

Financial Statement Services Comparison

The table below summarizes the types of services and compares what each service would provide regarding the level of assurance, testing, and deliverables. On the following pages is more information about each type of service.

	Audit	Review	Compilation	Agreed Upon Procedures	Business Accounting Solutions (BAS)
Physical Deliverables	Audit Report	Review Report	Compilation Report	Agreed Upon Procedures Report	Standard: No report or deliverables
	Financial Statement	Financial Statement	Financial Statement		Can add a preparation engagement, if financials desired
	Management Letters				
Key Comparisons:					
Level of Assurance	Statements are fairly presented in accordance with GAAP	Limited assurance regarding presentation in accordance with GAAP	No assurance	No opinion or conclusion – report of procedures and findings	No assurance
Procedures	Inquiry, analytical procedures, substantive testing - confirmations, transactional testing, internal control review as examples.	Inquiry, analytical procedures, additional procedures if information appears questionable.	Read and compile financial statements	See examples attached	Bookkeeping services
Internal Control/Risk Assessment	Required	Not required	Not required	Based on procedures selected	Not required
Independence	CPA must be independent	CPA must be independent	Independence not required - would be disclosed	CPA must be independent	Do not have to be independent to perform BAS services. However, these services would impair independence for an Audit or Review.

Audit of Financial Statements

The audit will be conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) to express an opinion on the fairness of presentation of the financial statements.

Our process includes looking at details thoroughly, assessing risks, and using proven approaches to deliver cost-effective, timely, high-quality service. The latest risk-based audit standards give us a more complete picture of your firm, including how you operate, the risks you face, and the policies and procedures in place to address those risks. Our work will include tests of the accounting records and other auditing procedures that we consider necessary and appropriate. The result is a comprehensive understanding of your operations and greater assurance in the reliability of your financial statements.

Our Approach to Audit Procedures:

Planning and Scheduling – We will establish the timetable for the audit and discuss with you the list of schedules we will need from you before the start of our audit fieldwork. We will discuss with you any issues identified which could potentially pose an issue during the audit.

Review of Systems – We will review and document our understanding of your administrative/accounting systems and procedures. We will develop a list of recommendations we have concerning the efficiency and effectiveness of your internal control system and your operations which we note during this review.

Fieldwork – We will then conduct the audit fieldwork, testing will include confirmation procedures, tests of details/transactions, inquiry, and analytical procedures.

Resolution of Issues – We will discuss any potential journal entries with you, as well as the status of matters which could potentially delay the completion of the audit. We will hold a preliminary meeting to discuss the draft financial statements and management report with you.

Issue Financial Statements – When all issues have been resolved, we will issue the audited financial statements and management letter, in bound and electronic formats (as you prefer). We are also available to present at a Finance Committee or Board of Directors meeting.

Review of Financial Statements

We will review the financial statements in accordance with standards established by the American Institute of Certified Public Accountants (AICPA). The review will include inquiries of company personnel and analytical procedures applied to financial data.

We know that our understanding of your business goals and strategies is necessary for you to get top value from your service team. We are committed to a process of timely, direct communication with management to anticipate and deal with challenges as well as to identify opportunities.

Our Approach to Review Procedures

Planning and Scheduling – Establish a timetable for the review. Develop and discuss with you a list of the information we will need before the start of fieldwork.

Fieldwork – We will then conduct the review fieldwork, inquiry, and analytical procedures.

Issue Financial Statements – Hold a meeting to discuss the preliminary financial statements.

The notable difference between Review and Audit is a review does not include the review of systems nor does it include the confirmations and detailed audit testing. As such, only limited assurance is provided.

Compilation of Financial Statements

We will compile the financial statements in accordance with standards established by the American Institute of Certified Public Accountants (AICPA).

Our Approach to Compilation Procedures

Scheduling – Establish a timetable for the compilation. Develop and discuss with you a list of the information we will need.

Compilation Procedures – We will then conduct the compilation procedures by reading the financials provided and preparing a compilation report.

Issue Financial Statements – Issue the Compilation report and compiled financial statements.

The notable difference between Compilation and Review is a compilation does not include the inquiries or review procedures that are required to provide limited assurance. As such, no assurance is provided.

Agreed Upon Procedures

This type of engagement allows to you specifically choose what areas you review, because the engagement is conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) it offers credibility to the procedures and report. The procedures are selected by management and can include testing, inquires of company personnel, and analytical procedures. We will report on the procedures and findings, however, per standards, we will not express an opinion or conclusion as we would if performing an audit or review engagement.

Example of Agreed-Upon Procedures:

Review of Systems

- Review and document our understanding of your administrative/accounting systems and procedures.
- Develop a list of recommendations concerning the efficiency and effectiveness of your internal control system and your operations.

Expenditures/Cash Disbursements/Accounts Payable

- Agree checks written for a specified period to the bank register
- Perform a search for unrecorded liabilities by examining files of unprocessed invoices and statements.
- Examine cash disbursements after year-end and obtain supporting detail to determine if transactions were recorded in the proper period.
- Run a bendords law statistical analysis of expenditures to determine if any outliers should be investigated further
- Select a sample of XX vendors to determine if the vendor is a legitimate vendor of the company

Revenue/Accounts Receivable/Cash Receipts

- Agree cash receipts for a specified period to daily deposit and bank register
- Agree activity in accounts receivable subledger to cash deposits/invoicing
- Mail confirmations to specified customers/sample of customers to validate balance recorded in subledger.
- Review credit memos for a specified period, reviewing for proper approval and recording.
- Sample of XX items from revenue, trace to related purchase orders/sales orders, invoice, shipping document, and cash receipt to determine proper recognition of revenue.

Payroll

- Selected XX employees, compare payroll checks to supporting timesheet, personnel files, payroll register for proper authorization, and recording of payroll.

Business Accounting Solutions (BAS)

BAS Services will relieve you of the burden of daily accounting and payroll functions. The BAS team will take care of the back-office financial work for you so you can focus on what you do best—growing your company. We offer various technology-based solutions to meet your needs.

At Olsen Thielen, our Business Accounting Solutions group will take care of your accounting, payroll, and reporting needs. Our cloud-based solutions are on-line so you can access them 24 hours a day, 365 days a year from anywhere and it is “real-time” information.

Accounting and Transactional Services Include:

- Cloud-based accounting services, including Bill Payment and General Ledger processing
- Payroll services including Quarterly and Year-end reporting,
- Basic financial reporting of financial results
- General ledger review and adjustments at mid or end of year

Controller Services Include:

- Budgeting and forecasting of financial activities
- Benchmarking of Key Performance Indicators (KPI)
- Advanced reporting customized to specialized industries

CFO Services Include:

- Risk assessment, internal control review and review of technology tools
- Corporate strategy including owners entering or exiting with tax leveraged plans
- Setting goals, and performance measurement against those agreed up goals
- Rolling budgets and incentive programs for executives

Other Services Available:

- Human resources
- IT consulting and planning
- Wealth management and investment advisory services

Financial Statements will be generated by management. If management wants the BAS team to generate financial statements, that would involve an added preparation engagement. A preparation engagement is the preparation of financial statements. No assurance is provided.



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