

## New standard published by the Auditing & Assurance Standards Board: CSRS 4200, *Compilation Engagements*



### Effective date

CSRS 4200, *Compilation Engagements* is effective for compiled financial information for periods on or after **December 14, 2021**. Early application is permitted.



### Why a new compilation engagement standard?

CSRS 4200, *Compilation Engagements*, has been published in order to address any misunderstanding surrounding the intended users of the financial information and the extent of work performed. This new standard requires the identification of the users, including any third parties, as well as clarifying the work and documentation required in order to better achieve consistency across engagements. The standard further requires the inclusion of a note describing the basis of accounting applied in order to help users understand how the financial information was compiled.

### Objectives of a compilation engagement

1. Provide you with assistance in compiling your financial information in accordance with a basis of accounting selected by you, based on information provided by you.
2. Report in accordance with CSRS 4200, *Compilation Engagements*.

### Scope

**A compilation engagement is not an assurance engagement.** No procedures will be performed to verify the accuracy and completeness of the information provided by you. It is important that you reevaluate your need and your third parties' needs to ensure that a compilation under CSRS 4200 is appropriate for you.

Examples of services that are excluded from the CSRS 4200 scope include:

- Bookkeeping services, such as collecting, classifying and processing data entries to create accounting records.
- Completion of tax services.
- Assurance over the financial information.

If you require assurance over the financial information, consider whether a review or audit engagement is more appropriate.

**Assess whether a compilation is appropriate for your purposes and discuss with third parties to ensure that it is suitable for their purposes, if applicable.**



## Key considerations



### Intended use

We are now required to enquire about the intended use of the compiled financial information. You will inform us of the **existence of third-party users, such as lenders**, and if they can request and obtain further information from you or have agreed on the basis of accounting. This information is required **before we can accept or continue the engagement**.



You will need to sign a **new engagement letter**, which includes the objective and scope of the compilation engagement, the intended use of the financial information, your responsibilities, as well as our responsibilities.



### Basis of accounting

The compiled financial information will now include a **note describing the accounting policies** used to recognize and measure items in the financial information.

*Examples of bases of accounting include*

- Cash basis of accounting;
- Cash basis of accounting with selected accruals and accounting estimates, such as amortization of property, plant and equipment; or
- Prescribed by a contract.



We may assist you with the selection of the basis of accounting; however, **you are ultimately responsible for the basis of accounting selected** and for understanding the impacts of this selection on the compiled financial information.



### Enhanced collaboration

Through meaningful discussions, we will **deepen our knowledge of your entity**, including but not limited to your business and operations, accounting system, and accounting records. This will allow us to **better assist you in selecting and applying the basis of accounting**, including policies related to accruals and accounting estimates and processing year-end adjustments for significant judgments.

*Examples of accounting estimates and significant judgments include allowance for doubtful accounts or the recognition and measurement of revenue.*



We will engage with you to ensure that **you understand the judgments and their impacts** on the compiled financial information in order to be fully equipped to **acknowledge responsibility for them**.



### Deliverable

The compiled financial information will now include a **new compilation engagement report**, which includes a description of our responsibilities and your responsibilities for the compiled financial information, as well as additional clarification on work performed.



You will acknowledge responsibility for the final version of the compiled financial information by signing the **new management acknowledgement letter**.



## Additional work effort and costs

In addition to the significant changes identified, CSRS 4200 imposes a more robust set of documentation requirements that require increased involvement from the engagement team to better assist you in the preparation of compiled financial information that is appropriate for the intended use you have identified. These additional requirements will provide better and more relevant information to the users of the compiled financial information than before. As a result, you may expect an increase in costs associated with a compilation engagement performed under CSRS 4200.

**Still unsure about whether a compilation engagement is what you need?** We invite you to review this [resource](#) comparing the different engagements a professional accountant can perform.



**We will engage with you to ensure a seamless transition to the new compilation engagement standard.**