

Compilation, Review, Audit

Compilation

A compilation is a very basic summary of your financials written by a CPA, using data you provide. There is no testing nor reviewing of internal controls performed by the CPA. This provides no opinion or assurance from the CPA.

Review

A financial review is a limited examination of your financial statements with a report on their plausibility. The scope is narrower than an audit but includes a surface review of analytical procedures and an assessment of management. The auditor will be able to assess that your financial statements are free from material misstatements and meet GAAP. A review produces a limited assurance from the CPA.

Audit

An audit is a full and thorough review of the organization's financial statements and requires a critical, systematic review process which can include detailed testing, employee interviews, and a survey of internal controls. An audit produces the highest possible level of assurance from the CPA.

Management Letter

An audit management letter, also known as a management letter, is a written communication from an auditor to management and others responsible for governance. The letter is intended to help them fulfill their responsibilities. It can include information that isn't included in the auditor's report or audited financial statements. Management letters can also summarize lessons learned during the audit and offer guidance based on best practices. For example, a letter might suggest ways to improve efficiency, minimize risk, or handle internal controls.