

Non-Audit Services and Implementation Support

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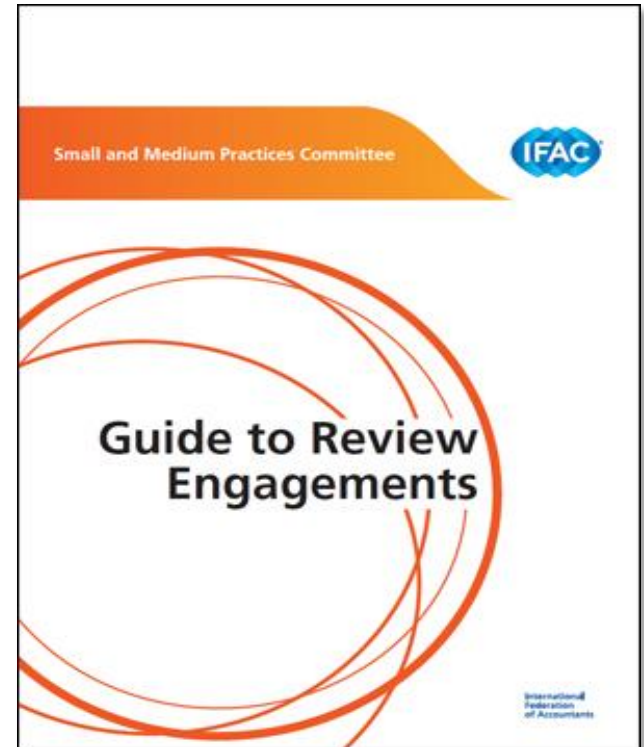
Agenda

- Review Engagements
- Compilation Engagements
- AUP Engagements
- Choosing Right Services

Review Engagements

Guide to Review Engagements

- International Standard on Review Engagements (ISRE) 2400 (Revised)
- Translation in progress in multiple languages
- Published in Dec 2013



Uses of Review Engagements

Uses	Commentary
Increased Credibility	Independent credibility to the F/S—attract new investors, obtain finance.
Enhanced Confidence	Provides accountability & confidence to shareholders, management, partners, government agencies and regulators, and other stakeholders.
Plan for Success	Enables the business to plan for the future—prepares growing business for transition to audit or preparing to sell.

SME Benefits of Review Engagements

SME Benefits	Commentary
Alternative to Audit	Audit exemptions for small- and medium-sized entities (SMEs) are becoming more prevalent. Less time consuming for client.
Lower Cost	A review engagement is normally a lower cost for an entity than an audit.
Limited Assurance	Limited assurance obtained on the F/S as opposed to no assurance with a compilation.

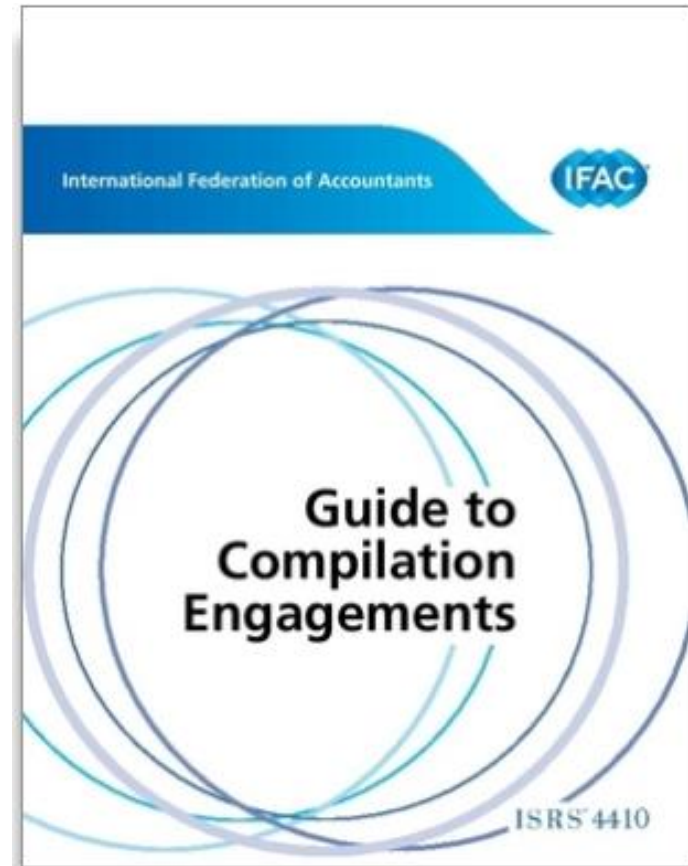
SMP Benefits of Review Engagements

SMP Benefits	Commentary
Bespoke Advice	Adds value to the client and provide a basis for bespoke advice
Opportunities— Additional Service	Ensure the client is aware of how and when a review engagement can be used Deepens relationship with the client Opportunities for cross-selling
Flexibility with Consistency	Consists primarily of inquiry and analytical procedures, allowing practitioners to tailor procedures based on their professional judgment and experience

Compilation Engagements

Guide to Compilation Engagements

- International Standard on Related Services (ISRS) 4410 (Revised)
- Published September 2015



Uses of Compilation Engagements

Uses	Commentary
Expertise of a Professional is Required	Expertise of the practitioner is required by the client to compile the financial statements but no assurance is required.
Within Other Engagements	Compiled financial statements may be a useful, and ancillary addition to, other engagements, such as income and cash flow projections, financial or tax planning services, or taxation reporting engagements.
Transaction Purposes	Any number of transaction related purposes may be supported by a compilation report. For example, a change to the entity's ownership or restructured financing (i.e. merger to acquisition).

SME Benefits of Compilation Engagements

SME Benefits	Commentary
Alternative Service	Trend towards higher audit exemptions. May be less time consuming for client.
Cost Effective	A compilation engagement is normally a lower cost for an entity than an audit or a review engagement.
Reported Involvement From a Professional	Accompanying report states expertise in accounting and financial reporting applied to assist in the preparation and presentation as well as adherence to relevant ethical requirements.

SMP Benefits of Compilation Engagements

SMP Benefits	Commentary
Customized Advice	Add value to the client and provide a basis for customized advice. Financial reporting requires judgment, therefore management may benefit from the assistance of the practitioner, particularly when making significant judgments.
Opportunities – Additional Service	Ensure the client is aware of how and when a compilation engagement can be used. Opportunities for cross-selling.
Flexibility	Consists of use of records, documents, explanation and other information provided by management allowing practitioners to tailor procedures, if any, based on professional judgment and experience.

The Four Elements in Each Guide

Accepting

Planning

Performing

Reporting

Benefits of the Guides

Guide Benefits	Commentary
Extracts from the Standard	Direct extracts from ISRS 4410 (Revised) and ISRE 2400 (Revised)
Tailored Examples	Illustrated examples and Consider Points, including efficiency suggestions.
Appendices	Checklists, correspondence samples and reports for adaption.
Staff Training	Day-to-day reference tool for staff – can be used for training. Ensure SMP staff develop a consistent approach.

Agreed-Upon Procedures Engagements I

- ISRS 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*
- Agreed-Upon Procedures (AUP) Engagements
 - Report based on factual findings
 - No assurance is expressed
 - Report is not distributed publicly
- Greater demand due to changing landscape
- IAASB [project to update](#) approved (Sep 2017)

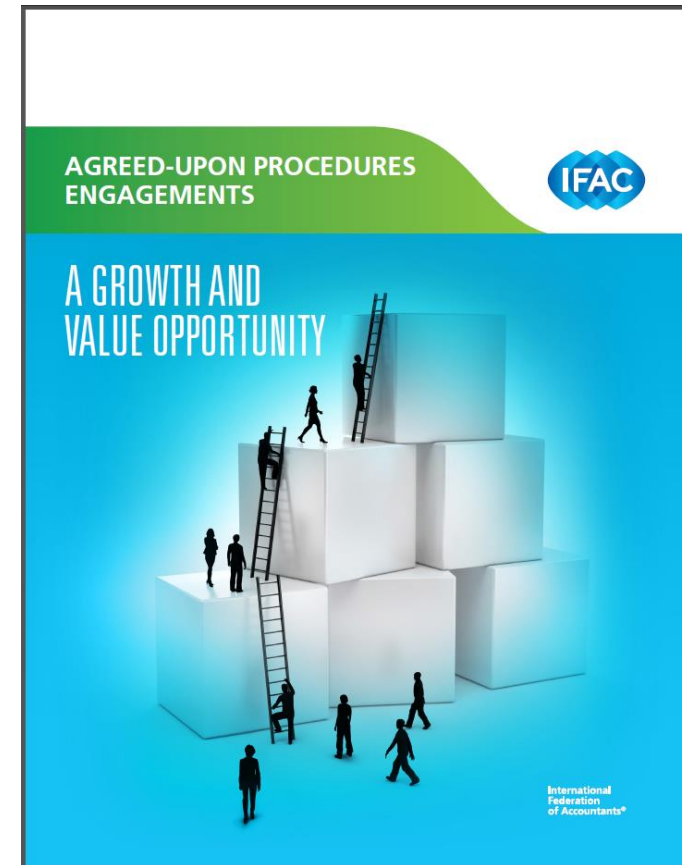
Agreed-Upon Procedures Engagements II

- Procedures of an audit nature which practitioner, entity and any appropriate 3rd parties have agreed
- Perform procedures on individual items of financial data, e.g.
 - Accounts receivable/ payable
 - Verifying cash balances
 - Special reviews of loan portfolios
 - Due diligence when buying or selling a business

Agreed-Upon Procedures Engagements II

Agreed-Upon Procedures (AUP) Engagements: A Growth and Value Opportunity

- What is an AUP engagement
- Benefits to Clients
- Examples of financial and non-financial
- Sample AUP engagements and procedures



Choosing the Right Service

Choosing the Right Service: Comparing Audit, Review, Compilation and AUP Services

- Targeted at SMEs
- Explains when each service is appropriate and benefits
- PAOs may customize for members (like CECCAR)



Comparison of the Four Engagements

Engagement Type			
AUDIT	REVIEW	COMPILATION	AGREED-UPON PROCEDURES
Standards			
ISA	ISRE 2400 (Revised)	ISRS 4410 (Revised)	ISRS 4400
Assurance			
Reasonable	Limited	None	None
Work Efforts			
Risk assessment and audit procedures that respond to the risks identified	Primarily inquiry and analytical procedures	Assisting management prepare financial information	Obtaining evidence to support factual findings
Report			
Opinion (positive assurance)	Conclusion (negative assurance)	Report communicating the nature of the compilation engagement and the practitioner's role and responsibilities. (No assurance)	Restricted use report (reporting on factual findings)

Resources – IFAC General

- IFAC SMP Committee: www.ifac.org/SMP
- Follow us on [Twitter](#): IFAC_SMP
- IFAC Global SMP Survey www.ifac.org/smp
- Join us on [LinkedIn](#): IFAC SMP Community
- Global Knowledge Gateway www.ifac.org/Gateway

THE LATEST

Global Knowledge, Resources, and News from the Gateway



Resources – IFAC Publications

In addition to those mentioned above:

- *Guide to Practice Management for SMPs*
- *Good Practice Checklist for Small Business*
- *Companion Manual*

Other Resources – Articles / Videos / Events

[Building Trust through Agreed-Upon Procedures](#)

[New Services for Accounting Firms: It's about Reliance, Not Compliance](#)

[Tomorrow's Firm—Think Big, Think Advisory](#)

[Digital Technologies' Implications for SMPs](#)

[What can the European Profession learn from the 2016 IFAC Global SMP Survey?](#)

[EFAA 2018 International Conference: Digital Transformation of SMEs](#) **[INVITE]**