

# ISRS 4410 – Compilation Engagements

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## Context

- IESBA correspondent member to give input on ethical matters
- Exposure draft issued in October 2010
- Comment period ended March 31, 2011
- 48 respondents
- TF recommendations will be presented at IAASB June meeting

# Compilations engagements

- Compile
  - To apply accounting and financial reporting expertise to prepare and present financial information in accordance with an applicable financial reporting framework.
- Compilation Engagement
  - An engagement in which a practitioner assists management in preparing and presenting financial information of an entity by compiling that information under the terms of the engagement, and issuing a report in accordance with the requirements of this ISRS.

## **Proposal of the ED on ethical issues**

- Remove the obligation to disclose when the PA is not independent
- The practitioner shall comply with relevant ethical requirements
- Notwithstanding that the IESBA Code does not require independence in a compilation engagement, national ethical codes or laws or regulations may specify requirements or disclosure rules pertaining to independence

## Comments received on ethical issues

- 7 respondents consider that disclosure of situations where the PA is not independent is important
- 2 respondents consider IESBA should undertake a project to define independence for non assurance engagements

## IAASB Task force proposal

- TF has identified 4 solutions to address the issue:
  1. Retain the approach in ED-4410
  2. Retain the approach in the extant ISRS 4410.
    - Independence is not a requirement for a compilation engagement. However, where the accountant is not independent, a statement to that effect would be made in the accountant's report.

## IAASB Task force proposal

- TF has identified 4 solutions to address the issue (cont.):

### 3. Apply the approach in extant ISRS 4400.

- Independence is not a requirement for agreed-upon procedures engagements; however, the terms or objectives of an engagement or national standards may require the auditor to comply with the independence requirements of the IESBA Code. Where the auditor is not independent, a statement to that effect would be made in the report of factual findings.

## IAASB Task force proposal

- TF has identified 4 solutions to address the issue (cont.):
  4. Include disclosure requirements in proposed ISRS 4410 that are in line with the provisions of the IESBA Code on disclosure of conflicts of interest, including as a reporting requirement for the practitioner's report.
    - That is, the practitioner would be required to disclose the existence of a conflict of interest in both the written terms of engagement and the practitioner's report.
- The Task Force recommends 4th approach



# Discussion