
1. When is it effective?
   - SSARS 23 was issued by the Accounting and Review Services Committee (ARSC) of the AICPA on October 25, 2016.
   - The revisions to AR-C 60 are effective upon issuance.
   - The revisions to AR-C 70 are effective upon issuance except for the revisions to AR-C 70.01 and .A1 and new paragraphs AR-C 70.19 and .A1-.A2 which are effective for prospective financial information prepared on or after May 1, 2017.
   - The revisions to AR-C 80 are effective upon issuance except for the revisions to AR-C 80.01 and .A1 and new paragraphs AR-C 80.24-.25, .A1-.A2, and .A5 which are effective for compilation reports on prospective financial information dated on or after May 1, 2017.
   - The revisions to AR-C 90 are effective upon issuance.

2. What are the primary impacts of SSARS 23?
   - The SSARS are revised so that the accountant can prepare or compile prospective financial information. This required amendments to AR-C 60, AR-C 70, and AR-C 80.
   - It adds a documentation requirement for justification of a departure from a relevant presumptively mandatory requirement. Prior to SSARS 23, this documentation requirement was only applicable to financial statement preparation engagements under AR-C 70. The Accounting and Engagement Issues practice aid in PPC engagement titles (such as Appendix 2J of PPC’s Guide to Compilation and Review Engagements) already includes a place for such documentation, so this requirement is not discussed further in this document.
   - It allows the accountant to take responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error. If the accountant assumes that responsibility, this impacts the engagement letter for either preparation (AR-C 70) or compilation (AR-C 80) engagements for which the accountant is taking that responsibility. In those instances, the accountant should move that responsibility from the Management Responsibilities or Your Responsibilities section of the engagement letter to the Our Responsibilities section of the letter. In addition, ET 1.295.030.02k says that accepting responsibility for designing, implementing, or maintaining internal control is an example of a management responsibility that would impair independence if performed by the accountant for an attest client. Consequently, in the compilation engagement letter, the accountant should also indicate his or her lack of independence in the Our Report section.
   - It clarifies the accountant’s requirements for disclosure of known departures from the applicable financial reporting framework in the accountant’s compilation report. This clarification does not change the wording in the compilation report.
illustrations in our products as we already illustrate such disclosures as a separate paragraph; therefore, it is not discussed further in this document.

- It revises the requirements for reporting on reviewed financial statements accompanied by supplementary information. SSARS 23 also makes conforming changes to the related guidance for compilation reports.
- It makes a minor conforming change to the suggested wording for a disclaimer issued during a financial statement preparation engagement (AR-C 70). Due to the insignificance of the change, it is not discussed further in this document.

3. Where can I find more information about SSARS 23?

- SSARS 23—SSARS 23 is available on Checkpoint (to subscribers of AAGQ—under AICPA\Professional Standards\Accounting and Review Services (Clarified) [AR-C]\Original Pronouncements). It is also available for download at http://www.aicpa.org/research/standards/compilationreview/downloadeddocuments/ssars_23.pdf.

- Updated Codification of SSARS—An updated codification of the Statements on Standards for Accounting and Review Services is available on Checkpoint (to subscribers of AAGQ—under AICPA\Professional Standards\Accounting and Review Services (Clarified) [AR-C]\STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES (CLARIFIED)).

- The December 2016 issue of PPC’s Accounting and Auditing Update will include an article discussing SSARS 23.

4. When will Thomson Reuters products be updated for SSARS 23?

- PPC’s Guide to Forecasts and Projects (FAP)—The 2017 edition of FAP will include the guidance and practice aids you need to perform engagements related to prospective financial information. It will be available in late March 2017.


- PPC’s Guide to SSARS Preparation Engagements (FSP)—The 2017 edition of FSP will be updated for SSARS 23. It will be available in late March 2017.

- Other PPC Titles. SSARS 23 will be incorporated into the various PPC titles which include compilation or review guidance during each title’s next scheduled update. That process began with the October 2016 updates of PPC’s Guide to Physicians and Other Health Care Professionals, PPC’s Guide to GAAS, and PPC’s Guide to Accounting and Reporting for Estates and Trusts. Those products will be available in December 2016 and early January 2017. Updates of our remaining products will continue through 2017.

- Each of our products includes information on the date through which that product was updated and the relevant professional literature included in that edition. Consult that information to determine whether SSARS 23 has been included.

5. Which Thomson Reuters products have not been updated for SSARS 23?

Throughout CAR 2016, we included cautions to the user that ARSC anticipated issuing an exposure draft which would revise the guidance in AR-C 90 relating to reporting on supplementary information. ARSC issued the exposure draft, *Amendment to Statement on Standards for Accounting and Review Services No. 21 Section 90, Review of Financial Statements*, in July 2016. When the revisions were issued in final form, they were incorporated into SSARS 23 and expanded to included conforming changes to AR-C 80’s requirements on reporting on supplementary information.

- Other PPC Engagement Titles—Engagement titles which contain compilation and review guidance and which were released in the first two quarters of 2016 are current through a date prior to the July 2016 exposure draft. As such, they do not include guidance about or cautions concerning the changes resulting from SSARS 23. Titles released after the July 2016 exposure draft, but prior to the issuance of SSARS 23, include cautions to the user concerning the changes related to reporting on supplementary information.

Each of our products includes information on the date through which that product was updated and the relevant professional literature included in that edition. Consult that information to determine the information included.

6. What changes should I make to my SSARS practice aids so that they conform to SSARS 23?

- Prospective Financial Information Engagements. Those changes are not required until May 1, 2017 and will be included in the 2017 edition of PPC’s *Guide to Forecasts and Projections*.

- Financial Statement Preparation or Compilation Engagement Letters—For financial statement preparation or compilation engagements *for which the accountant will accept responsibility* for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, the Management Responsibilities or Your Responsibilities section of the engagement letter would not list that responsibility. See the following excerpt:

### Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to assist you in the presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.

- The preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America and the inclusion of all informative disclosures that are appropriate for accounting principles generally accepted in the United States of America, if applicable.

- The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements.
Instead, the following sentence would be added to the **Our Responsibilities** section of the letter:

| We are responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements. |

For a compilation engagement, the following sentence would be added at the end of the first paragraph under the **Our Report** section of the letter:

| We are not independent with respect to XYZ Company. We will disclose that we are not independent in our compilation report. |

- **Compilation Engagement Letters**—If the compiled financial statements will be accompanied by supplementary information, the wording in the engagement letter would be changed as illustrated in the following excerpt:

<table>
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<tr>
<th>q If supplementary information is not compiled and is included with the compiled financial statements, practitioners may add language such as the following to the engagement letter:</th>
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<tbody>
<tr>
<td>The supplementary information accompanying the compiled financial statements will be presented for purposes of additional analysis. <strong>Such information is the responsibility of management.</strong> We will not compile the supplementary information. We will not express an opinion, a conclusion, or provide any assurance on such supplementary information.</td>
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<th>If supplementary information is compiled and is included with the compiled financial statements, practitioners may add language such as the following to the engagement letter:</th>
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<tbody>
<tr>
<td>The supplementary information accompanying the compiled financial statements will be presented for purposes of additional analysis. <strong>The Such supplementary information will be compiled from information that is the representation-responsibility of management. We will not audit or review the supplementary information. We will not express an opinion, a conclusion, or provide any assurance on such supplementary information.</strong></td>
</tr>
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</table>
• **Review Engagement Letters**—If the reviewed financial statements will be accompanied by supplementary information, the wording in the engagement letter would be changed as illustrated in the following excerpt (these changes are tracked from the proposed wording in the July 2016 exposure draft as included in the 2016 edition of PPC’s *Guide to Compilation and Review Engagements* and other 2016 PPC products released prior to the issuance of SSARS 23):

> h If supplementary information will be reviewed and included with the reviewed financial statements, practitioners are required to reference supplementary information in the engagement letter. Language such as the following may be used:

> The supplementary information accompanying the financial statements will be presented for purposes of additional analysis. Such information is the responsibility of management and will be derived from, and related directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information will be subjected to the review procedures applied in my (our) review of the basic financial statements. I (We) will not audit the supplementary information, and, accordingly, we will not express an opinion on such information.

If supplementary information will not be audited or reviewed and is included with the reviewed financial statements, practitioners are required to reference supplementary information in the engagement letter. Language such as the following may be used:

> The supplementary information accompanying the financial statements will be presented for purposes of additional analysis. Such information is the responsibility of management. We—I (We)—will not audit or review the supplementary information and, accordingly, we will not express an opinion, a conclusion, or provide any assurance on it.

• **Compilation Reports**—If the compiled financial statements will be accompanied by supplementary information which is not also compiled, the wording in the report would be modified as illustrated in the following excerpt:

> The accompanying supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. This—Such—information is the representation—responsibility of management. This—The supplementary information was not subject to my (our) compilation engagement. I (We) do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

If the compiled financial statements will be accompanied by supplementary information *which is compiled*, the wording in the report would be modified as illustrated in the following excerpt:
The accompanying supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. This Such information is the representation-responsibility of management. The supplementary information was subject to my (our) compilation engagement, however, I (we) have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.
• **Review Reports**—If the reviewed financial statements will be accompanied by supplementary information which is not also subject to the review procedures applied in the review of the basic financial statements, the wording in the report would be modified as illustrated in the following excerpt (these changes are tracked from the proposed wording in the July 2016 exposure draft as included in the 2016 edition of PPC’s *Guide to Compilation and Review Engagements* and other 2016 PPC products released prior to the issuance of SSARS 23):

**Supplementary Information**

The accompanying supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. I (We) have not audited or reviewed such information and, accordingly, I (we) do not express an opinion, a conclusion, nor provide any form of assurance on it.

If the reviewed financial statements will be accompanied by supplementary information *which is subject to the review procedures applied in the review of the basic financial statements*, the wording in the report would be modified as illustrated in the following excerpt (these changes are tracked from the proposed wording in the July 2016 exposure draft as included in the 2016 edition of PPC’s *Guide to Compilation and Review Engagements* and other 2016 PPC products released prior to the issuance of SSARS 23):

**Supplementary Information**

The accompanying supplementary information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in my (our) review of the basic financial statements. I am (We are) not aware of any material modifications that should be made to the supplementary information. I (We) have not audited the supplementary information and, accordingly, do not express an opinion on such information.