

Many organizations – public or private – must prepare reports on its financial performance. These reports help business owners and managers make operating decisions, help enable creditors to evaluate a loan application or ongoing covenants and provide investors with key financial information.

ORRPC has experienced accountants that understand how to thoroughly conduct an audit or review, or help prepare a compilation for internal use. We provide detailed pre-planning meetings and engagement checklists to help you be as prepared as possible and to minimize staff disruption during the engagement. We believe a scheduled engagement should begin and finish on time unless items surface during the engagement that needs to be addressed.

Accounting standards are updated on a regular basis which makes financial reporting increasingly complex. O'Brien, Riley, & Ryan prides itself on keeping up with the new standards, trends, and guidelines.

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## What's the difference between an Audit, Review or Compilation?

An **audit** is the most complex of the three. During an audit we are required to obtain an understanding of the entity's internal control and assess fraud risk. We are also required to perform certain verification and substantiation procedures, for example; inventory observation and confirmation of investments with outside parties. In a review or compilation these procedures are not required. The end result will be an auditor's opinion on whether the financial statements are presented fairly, in all material respects, in conformity with the applicable financial framework (generally accepted accounting principles (GAAP) or other accounting method). Like a review, the CPA must maintain independence throughout the auditing period. This report provides the highest level of assurance – not a guarantee – that the public or private organization's financial statements are in conformity with GAAP or other accounting method.

A **review** is the middle ground between a compilation and an audit. A review provides limited assurance that material changes to a financial statement are unnecessary. We will have a sufficient level of knowledge of both the industry and the client in order to design and perform procedures necessary for us to issue a review report. These procedures, primarily analytical in nature, are less in scope than an audit, hence the limited assurance.

A **compilation** represents the most basic level of service with regard to financial statements. When preparing a compilation, the CPA may prepare monthly, quarterly, or annual financial statements. There is no assurance that there are no material modifications that should be made to conform with GAAP, the cash basis, or the income tax basis of accounting. Rather, the data is arranged into conventional financial statement form. No in-depth review is conducted, unless the CPA recognizes the data is incomplete or in error.