

## APES 315 ‘Compilation of Financial Information’ – Action Items for Members in Public Practice

### Introduction

Members in public practice may wish to consider the following action terms to assist in implementing the new and revised compilation requirements in APES 315 ‘Compilation of Financial Information’.

### 33 Action Items

No.	Action	Person Responsible	Date	Reviewed	Completed
	<b>Scope Consideration</b>				
1	Determine which compilation engagements fall within the scope of APES 315 ‘Compilation of Financial Information’.				
2	For compilation engagements that fall outside the scope of APES 315, consider what policies and procedures need to be developed in the context of the requirements of other ethical pronouncements of APESB.				
	<b>Policies and Procedures Update</b>				
3	Ensure that existing policies and procedures that incorporate references to, and the context of, APES 110 ‘Code of Ethics for Professional Accountants’ are updated for APES 315 ‘Compilation of Financial Information’.				
4	Develop internal policies and procedures that implement APES 315 in the context of the business service component of the practice, e.g., <ul style="list-style-type: none"> <li>• Scope</li> <li>• Independence</li> <li>• Planning</li> <li>• Documentation</li> <li>• Misstatement</li> <li>• Review</li> <li>• Client Communication</li> <li>• Client Responsibility Statement</li> <li>• Compilation Report, and</li> <li>• Subsequent Discovery.</li> </ul>				
5	Develop APES 315 engagement file checklists and work programs.				
6	Revised precedents, such as <ul style="list-style-type: none"> <li>• Engagement letters</li> <li>• Planning documents, and</li> </ul>				

	<ul style="list-style-type: none"> <li>• Compilation reports.</li> </ul>				
	<b>Training Needed</b>				
7	Train partners and staff on the requirements of APES 315 (including 'the audit like' verifications procedures should be applied), and any revised policies and procedures.				
8	Reconsider specific training needs, such as: <ul style="list-style-type: none"> <li>• APES 110 'Code of Ethics for Professional Accountants'</li> <li>• APES 320 'Quality Control of Firms'</li> <li>• Independence</li> <li>• Engagement letters</li> <li>• Financial reporting frameworks</li> <li>• Documentation and enquiries, and</li> <li>• Fraud.</li> </ul>				
	<b>Client Communication Plan</b>				
9	Develop a client communication plan on the impact of APES 315.				
10	Update engagement term precedents for the specific requirements of APES 315.				
11	For each individual client reconsider what information is needed for the compilation in light of the new and revised requirements of APES 315, including identification of outputs (e.g., example how much of the created information will be returned to the client).				
12	Issue updated engagement terms to all clients where a compilation engagement is undertaken.				
	<b>Independence Assessment</b>				
13	For an individual compilation engagement determine whether or not the member and firm is independent (this assessment will have to be made every year, at the commencement and at the conclusion of the engagement).				
	<b>Planning</b>				
14	Update planning precedents.				
15	Obtain a general knowledge of the business and operations of the client and industry, including accounting policies.				
	<b>Documentation</b>				
16	Prepare working papers that appropriately document the work performed, including: <ul style="list-style-type: none"> <li>• Planning</li> <li>• Identification of the sources of information</li> <li>• Compliance with terms of engagement (including APES 315), and</li> <li>• Engagement review procedures.</li> </ul>				

	<b>Compiled Financial Information</b>				
17	Consider whether the compiled financial information is appropriate in form and content and free from <i>obvious</i> material misstatements.				
18	Where a material misstatement of the compiled financial information is identified, take reasonable steps to see that misstatement is rectified.  If the misstatement is not corrected, consider whether it is appropriate to continue to act for the client.				
	<b>Client Responsibility Statement</b>				
19	For GPFS or SPFS obtain an acknowledgement from the client as to its responsibility for the reliability, accuracy and completeness of the accounting records and disclosure of all material and relevant information.				
20	For other compilation engagements consider obtaining an acknowledgement from the client of its responsibility for compiled information.				
	<b>Compilation Report</b>				
21	Where the firm is identified with the compiled financial information, the information is to be reported externally, or the users are not likely to understand the member's involvement prepare a compilation report containing the specified matters.				
22	Where financial information is compiled for internal use by a client, include a reference on each page of the compiled financial information that specifies that such information is "Restricted for internal use" (or similar).				
23	Where the compiled information is audited or reviewed, a compilation report is not required. The fact that a compilation report is not required must be documented.				
	<b>Client Communication</b>				
24	Communicate any significant matters arising from the compilation engagement to those charged with governance on a timely basis.				
25	If there is an indication of a material fraud, material misstatement or illegal act, communicate these as soon as practicable to those charged with governance.				
26	Where a material fraud, misstatement or illegal act has occurred involving those charged with governance, consider whether				

	to continue act for the client.				
	<b>Subsequent Discovery</b>				
27	Consider the impact of subsequent discovery of facts on the compiled financial information, discuss the matter with the client, and take action appropriate in the circumstances. Document the reasons for the action taken.				
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	<b>Continuous Improvement</b>				
30	Revisit the adequacy of compliance with APES 320 'Quality Control for Firms' light of the requirements of APES 315.				
31	Revised internal QA Review Programs for APES 315.				
32	Consider whether to have revised policies and procedures for APES 315 implementation subject to independent review.				
33	Review implementation experiences from APES 315 and fine tune business practices (including policies and procedures, and training).				

### **Assistance**

For assistance with implementation, training, and quality assurance regarding APS 315 'Compilation of Financial Information' (as well GAAP, GAAS, Ethics, Superannuation and CaseWare) please contact:



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## **Conclusion**

A considered approach to implementing the requirements of APES 315 'Compilation of Financial Information' is essential. Internal policies and procedures need to be revised, staff trained and clients informed about the changes and the fee implications. The experiences from dealing with APES 315 need to be incorporated into the continuous improvement processes of the firm. A failure to adequately address the changes in a timely manner may expose the public practitioner to reputational, legal and professional risks.

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July 2009