

Examining the New Standard on Compilation Engagements

In February 2020, the Canadian Auditing and Assurance Standards Board issued a new standard on compilation engagements. Canadian Standard on Related Services 4200, *Compilation Engagements* (“CSRS 4200”) is effective for compiled financial information for periods ending on or after December 14, 2021. CSRS 4200 replaces existing Section 9200, *Compilation Engagements* and AuG-5, *Compilation Engagements – Financial Statement Disclosures* (together, “Section 9200”).

The following summarizes the key differences between CSRS 4200 and Section 9200.

	CSRS 4200	Section 9200
Scope	Clarifies the scope of a compilation engagement and includes certain exclusions. However, the practitioner may decide, or be requested, to issue a communication on financial information included within a scope exclusion. In these circumstances, the only appropriate form of communication is a compilation engagement report and all the requirements of CSRS 4200 apply.	Lacked clarity about whether certain services fall within its scope.
Engagement acceptance and continuance	Contains specific engagement acceptance and continuance considerations including the intended use of the compiled financial information and the basis of accounting expected to be applied in the preparation of the compiled financial information.	No comparable requirements.
Intended use of the financial information by a third party	<p>If the financial information is intended to be used by a third party, management must acknowledge that the third party is in a position to request and obtain further information from the entity or that the third party has agreed with management the basis of accounting to be applied in the preparation of the compiled financial information.</p> <p>If these criteria are not met, the engagement cannot be accepted or continued unless the basis of accounting to be applied in the preparation of the compiled financial information is a general purpose framework.</p>	No comparable requirements.

	CSRS 4200	Section 9200
Description of the basis of accounting	Requires the inclusion of a note in the compiled financial information that describes the basis of accounting (e.g., a cash basis of accounting) applied in the preparation of the compiled financial information.	No comparable requirements.
Performing the engagement and documentation	Establishes minimum work effort and documentation including an understanding of the entity's accounting system and accounting records, knowledge of the accounting policies, and discussions pertaining to significant judgments for which assistance has been provided.	No comparable requirements.
Significant judgments for which assistance has been provided	Requires the practitioner to discuss those judgments with management for which assistance has been provided, so that management understands their impact on the compiled financial information and accepts responsibility for them.	No comparable requirements.
Reporting	<p>New report titled "Compilation Engagement Report" that includes additional information including management responsibilities, practitioner responsibilities and an expanded explanation of the limitations of the compiled financial information.</p> <p>No requirement to label each page of the financial information as "Unaudited – See Notice to Reader".</p>	<p>Report titled "Notice to Reader" contains far less information.</p> <p>Requirement to conspicuously mark each page of the financial statements as "Unaudited – See Notice to Reader".</p>

CSRS 4200 is a significant change from Section 9200. All entities should expect to see differences throughout the performance of the compilation engagement. Practitioner's may ask additional questions with respect to the users of the financial information, the basis of accounting to be applied in the preparation of the financial information and the entity's business and operations, accounting system and accounting records. Moreover, CSRS 4200 will introduce a new engagement letter and compilation engagement report.

This summary has been prepared for the general information of our clients and should not be considered a substitute for personalized advice related to a particular situation.

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