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# REPORT SOMETHING

Accountants' reports can be an opportunity for auditors to develop new revenue streams and provide valuable services to clients. *Audit & Beyond* outlines the options, the issues to think about and the support available from ICAEW



**T**he professional life of an accountant does not begin and end with audit - even if it sometimes seems this way. As well as being engaged to perform financial statement audits, firms offer general accounts preparation and tax compliance work, and many will also get requests for other types of accountants' reports from a variety of sources and on a variety of matters. They may be produced purely for the client or because a third party (who has a relationship with the client) has requested them. Some of these may be required by a government, trade body or regulator to meet legislative or regulatory requirements - and it is mainly these types of regulatory report that this article focuses on.

These accountants' reports can take the form of assurance reports where an

opinion is provided, or they may take the form of a report based on a set of agreed-upon procedures (AUP). An AUP engagement involves performing certain specified procedures on factual information and reporting the findings without giving any form of opinion on the implications of the work performed. Management or other users of the AUP report are able to draw their own conclusion on the basis of the work performed by the accountant. Some engagements with clients and other third parties may contain a mixture of AUP reports and reports with an opinion, such as in the case of Air Travel Organisation's License (ATOL) reporting to the Civil Aviation Authority (CAA) (see box, right).

So the list of possible report requests is long and varied and we have seen a fair few examples in the faculty over the

years. They include accountants' reports on government grants and loans, applications for other facilities and funding, charity street collections, service charge accounts, mortgage references, profit forecasts and the safeguarding of client monies, to name but a few.

Some of these accountants' reports are bound up with legislation and regulations, so the form and requirements of the report and the terms of engagement may offer little flexibility for change as the regulators specify the form and content of the report. Examples include reporting to the Solicitors Regulation Authority (SRA) under the SRA Accounts Rules and to the CAA in relation to the ATOL regulations. Others, particularly those of a non-regulatory nature, may offer more flexibility in the manner of reporting.



### SUPPORT FROM THE FACULTY

ICAEW provides Technical Releases for guidance (see box, right). Because of the sheer volume of reports requested, it is not always possible to engage with each and every regulator, trade body and other type of organisation to develop and issue guidance for every report. However, ICAEW has issued generic guidance on reporting to third parties to help members approach these types of engagements and manage their risk (see TECH10/12AAF and AAF 04/06, right).

These two Technical Releases offer a lot of useful information. The guidance in AAF 04/06 covers accepting an engagement, managing professional liability, agreeing the terms of the engagement and the form of the report. Among the guidance in TECH 10/12 AAF there are examples of wording and opinions that we consider unacceptable to accountants providing special reports, as well as example extracts for an AUP engagement letter.

ICAEW has also produced a helpsheet *Registered auditor signing requirements PAS1 / HS21* which is available for download by ICAEW members and students (see [tinyurl.com/AB-Requirements](http://tinyurl.com/AB-Requirements)). As the title indicates, this provides guidance on some of the more common reports prepared by accountants which require the signature of a registered auditor. It also offers examples of reporting engagements that they may perform only as a registered auditor and highlights the danger of inadvertently carrying out engagements which require registered auditor status when a firm does not hold an audit registration.

To further assist members, the faculty

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has run a number of related webinars. These range from a recent webinar on SRA Accounts Rules and the role of the reporting accountant (see [icaew.com/aafwebinars](http://icaew.com/aafwebinars)) to an earlier webinar, *The trouble with mortgage references*, which serves as a reminder of the need for the practitioner to be aware of the risk, liability and duty of care implications of providing accountants' reports (in the context of mortgages). There has also been a Q&A in *Audit & Beyond*; see [tinyurl.com/AB-Mortgage](http://tinyurl.com/AB-Mortgage).

The faculty also keeps members informed on developments relating to accountants' reports with updates in the news section of *Audit & Beyond* and in articles such as the one on pages 10 and 11, which highlights some of the key points from the recent SRA webinar. There will also be more coverage in future issues of *Audit & Beyond*, such as an article on Regional Growth Fund grant reporting.

### PROCEED WITH CAUTION

While requests for reports such as these can open up valuable revenue streams, firms need to make sure that they have the relevant expertise to do the

### TECHNICAL RELEASES

Among the Technical Releases members will find the following:

- TECH09/16AAF *Revised arrangements for accountants reporting to the Civil Aviation Authority*
- TECH02/16AAF *Reporting to regulators on regulatory accounts* (an update to Audit 05/03)
- TECH16/15AAF *Solicitors Regulation Authority (SRA) Accounts Rules: interim guidance for reporting accountants following changes to the accountant's report requirements*
- TECH07/14AAF *Assurance reporting on master trusts* (Master Trust Supplement to ICAEW AAF 02/07)
- TECH10/12AAF *Reporting to third parties* (Audit 1/01 updated)
- AAF 01/11 *Reporting to the Audit Bureau of Circulations Limited (ABC)*
- AAF 01/10 *Framework document for accountants reports on Grant Claims*
- AAF 04/06 *Assurance engagements: Management of risk and liability*

For more information on Technical Releases from the faculty visit [tinyurl.com/AB-Technicals](http://tinyurl.com/AB-Technicals)

work and that they are actually eligible to provide the report. For instance, be aware that ATOL reporting work now requires membership of an ATOL Reporting Accountant Scheme. Guidance is available on how to join the ICAEW Licensed Practice Scheme (see [tinyurl.com/AB-License](http://tinyurl.com/AB-License)).

Also, reporting accountants need to be very clear about the scope of the engagement. You need to think about what you are being asked to do, for whom and what report is required, and this should also be reflected in the engagement terms. Make sure you can actually provide the required report: the work being performed must give you the evidence you need to give the opinion or the factual findings required in the report. You may need to negotiate changes to the report wording or the associated work, in order to deal with any risks identified and where this is not possible, you will need to consider whether you can perform the engagement. Further support is available in the relevant ICAEW guidance (see box above) and members can also contact the Technical Enquiries Service for additional help. ■