Types of engagements that CPAs can perform on financial information

(Generally increasing in cost from compilation to audit)



Category	Compilation	Review[1]	Audit	Attest engagement[2]
Engagement objective	To assist management in the presentation of financial statements	To determine whether any material modifications should be made by management to the financial statements	To provide reasonable assurance about whether the financial statements as a whole are free of material misstatement	To report on the underlying subject matter or subject matter information (or assertion) and communicate the results of the CPA's procedures
Engagement subject matter	Financial statements as a whole	Financial statements as a whole or financial information[3]	Financial statements as a whole	Varies and could be financial or non-financial data
Level of assurance from the engagement	None	Limited	Reasonable (high but not absolute)	Ranges from no assurance to reasonable (high but not absolute)
The CPA issues a formal report on the financial statements?	Yes	Yes	Yes	Yes, limited to the subject matter
The CPA issues a conclusion or opinion on the financial statements?	No	Yes, conclusion on any material modifications needed for the financial statements to be in accordance with the applicable financial reporting framework[4]	Yes, opinion on whether the financial statements are presented fairly, in all material aspects, in accordance with the applicable financial reporting framework[4]	It depends. No conclusion or opinion for agreed-upon procedures. Examination provides an opinion.
The CPA's time and effort	Least time consuming of the services in which the CPA issues a formal report	More time consuming than a compilation but substantially less than an audit	Involves the most effort and, therefore, the most time	Varies, generally, more time consuming than a compilation but less than an audit
Is the CPA required to:				
• **Be independent?**	No. Disclose in report if not independent	Yes	Yes	Yes
• **Gain an understanding of the entity's internal control?**	No	No	Yes	It depends. The nature, timing, and extent of the procedures may vary reflecting the diverse needs of the engaging party.
• **Assess fraud risk?**	No	No	Yes	
• **Perform inquiry (i.e., ask questions of the entity)?**	No	Yes	Yes	
• **Perform analytical procedures (i.e., look for patterns in the data)?**	No	Yes	Yes	
• **Perform substantive tests of detail (i.e. tests to verify account balances, transactions, or disclosures)?**	No	No	Yes	
• **Verify accuracy and completeness of financial statements?**	No	No	Yes	No

[1] Review could be performed in accordance with the AICPA's Statements on Standards for Accounting and Review Services (SSARS) or Statements on Standards for Attestation Engagements (SSAE). The applicable standards depend on the type of entity and subject matter to be reviewed.

[2] Attestation engagements includes examinations and agreed-upon procedures, and are engagements performed on the financial statements or other financial information, such as schedules. Reviews are included in the "review" column.

[3] For SSARS review engagements, the subject matter would be the financial statements as a whole. For SSAE review engagements, the subject matter may be the financial statements as a whole or other financial information, such as a schedule.

[4] The applicable financial reporting framework is the set of rules used as guidelines in the preparation of financial statements, such as standards of the Governmental Accounting Standards Board or the Financial Accounting Standards Board.

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