

Audits – Reviews – Compilations

	Audits	Reviews	Compilations
Level of Assurance that the Financial Statements Are Not Materially Misstated.	The auditor obtains a high, but not absolute, level of assurance	The Accountant obtains limited assurance there are no material modifications	The Accountant does not obtain or provide any assurance that there are no material modifications
Objective	To obtain a high level of assurance about whether the financial statements are free of material misstatement thereby enabling the auditor to express an opinion on whether the financial statements are presented fairly, in all material respects	To obtain limited assurance that there are no material modifications that should be made to the financial statements	To assist management in presenting financial information in the form of financial statements without undertaking to provide any assurance that there are no material modifications that should be made to the financial statements
Assurance Provided to the User of the Financial Statements	None – the auditor provides an opinion as to whether the financial statements present fairly, in all material respects, the company’s financial position, results of operations, and cash flows	None – the report provides a statement that the accountant is not aware of any material modifications that should be made to the financial statements	None – the report states that no assurance is provided
The accountant is required to obtain an understanding of the entity’s internal control and assess fraud risk	No	No	Yes
The accountant is required to perform inquiry and analytical procedures	No	Yes	Yes
The accountant is required to perform verification and substantiation procedures	No	No	No

Situations requiring different levels of service	Often prepared for companies because outside third parties require an auditor's opinion on the financial statements	Often prepared for privately held companies because of requirements of outside third parties to show that the financial statements are not materially misstated	Generally appropriate for privately held companies and are often prepared for simple situations (e.g., a lender specifically needs GAAP financial statements, or to show that an Accountant read the financial statements).
Differences in costs for each level of service	Involves the most work so the cost is substantially higher than a review or compilation	More costly than a compilation but substantially lower in cost than an audit	Involves the lowest amount of work so is far less costly than a review or an audit