

2014 COMPILATION AND REVIEW OVERVIEW FOR KNOWLEDGE COACH USERS

PURPOSE

This document is published for the purpose of communicating, to users of the toolset, updates and enhancements included in the current version. This document is not, and should not be used as, a program to update the engagement documentation of an engagement started in a previous version of this product.

WORKPAPER UPDATES AND ROLL FORWARD NOTES

General Roll Forward Note:

You must be the current editor of all Knowledge Coach workpapers to update to the latest content, and you must be the current editor upon opening the updated workpaper for the first time to ensure you see the updated workpaper.

The **2014 Knowledge-Based Compilations and Reviews Tools** have been updated to take into account the latest literature, standards, and guidance applicable to compilation and review engagements. The 2014 tools include links to detailed analysis related to the steps and processes discussed in the workpapers. Also included is a revised financial statement disclosures checklist that provides a centralized resource of the required and recommended U.S. GAAP disclosures and key presentation items currently in effect, using the style referencing under the FASB Accounting Standards Codification.TM

The **2014 Edition of Knowledge-Based Compilations and Reviews** is current through Statement on Standards for Accounting and Review Services No. 20 (SSARS-20), *Revised Applicability of Statements on Standards for Accounting and Review Services*, AR Section 9080, *Compilation of Financial Statements-Accounting and Review Services Interpretations of Section 80*, and AR Section 9090, *Review of Financial Statements-Accounting and Review Services Interpretations of Section 90*. Users of this content should consider guidance issued subsequent to these items to determine their effect on engagements covered by this product.

Compilation Programs (CMPs):

- .New practice points have been added throughout toolset to notify users of the significant changes proposed as a part of the ARSC's Clarity Project.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
CMP-101 Overall Compilation Program					
Modified	Verbiage added to engagement letter step. New step reads as follows: Establish and document, in the form of an engagement letter, the accountant's understanding with management and, if applicable, those charged with governance regarding the services to be performed on the engagement, including: a. A description of the scope and the limitations of the engagement; b. A description of the report that is likely to be issued;	Procedures	N	N/A	

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	c. A statement that the engagement cannot be relied upon to disclose errors, fraud, or noncompliance with laws or regulations; d. A statement that the firm will inform the appropriate level of management of (a) any material errors that come to the firm's attention, and (b) any illegal acts (unless clearly inconsequential) or any fraud or suspicion of fraud that comes to the firm's attention.				
Deleted	Moved difference of opinion step to substep in completion step and deleted the following step: Document unresolved differences of opinion among firm personnel, if any.	Procedures	N	N/A	
New	Evaluate subsequent events and information, if any, that was discovered after the date of the accountant's report.	Procedures	N	N/A	
Modified	Combined difference of opinion step with completion step, new step reads as follows: Complete the compilation by: a. Documenting unresolved differences of opinion among firm personnel, if any; b. Resolving all pending matters; c. Determining that all required forms and programs have been completed and documented; d. Obtaining all documentation necessary to release a report; e. Completing any required communications with principal/other accountants, successor/predecessor accountants, or regulators or other parties requiring access to the engagement documentation; f. Finalizing any firm-administrative items, such as budgets or evaluations; and g. Performing a file check to ensure all review notes have been addressed, the engagement documentation has been reviewed, and review notes and "to do" lists have been removed.	Procedures	N	N/A	

Review Programs (REVs)

- New practice points have been added throughout toolset to notify users of the significant changes proposed as a part of the ARSC's Clarity Project.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
REV-101 Overall Review Program					
Modified	Verbiage added to engagement letter step. New step reads as follows: Establish and document, in the form of an engagement letter, the accountant’s understanding with management and, if applicable, those charged with governance regarding the services to be performed on the engagement, including: a. A description of the scope and the limitations of the engagement; b. A description of the report that is likely to be issued; c. A statement that the engagement cannot be relied upon to disclose errors, fraud, or noncompliance with laws or regulations; d. A statement that the firm will inform the appropriate level of management of (a) any material errors that come to the firm’s attention, and (b) any illegal acts (unless clearly inconsequential) or any fraud or suspicion of fraud that comes to the firm’s attention.	Procedures	N	N/A	
Deleted	Moved difference of opinion step to substep in completion step and deleted the following step: Document unresolved differences of opinion among firm personnel, if any.	Procedures	N	N/A	
New	Evaluate subsequent events and information, if any, that was discovered after the date of the accountant’s report.	Procedures	N	N/A	
Modified	Combined difference of opinion step with completion step, new step reads as follows: Complete the review by: a. Documenting unresolved differences of opinion among firm personnel, if any; b. Resolving all pending matters; c. Determining that all required forms and programs have been completed and documented; d. Obtaining all documentation necessary to release a report; e. Completing any required communications with principal/other accountants, successor/predecessor				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>accountants, or regulators or other parties requiring access to the engagement documentation;</p> <p>f. Finalizing any firm-administrative items, such as budgets or evaluations; and</p> <p>g. Performing a file check to ensure all review notes have been addressed, the engagement documentation has been reviewed, and review notes and "to do" lists have been removed.</p>				
REV-801 Review Program: Client Inquiries					
New	<p>New inquiries added as follows:</p> <p>*Do you have any knowledge or suspicion of, or are you aware of any allegations of illegal acts or noncompliance with laws and regulations affecting the entity involving management or others where the illegal acts or noncompliance with laws and regulations could have a material effect on the financial statements?</p> <p>*Are any entities, other than the reporting entity, commonly controlled by the owners?</p> <p>*Have any significant transactions occurred or been recognized near the end of the reporting period?</p> <p>Have intercompany transfers, if any, been reported properly?</p> <p>Has an appropriate basis of accounting been used to determine the value of investments reported in the financial statements and has it been consistently applied across periods?</p> <p>Were adequate procedures used to take the latest physical inventory and what date was that inventory taken?</p> <p>Has a physical inventory count of property and equipment been taken?</p> <p>Have collateralized or subordinated liabilities, or noncompliance with loan covenants been properly reflected in the financial statements?</p> <p>Have obligations that, by their terms, are due on demand within one year from the balance sheet date been properly reclassified into the current liability section of the balance sheet?</p> <p>*Were any sales recorded under a "bill and hold"</p>				

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
	<p>arrangement?</p> <p>*Have events occurred subsequent to the date of the financial statements that would require adjustment to, or disclosure in, the financial statements?</p> <p>Has the entity considered whether declines in market values subsequent to the date of the financial statements may be permanent or cause the entity to no longer be in compliance with its loan covenants, or both?</p> <p>*Have actions taken at meetings of stockholders, those charged with governance, or comparable meetings that affect the financial statements been reflected in the financial statements?</p>				
REV -903 Review Program: Reissued Report—Predecessor Accountant					
New	Added the following step: We obtained an updating representation letter from the management of the former client.	Procedures	N	N/A	

Practice Aids: (AIDs):

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
AID-903 Compilation Report Preparation Checklist					
Modify	Workpaper has been moved to an independent workpaper to allow for multiple versions.		N	N/A	After update, additional questions in the Tailoring Question table may need to be re-answered.
AID-904 Review Report Preparation Checklist					
Modify	Workpaper has been moved to an independent workpaper to allow for multiple versions.		N	N/A	After update, additional questions in the Tailoring Question table may need to be re-answered.

Knowledge-Based Compilation Documents (KBCs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
KBC-201 Compilation: Client/Engagement Acceptance and Continuance Form					
New	<p>New steps added to acceptance form to gather the following information:</p> <p>Number of employees:</p> <p>Financial reporting framework on which the financial information to be compiled has been prepared, including the need for any reconciliations to another financial reporting framework:</p> <p>Regulatory, statutory, or industry-specific reporting requirements, such as reports mandated by industry regulators:</p> <p>Nature of control relationships between a parent and its components that determine how the group is to be consolidated:</p> <p>Users of the financial statements (e.g., owners, shareholders, lenders):</p> <p>Reporting currency to be used, including any need for currency translation:</p>	Procedures	N	N/A	
Deleted	<p>Moved engagement letter step to overall program and deleted the following step from this program:</p> <p>An understanding with the client has been reached and includes:</p> <p>a. A description of the scope and the limitations of the engagement.</p> <p>b. A description of the report that is likely to be issued.</p> <p>c. A statement that the engagement cannot be relied upon to disclose errors, fraud, or illegal acts.</p> <p>d. A statement that the firm will inform the appropriate level of management of (a) any material errors that come to the firm's attention, and (b) any illegal acts (unless clearly inconsequential) or any fraud or suspicion of fraud that comes to the firm's attention.</p>	Procedures	N	N/A	

Knowledge-Based Review Documents (KBRs)

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
KBR-201 Review: Client/Engagement Acceptance and Continuance Form					
New	<p>New steps added to acceptance form to gather the following information:</p> <p>Number of employees:</p> <p>Financial reporting framework on which the financial information to be reviewed has been prepared, including the need for any reconciliations to another financial reporting framework:</p> <p>Regulatory, statutory, or industry-specific reporting requirements, such as reports mandated by industry regulators:</p> <p>Nature of control relationships between a parent and its components that determine how the group is to be consolidated:</p> <p>Users of the financial statements (e.g., owners, shareholders, lenders):</p> <p>Reporting currency to be used, including any need for currency translation:</p>	Procedures	N	N/A	
Deleted	<p>Moved engagement letter step to overall program and deleted the following step from this program:</p> <p>An understanding with the client has been reached and includes:</p> <p>a. A description of the scope and the limitations of the engagement.</p> <p>b. A description of the report that is likely to be issued.</p> <p>c. A statement that the engagement cannot be relied upon to disclose errors, fraud, or illegal acts.</p> <p>d. A statement that the firm will inform the appropriate level of management of (a) any material errors that come to the firm's attention, and (b) any illegal acts (unless clearly inconsequential) or any fraud or suspicion of fraud that comes to the firm's attention.</p>	Procedures	N	N/A	

Reports (RPTs):

- **NEW RPT-900** a new tailoring questionnaire that assists the accountant in determining the proper accountant's report to use based on the conditions identified during the engagement.

Type of Change	Description of Change	Location	Based on Standard Y/N	Standard Reference	Roll Forward and Update Content Considerations
RPT-1010					
New	Review Report added "Review Report: Prior Year Summarized Information Presented for Comparative Purposes Only"	Report	N	N/A	
RPT-1048					
New	Review Report added: Review Report: Reference to Previous Year's Review Report When Predecessor Accountant's Report Is <i>Not</i> Presented	Report	N	N/A	
RPT-1052					
New	Review Report added: Review Report: Comparative Where Both Years Contain a Departure from U.S. GAAP; the Predecessor Accountant's Report Did <i>Not</i> Disclose the Departure from U.S. GAAP; the Predecessor's Report Is <i>Not</i> Presented; and the Prior Year Financial Statements Have <i>Not</i> Been Restated	Report	N	N/A	

Resource Documents (RESs)

- **RES-001** has been updated for new applicable guidance.

In addition, forms and practice aids throughout have been updated, where applicable, to take into account:

- Statement on Standards for Accounting and Review Services No. 20 (SSARS-20), *Revised Applicability of Statements on Standards for Accounting and Review Services*;
- AR Section 9080, *Compilation of Financial Statements-Accounting and Review Services Interpretations of Section 80*;
- AR Section 9090, *Review of Financial Statements-Accounting and Review Services Interpretations of Section 90*; and
- AICPA Statement on Quality Control Standards No. 8 (SQCS-8), *A Firm's System of Quality Control (Redrafted)*.

Users of this content should consider guidance issued subsequent to these items to determine their effect on engagements covered by this product

RELATED AND FOUNDATIONS WORKPAPERS FOR THIS TITLE

Related workpapers are Knowledge Coach Word workpapers where information flows in or out of tables within the workpaper. Some of these related workpapers are Foundation workpapers or associated workpapers.

Foundation Workpapers include most of the Communication Hub workpapers, which are central to the Knowledge-Based Audit Methodology used by the Knowledge Coach titles.

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
KBCs	KNOWLEDGE-BASED COMPILATION DOCUMENTS	
KBC-101	Compilation: Significant Matters	X
KBC-201	Compilation: Client/Engagement Acceptance and Continuance Form	
KBC-902	Compilation: Review and Approval Checklist	
KBRs	KNOWLEDGE-BASED REVIEW DOCUMENTS	
KBR-102	Review: Significant Matters	X
KBR-201	Review: Client/Engagement Acceptance and Continuance Form	
KBR-902	Review: Review and Approval Checklist	
CMPs	COMPILATION PROGRAMS	
CMP-100	Tailoring Question Workpaper	X
CMP-101	Overall Compilation Program	X
CMP-201	Pre-Compilation Program: Procedures Performed Prior to a Compilation Engagement	

<i>Form No.</i>	<i>Form Name</i>	<i>Foundation Workpaper</i>
CMP-202	Compilation Program: Additional Procedures for Initial Year of Engagement	
REVs	REVIEW PROGRAMS	
REV-100	Tailoring Question Workpaper	X
REV-101	Overall Review Program	X
REV-201	Pre-Review Program: Procedures Performed Prior to a Review Engagement	
REV-202	Review Program: Additional Procedures for Initial Year of Engagement	
REV-801	Review Program: Client Inquiries	