



## Agenda Item 2

### International Reporting Issues

#### Objective of Agenda Item

To continue discussions on the proposed SSARS *International Reporting Issues and Amendment to Requirements When Referencing the Work of Other Accountants in an Accountant's Review Report*. The ARSC is not asked to consider voting to expose the proposed SSARSs for public comment at this time.

#### Background

The ARSC considered drafts of the proposed standard at its meetings in November 2016 and January 2017. The draft standard proposes requirements and guidance when 1) financial statements are prepared in accordance with a foreign framework (not IFRS) and 2) the compilation or review is to be performed in accordance with the international compilation or review standards. The standard will also move the guidance in Interpretation No. 1, *Considerations Related to Reviews Performed in Accordance With International Standard on Review Engagements (ISRE) 2400 (Revised)* to AR-C section 90 the SSARSs proper and will result in the withdrawal of the interpretation.

It is not anticipated that the standard will result in significant change in practice but instead will provide supplemental requirements and guidance for applying AR-C sections 80 and 90.

If passed as a final standard, the standard will result in a new AR-C section 100, *International Reporting Issues*.

The proposed standard also includes an amendment to requirements when referencing the work of other accountants in an accountant's review report. The proposed SSARS includes amendments to paragraphs.78-.79 of AR-C section 90 that will:

- Preclude the accountant from referencing, in the accountant's review report, the review or audit report of other accountants if such accountant's report is restricted as to use
- Provide guidance when the accountant decides to make reference, in the accountant's review report, to the review or audit report of other accountants of

financial statements of a significant component and the other accountant's review or audit is performed in accordance with standards other than SSARs or auditing standards generally accepted in the United States of America (GAAS)

- Provide review reporting requirements and guidance when the accountant decides to make reference to the review or audit of other accountants who review or audit the financial statements of a significant component which are prepared using a different financial reporting framework from that used for the financial statements of the reporting entity

## **Issues for Discussion with ARSC**

### **Issue #1 - Is it practical to perform a compilation in accordance with AR-C section 80 and International Standard on Related Services (ISRS) 4410 (Revised), Compilation Engagements**

The proposed standard provides requirements and guidance when the accountant is engaged to perform a compilation or review of financial statements in accordance with both SSARs and another set of compilation or review standards. Previously, the ARSC issued Interpretation No. 1 to AR-C section 90 which provided guidance when a review was performed in accordance with both SSARs and ISRE 2400 (Revised). At that time, the ARSC determined to not issue an interpretation to AR-C section 80 that would provide guidance when a compilation was performed in accordance with both SSARs and ISRS 4410 (Revised).

The exhibit to this discussion memorandum provides a table that compares the requirements of ISRS 4410 (Revised) to AR-C section 80.

Staff believes that the nature of a compilation performed in accordance with ISRS 4410 (Revised) is not the same as a compilation performed in accordance with SSARs. The primary differences are as follows:

- Because the intentional independence requirements run to “assurance services,” a compilation performed in accordance with ISRS 4410 (Revised) does not require the accountant to consider whether he or she is independent.
- A compilation in accordance with ISRS 4410 (Revised) includes the preparation of the financial statements. A SSARs compilation is a read and report service and does not require the accountant to have prepared the financial statements.
- Because the ISRS 4410 (Revised) compilation includes the preparation of financial statements, the standard is written such that there would be no framework departures. If management directs the accountant to prepare financial statements that include a departure from a traditional framework, the framework itself changes to an “entity specific” framework.

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While the draft standard provides requirements and guidance when an accountant is engaged to perform a compilation in accordance with both SSARSs and ISRE 4410 (Revised), staff does not believe that such an engagement is practical. Staff would not include such requirements and guidance and instead would include an application paragraph that states that the nature of a compilation performed in accordance with ISRS 4410 (Revised) is not the same as a compilation performed in accordance with SSARSs and, as such, the accountant need not follow SSARSs if the accountant is engaged to perform an ISRS 4410 (Revised) compilation and such compilation is only intended for use outside of the United States. The proposed application guidance could hang off the following requirement from AR-C section 60:

- .10** The accountant must perform a review, compilation, or an engagement to prepare financial statements in accordance with SSARSs, except for certain reviews of interim financial information as discussed in section 90, *Review of Financial Statements*.

**Action Requested of ARSC**

ARSC is asked to consider staff's proposal to remove guidance and requirements with respect to compilations performed in accordance with both SSARSs and ISRS 4410 (Revised) and instead include an application paragraph that states that since the nature of the engagements is different, that if the accountant is engaged to perform a compilation in accordance with ISRS 4410 (Revised) and such compilation will only be used outside the United States that the accountant need not comply with SSARSs.

**Issue #1 – Determining whether other accountants are familiar with SSARSs or GAAS when referencing the work of such other accountants in the accountant's review report**

The proposed standard would result in certain revisions when the accountant decides to not assume responsibility for the audit or review of significant components performed by other accountants. Extant paragraph .79b of AR-C section 90 includes a requirement that, regardless of whether the accountant of the reporting entity decides to make reference to the review or audit of other accountants, the accountant of the reporting entity should communicate with the other accountants and ascertain that the other accountants are familiar with the applicable financial reporting framework and with SSARSs or GAAS, as applicable, and will conduct the review or audit in accordance therewith.

The proposed standard would add the following application paragraph to provide guidance with respect to determining whether the other accountants are familiar with SSARSs or GAAS, as applicable. The proposed application paragraph is modeled on paragraph .A53 of AU-C section 600, *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*:

- .A128** *An other accountant's review report stating that the review was conducted in accordance with SSARSs or an auditor's report stating that the audit was conducted in accordance with GAAS or, if applicable, the auditing standards*

*promulgated by the PCAOB is sufficient to make the determination required by paragraph .80b. When the other accountant has performed a review of the component financial statements in accordance with standards other than SSARSs or an audit of the component financial statements in accordance with auditing standards other than GAAS or, if applicable, the auditing standards promulgated by the PCAOB, the accountant of the reporting entity may evaluate, exercising professional judgment, whether the engagement performed by the other accountant meets the relevant requirements of SSARSs or GAAS as applicable. For the purposes of complying with paragraph .80b, relevant requirements of SSARSs or GAAS are those that pertain to planning and performing the engagement on the component financial statements and do not include those related to the form of the accountant's review or the auditor's report. Reviews performed in accordance with International Standard on Review Engagements 2400 (Revised) and audits performed in accordance with International Standards on Auditing (ISAs), both of which are promulgated by the International Auditing and Assurance Standards Board (IAASB), are more likely to meet the relevant requirements of SSARSs and GAAS, respectively, than reviews or audits performed in accordance with review and auditing standards promulgated by bodies other than the IAASB. The other accountants may perform additional procedures in order to meet the relevant requirements of SSARSs or GAAS. The accountant of the reporting entity, having determined that all relevant requirements of SSARSs or GAAS have been met by the other accountant, may decide to make reference to the review or audit of that other accountant in the accountant's review report on the reporting entity's financial statements.*

Staff questions whether the application guidance is necessary or would result in confusion.

**Action Requested of ARSC**

ARSC is asked to consider whether the proposed application paragraph is necessary.

**Agenda Items Presented:**

Agenda item 2A      Draft proposed SSARS *International Reporting Issues and Amendment to Requirements When Referencing the Work of Other Accountants in an Accountant's Review Report*

## Exhibit – Comparison of ISRS 4410 (Revised) requirements to AR-C section 80

Note: For the full text of ISRS 4410 (Revised), see [https://www.aicpa.org/Research/Standards/CompilationReview/ARSC/Documents/201211\\_Item2A.pdf](https://www.aicpa.org/Research/Standards/CompilationReview/ARSC/Documents/201211_Item2A.pdf)

ISRS 4410 (Revised) requirements <sup>1</sup>	Corresponding AR-C section 80 requirement	Notes
18. The practitioner shall have an understanding of the entire text of this ISRS, including its application and other explanatory material, to understand its objectives and to apply its requirements properly.	<b>[AR-C section 60]</b> .12 The accountant should have an understanding of the entire text of an AR-C section, including its application and other explanatory material, to understand its objectives and apply its requirements properly.	
19. The practitioner shall comply with each requirement of this ISRS unless a particular requirement is not relevant to the compilation engagement, for example if the circumstances addressed by the requirement do not exist in the engagement.	<b>[AR-C section 60]</b> .14 Subject to paragraph .16, the accountant should comply with each requirement of the relevant AR-C section unless, in the circumstances of the engagement, the requirement is not relevant because it is conditional, and the condition does not exist.	
20. The practitioner shall not represent compliance with this ISRS unless the practitioner has complied with all	<b>[AR-C section 60]</b> .13 An accountant should not represent compliance with SSARSs in the accountant’s compilation or review report	

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ISRS 4410 (Revised) requirements <sup>1</sup>	Corresponding AR-C section 80 requirement	Notes
requirements of this ISRS relevant to the compilation engagement.	unless the accountant has complied with the requirements of this section and all other AR-C sections relevant to the engagement.	
21. The practitioner shall comply with relevant ethical requirements.	<b>[AR-C section 60]</b> <b>.08</b> The accountant should comply with relevant ethical requirements.	
22. The practitioner shall exercise professional judgment in conducting a compilation engagement.	<b>[AR-C section 60]</b> <b>.09</b> The accountant should exercise professional judgment in the performance of an engagement in accordance with SSARs.	
23. The engagement partner shall take responsibility for:  (a) The overall quality of each compilation engagement to which that partner is assigned; and	<b>[AR-C section 60]</b>  <b>.20</b> In an engagement performed in accordance with SSARs, the engagement partner should take responsibility for the following:  a. The overall quality of each engagement to which that partner is assigned  b. The direction, supervision, planning and performance of the engagement in compliance with professional standards and	

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ISRS 4410 (Revised) requirements <sup>1</sup>	Corresponding AR-C section 80 requirement	Notes
<p>(b) The engagement being performed in accordance with the firm's quality control policies and procedures, by:</p> <p>(i) Following appropriate procedures regarding the acceptance and continuance of client relationships and engagements;</p> <p>(ii) Being satisfied that the engagement team collectively has the appropriate competence and</p>	<p>applicable legal and regulatory requirements</p> <p>c. The accountant's report being appropriate in the circumstances</p> <p>d. The engagement being performed in accordance with the firm's quality control policies and procedures, including the following:</p> <p>i. Being satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and engagements have been followed, and that conclusions reached are appropriate, including considering whether there is information that would lead the engagement partner to conclude that management lacks integrity</p>	

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ISRS 4410 (Revised) requirements <sup>1</sup>	Corresponding AR-C section 80 requirement	Notes
<p>capabilities to perform the compilation engagement;</p> <p>(iii) Being alert for indications of non-compliance by members of the engagement team with relevant ethical requirements, and determining the appropriate action if matters come to the engagement partner's attention indicating that members of the engagement team have not complied with relevant ethical requirements;</p> <p>(iv) Directing, supervising and performing the engagement in compliance with professional standards and applicable legal and regulatory requirements; and</p> <p>(v) Taking responsibility for appropriate engagement documentation being maintained.</p>	<p>ii. Being satisfied that the engagement team collectively has the appropriate competence and capabilities to perform the engagement and expertise in financial reporting to</p> <p>(1) perform the engagement in accordance with professional standards and applicable legal and regulatory requirements and</p> <p>(2) enable a report that is appropriate in the circumstances to be issued, if applicable</p> <p>iii. Taking responsibility for appropriate engagement documentation being maintained.</p> <p><b>[AR-C section 60]</b></p>	

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	<p><b>.22</b> Throughout the engagement, the engagement partner should remain alert, through observation and making inquiries as necessary, for evidence of noncompliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, should determine the appropriate action.</p>	
<p>24. The practitioner shall not accept the engagement unless the practitioner has agreed the terms of engagement with management, and the engaging party if different, including:</p> <p>(a) The intended use and distribution of the financial information, and any restrictions on either its use or its distribution where applicable;</p> <p>(b) Identification of the applicable financial reporting framework;</p>	<p><b>[AR-C section 60]</b></p> <p><b>.25</b> As a condition for accepting an engagement to be performed in accordance with SSARSs, the accountant should</p> <p style="padding-left: 20px;">a. determine whether preliminary knowledge of the engagement circumstances indicate that ethical requirements regarding</p>	<p>The SSARSs do not include a requirement that the accountant agree with management on the intended use and distribution of the financial information and any restrictions on either its use or its distribution.</p> <p>The requirement that management identify the applicable financial reporting</p>

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<p>(c) The objective and scope of the compilation engagement;</p> <p>(d) The responsibilities of the practitioner, including the requirement to comply with relevant ethical requirements;</p> <p>(e) The responsibilities of management for:</p> <p style="padding-left: 20px;">(i) The financial information, and for the preparation and presentation thereof, in accordance with a financial reporting framework that is acceptable in view of the intended use of the financial information and the intended users;</p> <p style="padding-left: 20px;">(ii) The accuracy and completeness of the records, documents, explanations and other information provided by management for the compilation engagement; and</p> <p style="padding-left: 20px;">(ii) Judgments needed in the preparation and presentation of the financial information, including those for which the</p>	<p>professional competence will be satisfied.</p> <p><i>b.</i> determine whether the financial reporting framework selected by management to be applied in the preparation of the financial statements is acceptable.</p> <p><i>c.</i> obtain the agreement of management that it acknowledges and understands its responsibility</p> <p style="padding-left: 20px;"><i>i.</i> for the selection of the financial reporting framework to be applied in the preparation of financial statements.</p> <p style="padding-left: 20px;"><i>ii.</i> for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.</p>	<p>framework is included in paragraph .10e of AR-C section 80.</p> <p>Paragraph .10a or AR-C section 80.</p> <p>Paragraph .10c of AR-C section 80.</p> <p>Paragraph .08a of AR-C section 80.</p> <p>Paragraph .25c(v) of AR-C section 60.</p> <p>Paragraph .25c(v) of AR-C section 60. SSARSs do not require management to take responsibility for judgments that the</p>

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<p>practitioner may provide assistance in the course of the compilation engagement; and</p> <p>(f) The expected form and content of the practitioner's report.</p>	<ul style="list-style-type: none"> <li>iii. for preventing and detecting fraud.</li> <li>iv. for ensuring that the entity complies with laws and regulations applicable to its activities.</li> <li>v. for the accuracy and completeness of the records, documents, explanations, and other information, including significant judgments provided by management for the preparation of financial statements.</li> <li>vi. to provide the accountant with (Ref: par. .A49) <ul style="list-style-type: none"> <li>(1) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.</li> </ul> </li> </ul>	<p>practitioner may provide assistance with. Not necessary for a SSARSs compilation as the accountant can perform the engagement if not independent (ISRS 4410 (Revised) does not contemplate independence as it is not an "assurance" service).</p> <p>Paragraph .10f of AR-C section 80.</p>

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	<p>(2) additional information that the accountant may request from management for the purpose of the engagement.</p> <p>(3) unrestricted access to persons within the entity of whom the accountant determines it necessary to make inquiries.</p> <p><b>.08</b> As a condition for accepting an engagement to perform a compilation with respect to an entity's financial statements, in addition to the requirements in paragraph .25 of section 60, the accountant should obtain the agreement of management that it acknowledges and understands its responsibility</p> <p><i>a.</i> for the preparation and fair presentation of financial statements in accordance with the applicable financial reporting framework and the inclusion of all informative disclosures that are appropriate</p>	

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	<p>for the applicable financial reporting framework used to prepare the entity's financial statements. If the financial statements are prepared in accordance with a special purpose framework, this includes (Ref: par. .A4)</p> <ul style="list-style-type: none"> <li>i. a description of the special purpose framework, including a summary of significant accounting policies, and how the framework differs from GAAP, the effect of which need not be quantified, and informative disclosures similar to those required by GAAP, in the case of special purpose financial statements that contain items that are the same as, or similar to, those in financial statements prepared in accordance with GAAP, (Ref: par. .A23)</li> </ul>	

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	<ul style="list-style-type: none"> <li data-bbox="926 321 1325 678">ii. a description of any significant interpretations of the contract on which the special purpose financial statements are prepared, in the case of financial statements prepared in accordance with a contractual-basis of accounting, and</li> <li data-bbox="926 699 1325 954">iii. additional disclosures beyond those specifically required by the framework that may be necessary for the special purpose framework to achieve fair presentation.</li> <li data-bbox="926 976 1325 1289">iv. to include the accountant's compilation report in any document containing financial statements that indicates that the entity's accountant has performed a compilation engagement on such financial statements unless a</li> </ul>	

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	<p style="text-align: center;">different understanding is reached. (Ref: par. .A5)</p> <p><b>.09</b> If the accountant is not satisfied about any of the matters set out in paragraph .25 of section 60 or paragraph .08 of this section as preconditions for accepting a compilation engagement, the accountant should discuss the matter with management or those charged with governance. If changes cannot be made to satisfy the accountant about those matters, the accountant should not accept the proposed engagement.</p> <p><b>.10</b> The accountant should agree upon the terms of the engagement with management or those charged with governance, as appropriate. The agreed-upon terms of the engagement should be documented in an engagement letter or other suitable form of written agreement and should include the following: (Ref: par. .A6–.A11)</p> <ul style="list-style-type: none"> <li><i>a.</i> The objectives of the engagement</li> <li><i>b.</i> The responsibilities of management set forth in</li> </ul>	

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	<p style="text-align: center;">paragraph .25c of section 60 and paragraph .08 of this section</p> <ul style="list-style-type: none"> <li><i>c.</i> The responsibilities of the accountant</li> <li><i>d.</i> The limitations of the compilation engagement</li> <li><i>e.</i> Identification of the applicable financial reporting framework for the preparation of the financial statements</li> <li><i>f.</i> The expected form and content of the accountant's compilation report and a statement that there may be circumstances in which the report may differ from its expected form and content</li> </ul>	
<p>25. The practitioner shall record the agreed terms of engagement in an engagement letter or other suitable form of written agreement, prior to performing the engagement.</p>	<p>See paragraph .10 preceding.</p>	<p>The SSARSs are not specific that the engagement letter need be obtained prior to performing the engagement.</p>
<p>26. On recurring compilation engagements, the practitioner shall evaluate whether circumstances, including</p>		<p>Not included in SSARSs as the ARSC determined that it did not want to</p>

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<p>changes in the engagement acceptance considerations, require the terms of engagement to be revised and whether there is need to remind management of the existing terms of engagement.</p>		<p>recommend multi-year engagement letters. It is discussed in the SSARSs Guide.</p>
<p>27. The practitioner shall communicate with management or those charged with governance, as appropriate, on a timely basis during the course of the compilation engagement, all matters concerning the compilation engagement that, in the practitioner's professional judgment, are of sufficient importance to merit the attention of management or those charged with governance, as appropriate.</p>		<p>Not included in AR-C section 80 (the requirement is included in paragraph .13 of AR-C section 90 for a review engagement).</p>
<p>28. The practitioner shall obtain an understanding of the following matters sufficient to be able to perform the compilation engagement:</p> <p>(a) The entity's business and operations, including the entity's accounting system and accounting records; and</p> <p>(b) The applicable financial reporting framework, including its application in the entity's industry.</p>	<p>.12 The accountant should obtain an understanding of the applicable financial reporting framework and the significant accounting policies intended to be used in the preparation of the financial statements.</p>	<p>ARSC determined to not require that the accountant obtain an understanding of the entity's business and operations in order to perform a compilation so as to have a step-up in understanding in order to perform a review engagement.</p>

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29. The practitioner shall compile the financial information using the records, documents, explanations and other information, including significant judgments, provided by management.		<p>This is the primary difference in a compilation performed in accordance with ISRS 4410 (Revised) and a SSARSs compilation. The ISRS 4410 (Revised) compilation is an engagement in which the accountant prepares (compiles) the financial information. The SSARSs compilation is a read and report service and may not include the preparation of the financial statements.</p> <p>The requirement from paragraph .29 of ISRS 4410 (Revised) is included as paragraph .13 of AR-C section 70 (preparation engagement).</p>
30. The practitioner shall discuss with management, or those charged with governance as appropriate, those significant judgments, for which the practitioner has provided assistance in the course of compiling the financial information.		See preceding note. The requirement is included in paragraph .16 of AR-C section 70 (preparation of financial statements).
31. Prior to completion of the compilation engagement, the practitioner shall read the compiled financial information in light of the practitioner's understanding of the entity's business and operations, and of the applicable financial reporting framework.	.13 The accountant should read the financial statements in light of the accountant's understanding of the applicable financial reporting framework and the significant accounting policies adopted by management and consider	

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	whether such financial statements appear to be appropriate in form and free from obvious material misstatements.	
32. If, in the course of the compilation engagement, the practitioner becomes aware that the records, documents, explanations or other information, including significant judgments, provided by management for the compilation engagement are incomplete, inaccurate or otherwise unsatisfactory, the practitioner shall bring that to the attention of management and request the additional or corrected information.	<b>.14</b> If, in the course of the engagement, the accountant becomes aware that the records, documents, explanations, or other information, including significant judgments, provided by management are incomplete, inaccurate, or otherwise unsatisfactory, the accountant should bring that to the attention of management and request additional or corrected information.	
33. If the practitioner is unable to complete the engagement because management has failed to provide records, documents, explanations or other information, including significant judgments, as requested, the practitioner shall withdraw from the engagement and inform management and those charged with governance of the reasons for withdrawing.	<b>.16</b> The accountant should withdraw from the engagement and inform management of the reasons for withdrawing if  a. the accountant is unable to complete the engagement because management has failed to provide records, documents, explanations, or other information, including significant judgments, as requested, or	AR-C section 80 does not require the accountant to inform those charged with governance for the reasons for withdrawing.

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	<p><i>b.</i> management does not make appropriate revisions that are proposed by the accountant or does not disclose such departures in the financial statements, and the accountant determines to not disclose such departures in the accountant's compilation report.</p>	
<p>34. If the practitioner becomes aware during the course of the engagement that:</p> <p>(a) The compiled financial information does not adequately refer to or describe the applicable financial reporting framework;</p> <p>(b) Amendments to the compiled financial information are required for the financial information not to be materially misstated; or</p> <p>(c) The compiled financial information is otherwise misleading,</p> <p>the practitioner shall propose the appropriate amendments to management.</p>	<p><b>.15</b> If the accountant becomes aware during the course of the engagement that</p> <p><i>a.</i> the financial statements do not adequately refer to or describe the applicable financial reporting framework;</p> <p><i>b.</i> revisions to the financial statements are required for the financial statements to be in accordance with the applicable financial reporting framework; or</p> <p><i>c.</i> the financial statements are otherwise misleading</p> <p>the accountant should propose the appropriate revisions to management.</p>	

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ISRS 4410 (Revised) requirements <sup>1</sup>	Corresponding AR-C section 80 requirement	Notes
35. If management declines, or does not permit the practitioner to make the proposed amendments to the compiled financial information, the practitioner shall withdraw from the engagement and inform management and those charged with governance of the reasons for withdrawing.	<b>.27</b> When the accountant becomes aware of a departure from the applicable financial reporting framework (including inadequate disclosure) that is material to the financial statements and the financial statements are not revised, or the departure is not disclosed in the notes to the financial statements, the accountant should modify the compilation report to disclose the departure.	A significant difference between ISRS 4410 (Revised) and a SSARSs compilation is that ISRS 4410 (Revised) does not permit the disclosure of known framework departures in the accountant's compilation report.
36. If withdrawal from the engagement is not possible, the practitioner shall determine the professional and legal responsibilities applicable in the circumstances.		
37. The practitioner shall obtain an acknowledgement from management or those charged with governance, as appropriate, that they have taken responsibility for the final version of the compiled financial information.		
38. The practitioner shall include in the engagement documentation:  (a) Significant matters arising during the compilation engagement and how those	<b>.38</b> The accountant should prepare documentation in connection with each compilation engagement in sufficient detail to provide a clear understanding of the work performed which, at a minimum, includes the following:	The items from paragraph .38(a) and (b) from ISRS 4410 (Revised) may be included in the detail required by AR-C section 80 (subject the accountant's judgment). AR-C section 80 is purposely not prescriptive.

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ISRS 4410 (Revised) requirements <sup>1</sup>	Corresponding AR-C section 80 requirement	Notes
<p>matters were addressed by the practitioner;</p> <p>(b) A record of how the compiled financial information reconciles with the underlying records, documents, explanations and other information, provided by management; and</p> <p>(c) A copy of the final version of the compiled financial information for which management or those charged with governance, as appropriate, has acknowledged their responsibility, and the practitioner's report.</p>	<p>a. The engagement letter or other suitable form of written documentation with management, as described in paragraphs .10-.11</p> <p>b. A copy of the financial statements</p> <p>c. A copy of the accountant's report</p>	
<p>39. An important purpose of the practitioner's report is to clearly communicate the nature of the compilation engagement, and the practitioner's role and responsibilities in the engagement. The practitioner's report is not a vehicle to express an opinion or conclusion on the financial information in any form.</p>		<p>Not a requirement – statement of fact with respect to the purpose of the compilation report.</p>
<p>40. The practitioner's report issued for the compilation engagement shall be in writing, and shall include the following elements:</p>	<p><b>.17</b> The accountant's compilation report should be in writing and</p>	<p>ARSC determined to not require a title or addressee so as to differentiate the compilation report from an assurance (review or audit) report.</p>



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ISRS 4410 (Revised) requirements <sup>1</sup>	Corresponding AR-C section 80 requirement	Notes
<p>and the date of the financial information or the period to which it relates;</p> <p>(g) A description of the practitioner’s responsibilities in compiling the financial information, including that the engagement was performed in accordance with this ISRS, and that the practitioner has complied with relevant ethical requirements;</p> <p>(h) A description of what a compilation engagement entails in accordance with this ISRS;</p> <p>(i) Explanations that:</p> <p style="padding-left: 40px;">(i) Since a compilation engagement is not an assurance engagement, the practitioner is not required to verify the accuracy or completeness of the information provided by</p>	<p><i>c.</i> identify the entity whose financial statements have been subjected to the compilation engagement.</p> <p><i>d.</i> specify the date or period covered by the financial statements.</p> <p><i>e.</i> include a statement that the accountant performed the compilation engagement in accordance with SSARSs promulgated by the Accounting and Review Services Committee of the AICPA.</p> <p><i>f.</i> include a statement that the accountant did not audit or review the financial statements nor was the accountant required to perform any procedures to verify the accuracy or completeness of the information provided by management and, accordingly, does not express an opinion, a conclusion, nor provide any assurance on the financial statements.</p>	

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<p>management for the compilation,; and</p> <p>(ii) Accordingly, the practitioner does not express an audit opinion or a review conclusion on whether the financial information is prepared in accordance with the applicable financial reporting framework.</p> <p>(j) If the financial information is prepared using a special purpose financial reporting framework, an explanatory paragraph that:</p> <p>(i) Describes the purpose for which the financial information is prepared and, if necessary, the intended users, or contains a reference to a note in the financial information that discloses this information; and</p> <p>(ii) Draws the attention of readers of the report to the fact that the financial</p>	<p>g. include the signature of the accountant or the accountant's firm.</p> <p>h. include the city and state where the accountant practices.</p> <p>i. include the date of the report, which should be the date that the accountant has completed the procedures required by this section.</p> <p><b>.20</b> The accountant's compilation report on financial statements prepared in accordance with a special purpose framework should</p> <p>a. make reference to management's responsibility for determining that the applicable financial reporting framework is acceptable in the circumstances when management has a choice of financial reporting frameworks in the preparation of such financial statements.</p> <p>b. describe the purpose for which the financial statements are prepared or refer to a note in the</p>	

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<p>information is prepared in accordance with a special purpose framework and that, as a result, the information may not be suitable for other purposes;</p> <p>(k) The date of the practitioner's report;</p> <p>(l) The practitioner's signature; and</p> <p>(m) The practitioner's address.</p>	<p>financial statements that contains that information when the financial statements are prepared in accordance with a regulatory- or contractual-basis of accounting.</p> <p><b>.21</b> The accountant's compilation report on financial statements prepared in accordance with a special purpose framework should include a separate paragraph that</p> <ul style="list-style-type: none"> <li>a. indicates that the financial statements are prepared in accordance with the applicable special purpose framework,</li> <li>b. refers to the note to the financial statements that describes the framework, if applicable, and</li> <li>c. states that the special purpose framework is a basis of accounting other than GAAP.</li> </ul>	
<p>41. The practitioner shall date the report on the date the practitioner has completed the compilation engagement in accordance with this ISRS.</p>		<p>Included in paragraph .17i of AR-C section 80.</p>

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