Frequently Asked Questions—SSARS 21, Statements on Standards for Accounting and Review Services: Clarification and Recodification

1. When is it effective?

SSARS 21 is effective for engagements performed for periods ending on or after December 15, 2015. Early implementation is allowed. So, basically practitioners must implement it for calendar year end 2015 (December 31, 2015) engagements, but may choose to implement it earlier.

Although the AICPA often talks about the SSARS clarity project and the Auditing Standards Board clarity project at the same time, SSARS 21 does not have the same effective date as the Auditing Standards Board clarified auditing standards, which were effective for 2012 calendar year end audits.

2. What does Thomson Reuters have to help me implement SSARS 21?

- **Overall Understanding of SSARS 21**—We have released a Special Report that goes over the highlights of the SSARS. It is available at https://tax.thomsonreuters.com/CompilationReviewStandards.

- **Financial Statement Preparation Engagement**—SSARS 21 introduced a new level of service—the financial statement preparation engagement. The AICPA included an illustrative engagement letter for a financial statement preparation engagement in SSARS 21 (AR-C 70.A20). SSARS 21 is available on Checkpoint (to subscribers of AAGQ – under AICPA/Professional Standards/Accounting and Review Services – Clarified). There currently is not a free copy of SSARS 21 available on the AICPA website.

- **PPC’s Guide to Write-Up Services** (WUS) current edition includes a discussion of the new financial statement preparation service, including procedures and requirements, and an illustrative engagement letter.

- **New Guidance**—We are creating a new product, **PPC’s Guide to SSARS Preparation Engagements**, which will discuss the ins and outs of this new type of service and include practice aids addressing what practitioners need to do to comply with AR-C 70. That product will be available in early March 2015.

- **Compilation and Review Engagements**—There is less incentive for firms to implement the changes resulting from SSARS 21 to compilation engagements and review engagements early. Therefore, we do not currently offer guidance and tools for compilation and review engagements under SSARS 21. Firms need to be careful when implementing changes in compilation and review engagements and ensure that the firm QC policies have also been updated to address any issues related to the implementation of SSARS 21.

- **PPC’s Guide to Quality Control—Compilation and Review** (GCR) will help guide firms through the changes that they may need to make to their firm QC polices as a result of SSARS 21. GCR is intended for firms that do not conduct audits, and will be available in June 2015.

- **PPC’s Guide to Quality Control** (GQC) will be available in March 2015.
PPC’s Guide to Compilation and Review Engagements (CAR)—Many firms perform their firm training and prepare for their year-end engagements during the summer. To help firms with those processes, we have accelerated the completion of PPC’s Guide to Compilation and Review Engagements from its normal October release cycle to a July 2015 release. All guidance and tools will be available in all media by the end of July 2015.

Updated Engagement Letter—For firms which would like to prepare engagement letters for compilation engagements to be performed under SSARS No. 21, we have posted an illustrative compilation engagement letter that may be used both before and after the implementation of SSARS No. 21 to our support site. It is available at http://thomsonreuterstaxsupport.force.com/pkb/articles/Installation_Updates/Illustrative-Compilation-Engagement-Letter-under-SSARS-No-21/?c=Products_Support%3APPC_s_A_A_Products&h=PPC%27s+A%26A+Products&fs=Search&pn=1.

3. Can I implement SSARS 21 on some engagements but not others?

Practitioners may decide they want to perform the financial statement preparation service now so that they can avoid the reporting requirements of a compilation engagement. Also, that would eliminate the concern about whether management-use-only financial statements are an appropriate option since those types of financial statements would no longer be necessary with the financial statement preparation service. If a practitioner decides to perform the financial statement preparation service, he or she will need to follow all of the requirements in AR-C 70, Preparation of Financial Statements. They can’t pick and choose which requirements they will implement early—they have to implement all of them for that engagement if they choose early implementation. WUS will have guidance and an illustrative engagement letter to help practitioners perform that engagement.

Now consider a firm that wants to also perform compilation and review engagements during January through November 2015. The firm can continue to follow the existing compilation and review standards for its compilation and review engagements and then implement SSARS 21 for those engagements for periods ending December 31, 2015. This allows firms to wait until summer 2015 (when they can plan for a smoother roll out of the changes) to evaluate the impact of the new requirements rather than making changes to their procedures, engagement letters, and report language during the spring 2015 busy year end and tax filing season. Remember that the required effective date isn’t until periods ending on or after December 15, 2015.


- Each year, we update the financial statement disclosure checklist in CAR to cover all of the relevant financial statement disclosures. The FASB has been very busy in 2014 and there were a lot of changes.
- The Professional Ethics Executive Committee released a revised Code of Professional Conduct in June 2014. That revision is included in the 2014 edition of CAR.
• There were AICPA Technical Practice Aids issued in 2014 on how the FASB’s PCC-related Accounting Standards Updates impact compilation and review reports. We address those reporting issues.

• We also included guidance on risk management issues for practitioners with compilation and review practices.