Changes to SSARS 21



Preparing financial statements under SSARS 21 is not an attest service.

The Board’s definition of “attest services” does not include preparing financial statements.

The AICPA has carved out the service of preparing financial statements as a NON-attest service, separate from audits, reviews and compilation services.

CPAs preparing financial statements MUST (1) include a legend on EACH page of a financial statement that, “No assurance is being provided” or a disclaimer that makes clear that no assurance is provided on the financial statements; and (2) obtain a written engagement letter signed by you and the client’s authorized individual. If the legend or disclaimer isn’t provided, a compilation engagement (attest service) would be needed.

Financial statements (without a report) can be used by or provided to a third party, not just management-use only. While not required, to alleviate a third party in any way thinking the financial statement has been audited, reviewed or compiled, it should be clear (1) in the engagement letter with the client, (2) on the financial statement, and (3) in communications (by the client or the CPA) with any third party, that no assurance is provided because there has been no audit, review or compilation.