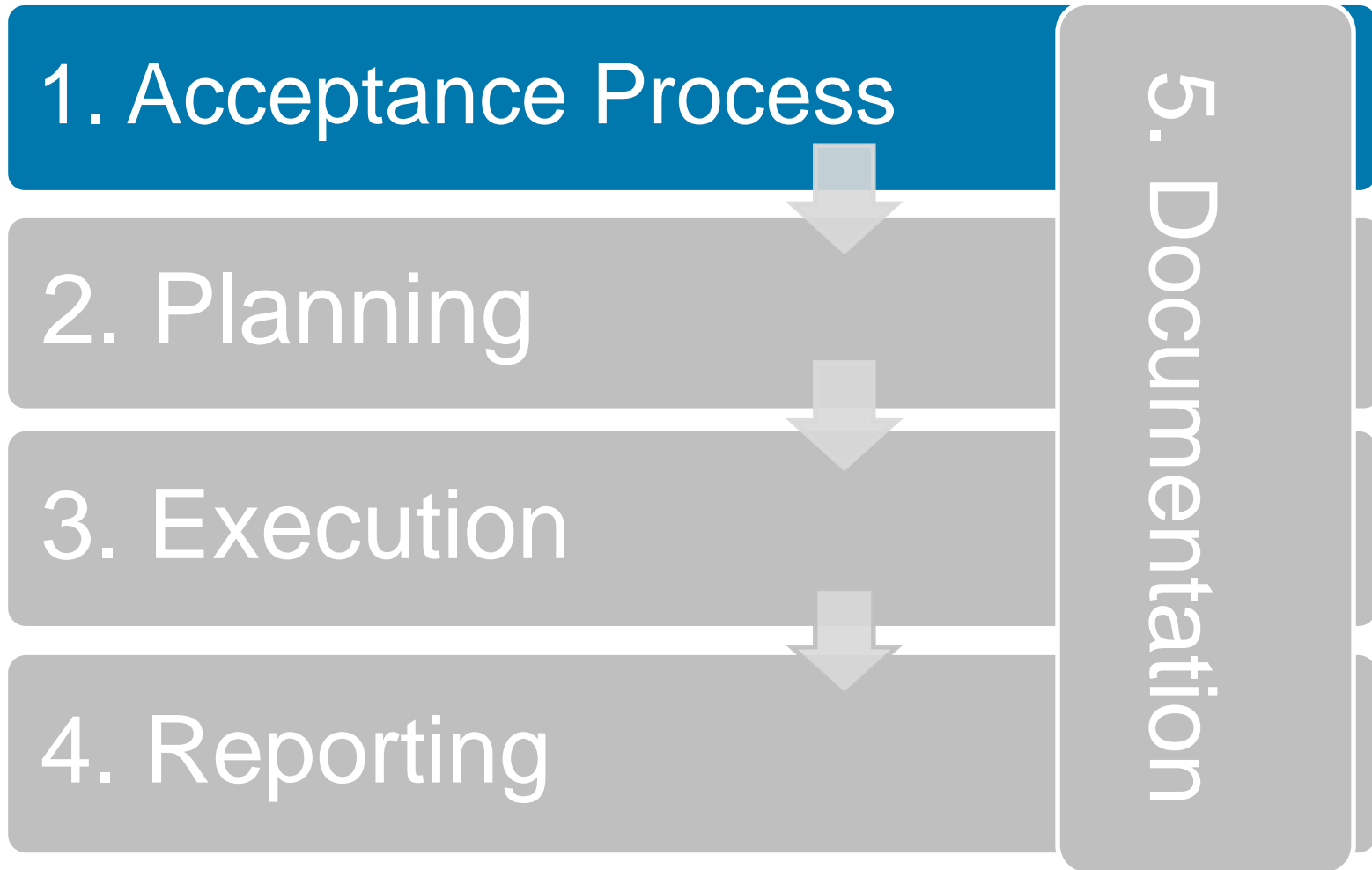
## Compiled Information

- ✘ No reference such as 'unaudited' or 'refer to compilation report'

# Overview



# Overview



# Acceptance Process

## Engagement acceptance and continuance procedures

- Consider:
  - firms policies & procedures
  - skills & resources needed to perform engagement
  - the relevant ethical requirements (APES 110, 305 & 315)
  - integrity of the client
  - conflicts of interest

# Acceptance Process

## Is this a compilation engagement under APES 315?

- ✓ Engagements to prepare historical or prospective financial information
- ✓ Apply professional expertise in accounting & financial reporting
- ✓ Information prepared in accordance with an Applicable Financial Reporting Framework (AFRF)
- ✓ No assurance provided on compiled information

## APES 315 applied to the extent practicable for:

- engagements to compile non-financial information
- compilation reports prepared under *ASIC Corporations (Audit Relief Instrument) 2016/784*

# Acceptance Process

## Excluded activities not included as Compilation Engagements

- Preparation of tax return & supporting information only included in tax return\*
- Reporting to a client on analysis of figures provided by that client
- Information provided to client without collection, classification or summarisation\*
- Assurance engagements

*\* Need to issue Accountants Disclaimer Report*

# Acceptance Process

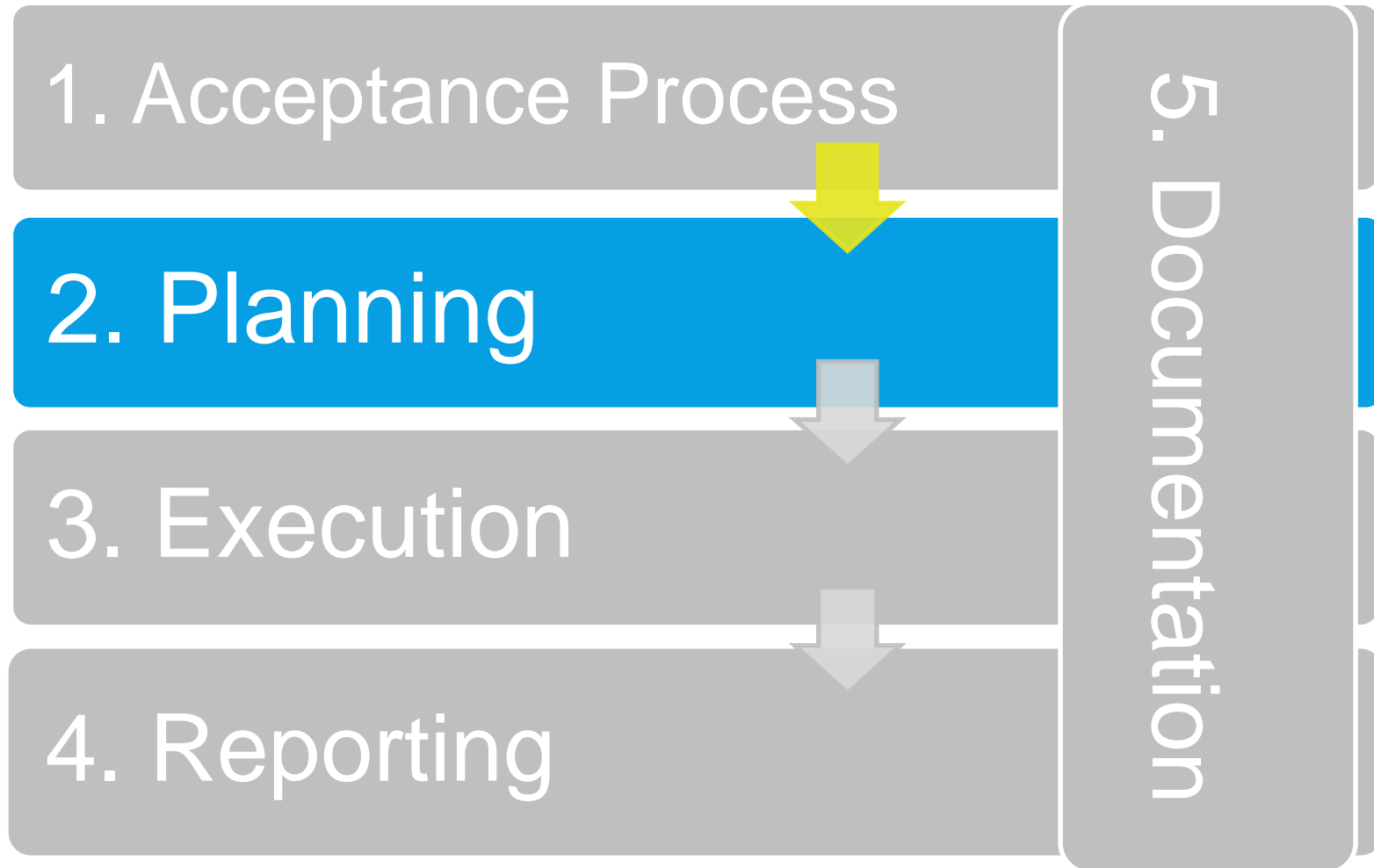
## Contents of Terms of Engagement

- General content specified in APES 305 section 4
- Additional matters per APES 315 paragraph 6.2, which includes
  - statement that no assurance will be expressed
  - nature of the information supplied by the client
  - a statement on client responsibilities
  - basis of accounting in the AFRF
  - form & content of compilation report
  - restrictions on reports use or distribution
  - nature of disclaimer or limitation of liability
  - obligation to comply with professional standards

*Refer to Appendix 3 for an Example Engagement Letter*



# Overview

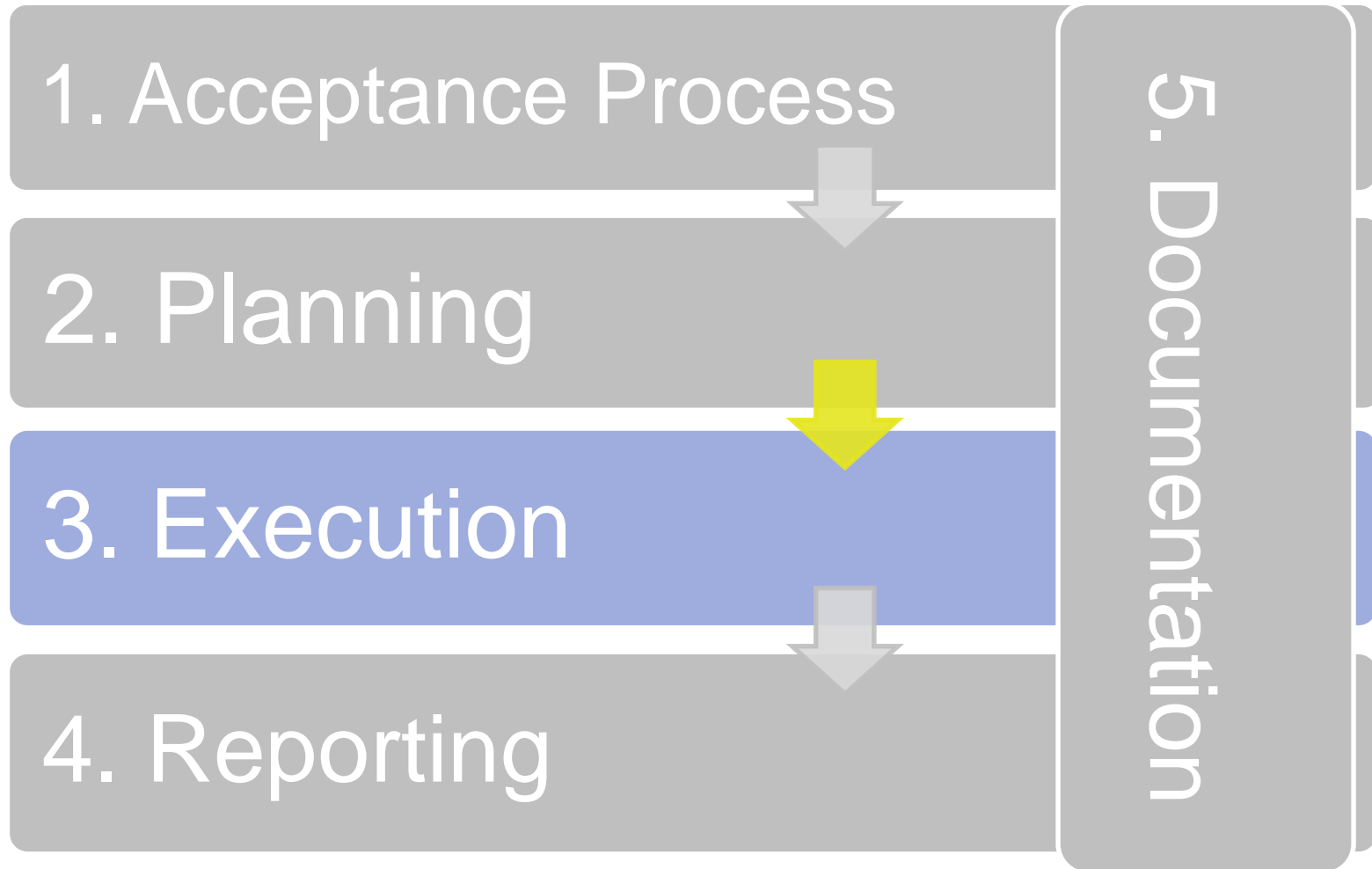


# Planning

## Key considerations when planning engagement

- Professional standards, laws and regulations
- AFRF and appropriateness for engagement
  - GPFR & SPFR (APES 205)
  - intended use
- Significant Judgements
  - responsibility of the client/TCWG

# Overview



# Execution

- Need to obtain sufficient knowledge of the:
  - client's business,
  - its operation and
  - accounting principles and practices of that industry
- Procedures not specified in standard - must be tailored to suit engagement
- Apply professional judgement to determine work to be performed

## Significant matters

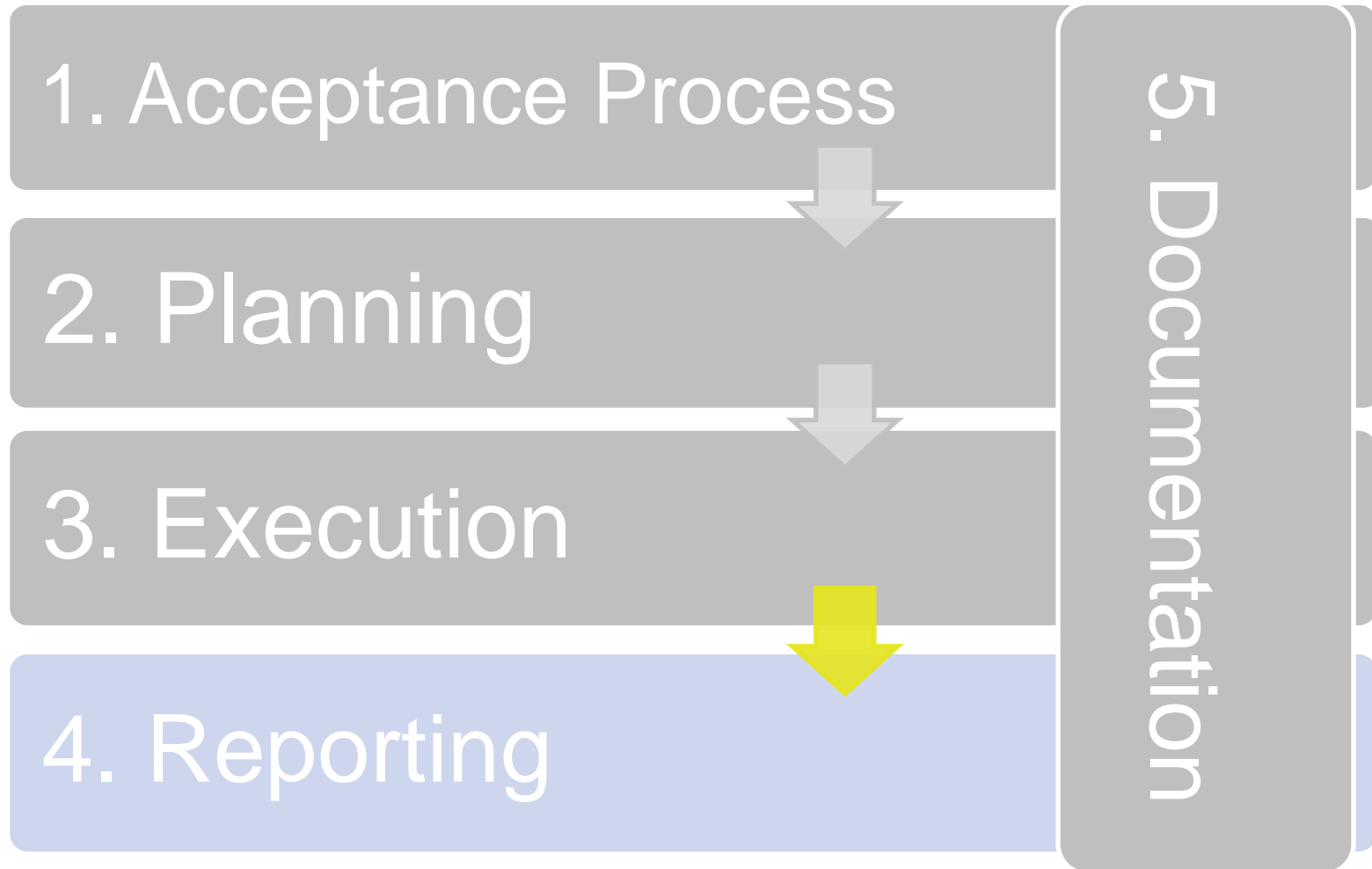
- Report on a timely basis
- Need to report fraud, misstatements or illegal acts

# Execution

## Misstatements

- Make inquiries of management on reliability, completeness and accuracy of information provided
- Assess internal controls
- Verify relevant matters or information
- Request appropriate amendments
- Consider continuance of engagement if client unwilling to process amendments

# Overview



# Reporting

## When should compilation reports be issued?

- Members name associated with compiled information
- Compiled information used by external parties
- If intended users will not understand the nature and scope of the engagement
- If required by law or regulations
- If the compiled information is to be publicly filed
- To cover significant matters not covered by an audit or review engagement

## When are compilation reports not required?

- If compiled information subject to audit or review
- If compiled information not associated with member
- When Accountants Report disclaimer required to be issued



# Reporting

## When are Accountants Report Disclaimers issued?

- When excluded activities are performed
  - Preparation of financial statement for tax returns
  - Information relayed without collection, classification or summary
- Compiled information is for client's internal use only

*APES 315 Appendix 5 has an example of an Accountants Disclaimer report.*

# Reporting

## Key elements of a compilation report

- Title of report & the addressee
- Statement re compliance with ethical requirements
- Statement that client responsible for compiled financial information
- Statement that audit or review not conducted so no assurance expressed
- Date of the compilation report
- Member or Firms name, address & signature (digital acceptable)
- Appropriate disclaimer of liability
- Description of the responsibilities of management/TCWG

# Reporting

## Elements to be included in compilation report if applicable

- Statement on lack of independence
- Identification of compiled financial information noting based on information provided by the client
- Statement on the purpose for which SPFRs prepared & the suitability of their use

*Refer to APES 315 Appendix 4 for examples of various compilation reports*

# Reporting

## Compiled Financial Information

Every page of the compiled information prepared must include the words:

- ‘Unaudited’;
- ‘Compiled without Audit or Review’; or
- ‘Refer to Compilation Report’

And

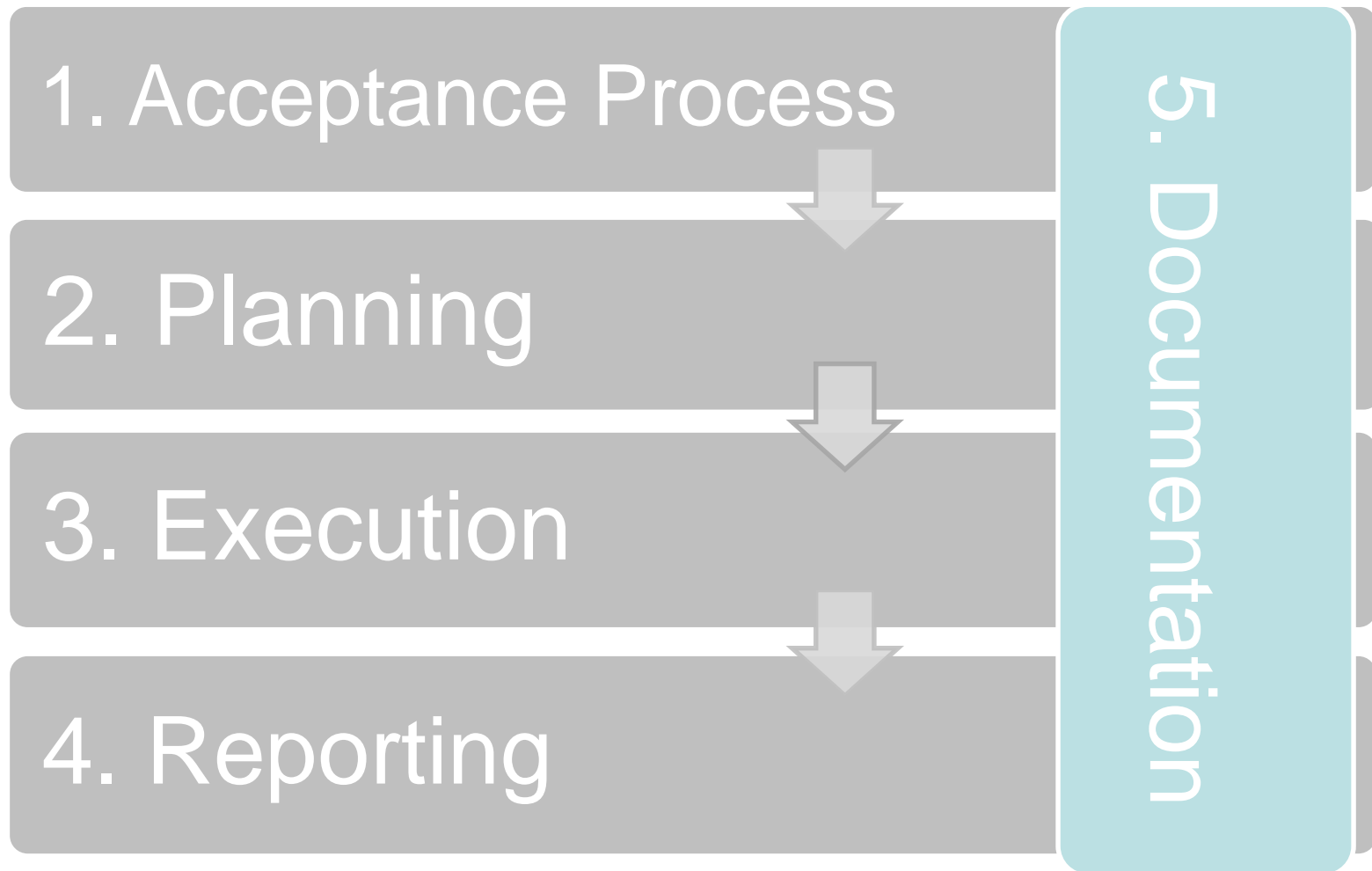
- ‘For internal use only’ if compiled information only used internally by the client

# Reporting

## Subsequent discovery of facts

- Assess impact & take action
- Document reasons for action taken
- If revision required request client inform users of the initial report distributed

# Overview



# Documentation

To be compliant with APES 315 need to have documentation that:

- Sets out the terms of engagement
- Outlines the planning for the engagement
- Provides evidence of work or actions performed
- Provides support for key decisions in the engagement
- Acknowledges client's responsibilities for significant judgements including the AFRF
- Evidence of final report issued, if applicable

# Documentation

Working papers to include:

- a sufficient and appropriate record of the procedures performed;
- identification of the sources of significant information; and
- Demonstration of compliance with professional, ethical, legal and regulatory requirements

*(APES 315 paragraph 8.1)*

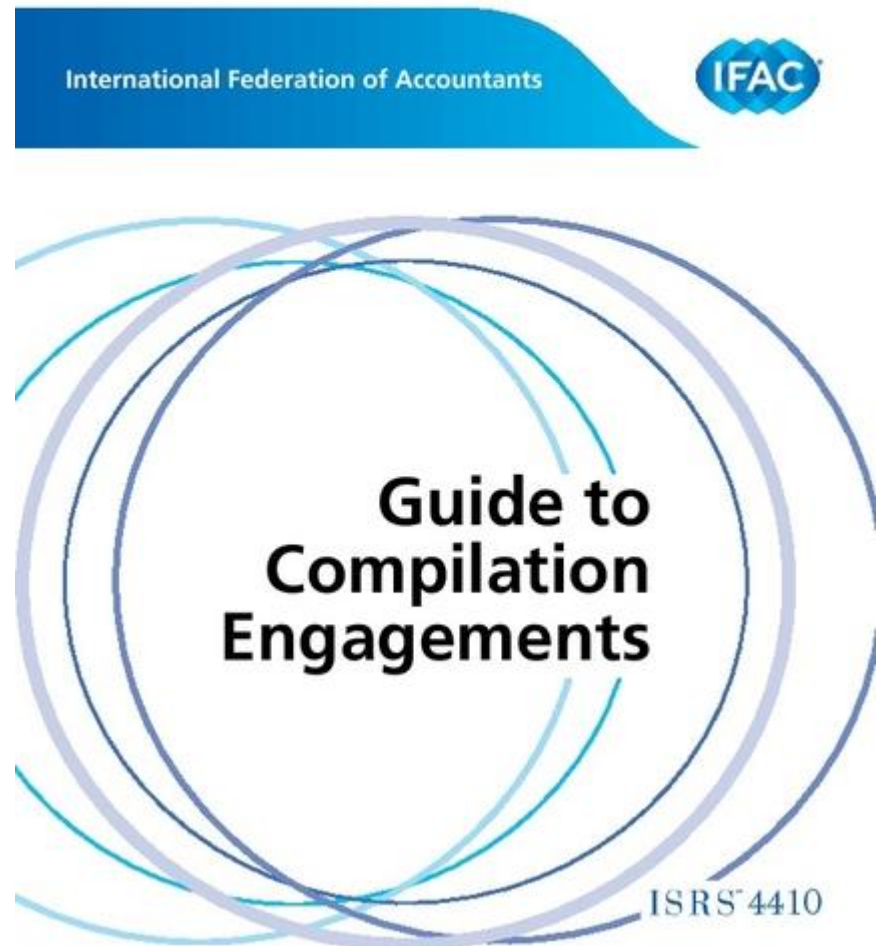


# Further information

- APES 315 Appendices

- IFAC Guide to Compilation Engagements

<https://www.ifac.org/publications-resources/guide-compilation-engagements>



# Next steps...

- For more information:

Visit: [www.apesb.org.au](http://www.apesb.org.au)

- For timely updates, follow the APESB page:

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# Q & A session...