



*Statement on
Standards for Accounting and
Review Services*

June 2022
26

Issued by the Accounting and Review Services Committee

***Quality Management for an Engagement Conducted in
Accordance With Statements on Standards for
Accounting and Review Services***

(Amends SSARS No. 21, as amended, sections 60, General Principles for Engagements Performed in Accordance With Statements on Standards for Accounting and Review Services; 70, Preparation of Financial Statements; 80, Compilation Engagements; and 90, Review of Financial Statements [AICPA, Professional Standards, AU-C secs. 60, 70, 80, and 90])

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Statement on Standards for Accounting and Review Services ***Quality Management for an Engagement Conducted in*** ***Accordance With Statements on Standards for Accounting and*** ***Review Services***

Executive Summary

Overview

The Accounting and Review Services Committee (ARSC) has issued Statement on Standards for Accounting and Review Services (SSARS) No. 26, *Quality Management for an Engagement Conducted in Accordance With Statements on Standards for Accounting and Review Services*, to enhance certain concepts related to quality management for engagements performed in accordance with SSARSs. SSARS No. 26 also ensures that certain concepts related to quality management, where appropriate, are consistent between the auditing standards and SSARSs.

SSARS No. 26 also includes a technical revision to paragraph .16 of AR-C section 90, *Review of Financial Statements*, to remove the requirement that a review engagement letter be obtained *prior to the start of the review engagement*. The resulting requirement is consistent with the corresponding requirement for a preparation engagement (paragraph .10 of AR-C section 70, *Preparation of Financial Statements*), a compilation engagement (paragraph .10 of AR-C section 80, *Compilation Engagements*), a compilation of pro forma financial information (paragraph .09 of AR-C section 120, *Compilation of Pro Forma Financial Information*), and the auditing and attestation standards.

The amendments to AR-C sections 60, 70, 80, and 90 included as paragraphs 1–4 of SSARS No. 26 are effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2025.

The amendment to AR-C section 90 included as paragraph 5 of SSARS No. 26 is effective upon issuance.

Introduction

This executive summary provides an overview of SSARS No. 26. This document aims to highlight changes that are viewed to be of most interest (but is not inclusive of all changes).

Background

Coinciding with the issuance of SSARS No. 26, the Auditing Standards Board (ASB) has issued the following standards:

- Statement on Quality Management Standards (SQMS) No. 1, *A Firm's System of Quality Management*

- SQMS No. 2, *Engagement Quality Reviews*
- Statement on Auditing Standards (SAS) No. 146, *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*

SQMS No. 1 supersedes Statement on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control* (QC section 10), and SAS No. 146 supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, as amended, section 220, *Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards* (AU-C section 220).¹

SQMS Nos. 1 and 2, SAS No. 146, and SSARS No. 26 are collectively referred to as the “quality management standards.”

The development of the quality management standards was influenced by concerns about engagement quality, as indicated by the results of peer reviews and studies by regulators. Further, the development of the quality management standards was influenced by the ASB's view that it is particularly important to converge with the quality management standards of the International Auditing and Assurance Standards Board (IAASB), which were updated and issued in December 2020.²

Fundamental Aspects of SSARS No. 26

The public interest is served by the consistent performance of quality engagements. SSARS No. 26 addresses public interest considerations by encouraging proactive management of quality at the engagement level, emphasizing the importance of the exercise of professional skepticism, enhancing the documentation of the auditor's judgments, and reinforcing the need for robust communications during the engagement.

SQMS No. 1 addresses the system of quality management, which forms the foundation for the management of quality. SSARS No. 26 addresses how the engagement partner leverages the firm's system and manages quality at the engagement level. The SSARS makes clear that the engagement partner has overall responsibility for managing and achieving quality. This includes creating an environment that emphasizes the firm's culture and expected behavior of engagement team members. These behaviors include the responsibility of all engagement team members for

¹ All QC and AU-C sections can be found in AICPA *Professional Standards*.

² In December 2020, the International Auditing and Assurance Standards Board issued the following standards:

- International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*
- ISQM 2, *Engagement Quality Reviews*
- International Standard on Auditing (ISA) 220 (Revised), *Quality for an Audit of Financial Statements*

Those standards are available at <https://www.iaasb.org/focus-areas/quality-management>.

quality; the importance of professional ethics, values, and attitudes; and the importance of professional skepticism to a quality engagement.

The engagement partner remains ultimately responsible and, therefore, accountable, for compliance with the requirements of the SSARS. The phrase *take responsibility for* is used for those requirements for which the engagement partner is permitted to assign the design or performance of procedures, tasks, or actions to appropriately skilled or suitably experienced members of the engagement team. For other requirements, the SSARS expressly intends that the requirement or responsibility be fulfilled by the engagement partner. To fulfill the requirement, the engagement partner may obtain information from the firm or other members of the engagement team, (for example, information to make the required decision or judgment). For example, the engagement partner is required to determine that members of the engagement team collectively have the appropriate competence and capabilities to perform the engagement. To make a judgment on whether the competence and capabilities of the engagement team is appropriate, the engagement partner may need to use information compiled by the engagement team or from the firm's system of quality management.

Ordinarily, the engagement team may depend on the firm's policies or procedures in complying with the requirements of this SSARS, unless the engagement team's understanding or practical experience indicates that the firm's responses to quality risks are ineffective in context of the specific engagement, or information provided by the firm or other parties indicates that the firm's policies or procedures are not operating effectively.

Engagement Partner's Overall Responsibility for Managing Quality on SSARSs Engagements

The engagement partner needs to be sufficiently and appropriately involved throughout the engagement because this is fundamental to providing the engagement leadership required to achieve high quality engagements and, therefore, to meeting the objective of SSARS No. 26. This overall responsibility includes the following:

- a. **Fulfilling leadership responsibilities**, including taking actions to create an environment for the engagement that emphasizes the firm's culture and the expected behavior of engagement team members, and assigning procedures, tasks, or actions to other members of the engagement team
- b. **Supporting engagement performance**, including taking responsibility for the nature, timing, and extent of the direction, supervision, and review of the work performed

Relevant Ethical Requirements

In addition to enhancing the extant requirements, SSARS No. 26 includes requirements regarding the following:

- Understanding of the relevant ethical requirements and whether other members of the engagement team are aware of those requirements and the firm's related policies or procedures

- Threats to compliance with relevant ethical requirements
- Determining whether relevant ethical requirements, including those related to independence, have been fulfilled

It also includes new application material that links with the firm-level requirements in SQMS No. 1, describes possible appropriate actions if noncompliance is indicated, and links to the requirement in AR-C section 90³ for the accountant's review report to include a statement regarding the accountant's independence.

Engagement Resources

The engagement partner is required to take responsibility for the direction and supervision of the engagement team and review of their work. This includes tailoring the nature, timing, and extent of this responsibility to the nature and circumstances of the engagement and the resources — technological, intellectual, and human — assigned to the engagement. If the resources are insufficient or inappropriate, the engagement partner is required to take appropriate action.

³ Paragraph .76e(iii) of AR-C section 90, *Reviews of Financial Statements*.

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(2021–2022)

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Note: *Statements on Standards for Accounting and Review Services are issued by the Accounting and Review Services Committee (ARSC), the senior body of the AICPA designated to promulgate standards under the “General Standards Rule” (ET sec. 1.300.001)⁴ and the “Compliance With Standards Rule” (ET sec. 1.310.001) of the AICPA Code of Professional Conduct with respect to unaudited financial statements or other unaudited financial information of an entity that is not required to file financial statements with a regulatory agency in connection with the sale or trading of its securities in a public market.*

⁴ All ET sections can be found in AICPA *Professional Standards*.

Statement on Standards for Accounting and Review Services *Quality Management for an Engagement Conducted in Accordance With Statements on Standards for Accounting and Review Services*

Amendment to SSARS No. 21, as amended, section 60, *General Principles for Engagements Performed in Accordance With Statements on Standards for Accounting and Review Services* (AR-C section 60)

1. This amendment is effective for engagements performed in accordance with Statements on Standards for Accounting and Review Services (SSARSs) for periods ending on or after December 15, 2025.

(***Boldface italics*** denotes new language. Deleted text is shown in ~~strikethrough~~.)

[No amendment to paragraphs .01–.06.]

Definitions

.07 For purposes of SSARSs, the following terms have the meanings attributed as follows:

...

Engagement partner.^{fn+} The partner or other ~~person in~~ ***individual appointed*** by the firm who is responsible for the engagement and its performance and for the report that is issued on behalf of the firm and who, when required, has the appropriate authority from a professional, legal, or regulatory body. (***Ref: par. .A12***)

^{fn+} ~~This term is also defined in paragraph .13 of QC section 10, *A Firm's System of Quality Control*, for purposes of the Statements on Quality Control Standards. Refer to QC section 10 for specific language~~

Engagement quality review. ***An objective evaluation of the significant judgments made by the engagement team and the conclusions reached thereon performed by the engagement quality reviewer and completed before the engagement report is released.***

Engagement quality reviewer. ***A partner, other individual in the firm, or an external individual appointed by the firm to perform the engagement quality review.***

...

Inspection. Inspection is an evaluation of the adequacy of aspects of the firm’s quality management policies and procedures, its personnel’s understanding of those policies and procedures, and the extent of the firm’s compliance with them.

...

Network. As defined in “Definitions” (ET section 0.400) in the AICPA code, an association of entities that includes one or more firms. (Ref: par. .A13)

Network firm. As defined in “Definitions” (ET section 0.400) in the AICPA code, a firm or other entity that belongs to a network. References to a network firm are to be read hereafter as “another firm or entity that belongs to the same network as the firm.”

...

Partner. Any individual with authority to bind the firm with respect to the performance of a professional services engagement. For purposes of this definition, partner may include an employee with this authority who has not assumed the risks and benefits of ownership. Firms might use different titles to refer to individuals with this authority.

Personnel. Partners and staff in the firm.

...

Professional standards. Standards promulgated by the AICPA Auditing Standards Board or the AICPA Accounting and Review Services Committee under the “General Standards Rule” (ET sec. 1.300.001) or the “Compliance With Standards Rule” (ET sec. 1.310.001) of the AICPA code, or by other standard-setting bodies that set auditing and attest standards applicable to the engagement being performed and relevant ethical requirements.

...

Relevant ethical requirements. Principles of professional ethics and ethical requirements to which the engagement team and, if applicable, the engagement quality reviewer are subject, which consist of the AICPA code together with rules of applicable state boards of accountancy and applicable regulatory agencies that are more restrictive.

...

[No amendment to paragraphs .08–.19.]

Engagement Level Quality ~~Control~~ Management

- .20** In an engagement performed in accordance with SSARs, the engagement partner should *determine that members of the engagement team—possess the have the appropriate* competence and capabilities, *including sufficient time*, to perform the engagement ~~and~~ *competence in financial reporting, appropriate to the engagement circumstances. (Ref: par. .A42)*

.21 In an engagement performed in accordance with SSARSs, the engagement partner should take responsibility for the following: (Ref: par. ~~.A40A43–.A43A47~~)

- a. The overall *managing and achieving of quality of-on each the engagement to which that partner is assigned, including taking responsibility for creating an environment for the engagement that emphasizes the firm’s culture and expected behavior of engagement team members. In doing so, the engagement partner should be sufficiently and appropriately involved throughout the engagement such that the engagement partner has the basis for determining that the significant judgments made, and the conclusions reached, are appropriate given the nature and circumstances of the engagement.*
- b. ~~The direction~~*Directing*, supervision~~supervising~~, planning, and performance of *performing* the engagement in compliance with professional standards and applicable legal and regulatory requirements. *If the engagement partner assigns the design or performance of procedures, tasks, or actions related to a requirement of this SSARS to other members of the engagement team to assist the engagement partner in complying with the requirements of this SSARS, the engagement partner should continue to take overall responsibility for managing and achieving quality on the engagement through direction and supervision of those members of the engagement team and review of their work.*
- c. The accountant’s report being appropriate in the circumstances
- d. The engagement being performed in accordance with the firm’s ~~quality control policies and-or~~ procedures, including the following:
 - i. Being satisfied that ~~appropriate procedures regarding~~ *the firm’s policies or procedures for* the acceptance and continuance of client relationships and engagements have been followed, and that conclusions reached are appropriate, including considering whether there is information that would lead the engagement partner to conclude that management lacks integrity (Ref: par. ~~.A45A48–.A46A49~~)
 - ii. *Determining that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team in a timely manner, taking into account the nature and circumstances of the engagement, the firm’s policies or procedures, and any changes that may arise during the engagement*
 - ii. Being satisfied that the engagement team collectively has the appropriate competence and capabilities to perform the engagement and expertise in financial reporting to (Ref: par. ~~.A47~~)

(1) perform the engagement in accordance with professional standards and applicable legal and regulatory requirements and

~~(2) enable a report that is appropriate in the circumstances to be issued, if applicable~~

iii. Taking responsibility for appropriate engagement documentation being maintained

[No amendment to paragraph .22.]

Compliance With Relevant Ethical Requirements

- ~~.23 Throughout the engagement, the engagement partner should remain alert, through observation and making inquiries as necessary, for evidence of noncompliance with relevant ethical requirements by members of the engagement team. If matters come to the engagement partner's attention through the firm's system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, should determine the appropriate action. *The engagement partner should have an understanding of the relevant ethical requirements, including those related to independence, that are applicable given the nature and circumstances of the engagement. (Ref: par. .A50–.A53)*~~
- .24 The engagement partner should take responsibility for other members of the engagement team having been made aware of relevant ethical requirements that are applicable given the nature and circumstances of the engagement, and the firm's related policies or procedures, including those that address the following: (Ref: par. .A43 and .A51–.A55)*
- a. Identifying, evaluating, and addressing threats to compliance with relevant ethical requirements, including those related to independence, if applicable to the circumstances of the engagement*
 - b. Circumstances that may cause a breach of relevant ethical requirements, including those related to independence, if applicable to the circumstances of the engagement, and the responsibilities of members of the engagement team when they become aware of breaches*
 - c. The responsibilities of members of the engagement team when they become aware of an instance of noncompliance with laws and regulations by the entity*
- ~~.25 If matters come to the engagement partner's attention that indicate that a threat to compliance with relevant ethical requirements exists, the engagement partner should evaluate the threats by complying with the firm's policies or procedures, using relevant information from the firm, the engagement team, or other sources; and take appropriate action. (Ref: par. .A54–.A55)~~
- .26 The engagement partner should remain alert throughout the engagement, through observation and making inquiries as necessary, for breaches of relevant ethical requirements*

or the firm's related policies or procedures by members of the engagement team. (Ref: par. .A56)

.27 If matters come to the engagement partner's attention through the firm's system of quality management, or from other sources, that indicate that relevant ethical requirements applicable to the nature and circumstances of the engagement have not been fulfilled, the engagement partner, in consultation with others in the firm, should take appropriate action. (Ref: par. .A57)

.28 In a compilation or review engagement, prior to dating the accountant's report, the engagement partner should take responsibility for determining whether relevant ethical requirements, including, in a review engagement, those related to independence, have been fulfilled. (Ref: par. .A58)

Monitoring and Remediation

~~.2429 An effective system of quality control for a firm includes a monitoring process designed to provide the firm with reasonable assurance that the firm's policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively.~~

~~The engagement partner should consider the results of the firm's monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms, and whether deficiencies noted in that information may affect the engagement.~~

The engagement partner should take responsibility for the following:

- a. Obtaining an understanding of the information from the firm's monitoring and remediation process, as communicated by the firm, including, as applicable, the information from the monitoring and remediation process of the network and across the network firms*
- b. Determining the relevance and effect on the engagement of the information referred to in paragraph .29a and taking appropriate action*
- c. Remaining alert throughout the engagement for information that may be relevant to the firm's monitoring and remediation process and communicating such information to those responsible for the process*

Acceptance and Continuance of Client Relationships and Engagements

~~.2530 The accountant should not accept an engagement to be performed in accordance with SSARSs if (Ref: par. .A4&A59)~~

- a. the accountant has reason to believe that relevant ethical requirements, **including, if applicable, those related to independence**, will not be satisfied; (Ref: par. .A49)*

- b. the accountant’s preliminary understanding of the engagement circumstances indicates that information needed to perform the engagement is likely to be unavailable or unreliable; or (Ref: par. ~~.A50A60~~)
- c. the accountant has cause to doubt management’s integrity such that it is likely to affect the performance of the engagement.

[Paragraph .26 is renumbered to paragraph .31. The content is unchanged.]

Application and Other Explanatory Material

[No amendment to paragraphs .A1–.A11.]

Definitions (Ref: par. .07)

“Engagement Partner” (Ref: par. 07)

A12. Appendix B to the AICPA Code of Professional Conduct, “Council Resolution Concerning the Form of Organization and Name Rule,” states that there must be a CPA who has ultimate responsibility for all engagements performed in accordance with SSARSs, and non-CPA owners could not assume ultimate responsibility for any such engagements. Law or regulation may include additional requirements.

“Network” and “Network Firm” (Ref: par. .07)

A13. The definitions of network or network firm in relevant ethical requirements may differ from those set out in this SSARS. The AICPA code also provides guidance in relation to the terms network and network firm. Networks and other network firms may be structured in a variety of ways and are, in all cases, external to the firm. The provisions in this SSARS in relation to networks also apply to any structures or organizations that do not form part of the firm but that exist within the network.

Other Preparation, Compilation, and Review Publications (Ref: par. 07)

[Paragraph .A12 is renumbers to paragraph .A14. The content is unchanged.]

Special Purpose Framework (Ref: par. 07)

[Paragraphs .A13–.A16 are renumbered to paragraphs .A15–.A18. The content is unchanged.]

Ethical Requirements (Ref: par. .08)

~~.A1719QC section 10~~ *Statement on Quality Management Standards No. 1, A Firm’s System of Quality Control Management, (SQMS No. 1)* sets out the firm’s responsibilities to establish and maintain its *design, implement, and operate a* system of quality control *management* for engagements performed in accordance with SSARSs. *As part of its system of quality management, SQMS No. 1 requires the firm and to* establish policies and procedures designed to provide it with reasonable assurance that the firm and its

~~personnel~~ ~~comply~~ *quality objectives that address the fulfillment of responsibilities in accordance* with relevant ethical requirements, including those ~~pertaining~~ *related* to independence, *if applicable*.

[Paragraphs .A18–.A39 are renumbered to paragraphs .A20–.A41. The content is unchanged.]

Engagement Level Quality ~~Control~~ Management (Ref: par. .20–.21 and .24)

~~.A47~~**A42** When ~~considering~~ *determining that members of the engagement team have* the appropriate competence and capabilities *to perform the engagement* ~~expected of the engagement team as a whole~~, the engagement partner may take into consideration such matters as the ~~team's~~ *member's*

- understanding of, and practical experience with, engagements of a similar nature and complexity through appropriate training and participation.
- understanding of professional standards and applicable legal and regulatory requirements.
- technical expertise, including expertise with relevant information technology and specialized areas of accounting or attest services.
- knowledge of relevant industries in which the ~~client~~ *entity* operates.
- ability to ~~apply~~ *exercise professional skepticism, if applicable, and* professional judgment.
- understanding of the firm's quality ~~control~~ *management* policies ~~and~~ *or* procedures.

~~.A40~~**A43** Within the context of the firm's system of quality ~~control~~ *management*, engagement teams have a responsibility to implement ~~quality control~~ *the firm's policies or* procedures that are applicable to the engagement and ~~provide~~ *communicate to* the firm with relevant information ~~to enable the functioning of~~ *arising from the engagement that is required to be communicated by the firm's policies or procedures to support* ~~that part of the firm's system of quality control relating to independence~~ *management*.

~~.A41~~**A44** The actions of the engagement partner and appropriate messages to the other members of the engagement team, in the context of the engagement partner taking *overall* responsibility for ~~the overall~~ *managing and achieving* quality ~~on~~ each engagement, emphasize the fact that quality is essential when performing an engagement in accordance with SSARSs and the importance to the quality of the engagement of

- a. performing work that complies with professional standards and regulatory and legal requirements.

- b. complying with the firm's quality ~~control~~**management** policies ~~and~~**or** procedures, as applicable.
- c. issuing a report, if applicable, for the engagement that is appropriate in the circumstances.
- d. the engagement team's ability to raise concerns without fear of reprisals.

~~A42~~A45 Unless information provided by the firm or other parties suggests otherwise **Ordinarily**, the engagement team is ~~entitled to rely~~ **may depend** on the firm's system of quality control ~~policies or procedures unless~~

- *the engagement team's understanding or practical experience indicates that the firm's policies or procedures will not effectively address the nature and circumstances of the engagement, or*
- *information provided by the firm or other parties about the effectiveness of such policies or procedures suggests they cannot be relied on (for example, information provided by the firm's monitoring activities, external inspections, or other relevant sources indicates that the firm's policies or procedures are not operating effectively).*

~~A46~~ For example, the engagement team may ~~rely~~**depend** on the firm's system of quality control ~~management~~ **policies and procedures** in relation to

- competence **and capabilities** of personnel through their recruitment and formal training.
- independence through the accumulation and communication of relevant independence information.
- maintenance of client relationships through **the firm's policies or procedures for acceptance and continuance of client relationships and specific engagements systems**.
- adherence to regulatory and legal requirements through the **firm's monitoring and remediation** process.

When considering the deficiencies identified in the firm's system of quality ~~control~~ **management** that may affect the engagement, the engagement partner may consider ~~measures taken~~ **the remedial actions undertaken** by the firm to ~~rectify~~**address** those deficiencies.

~~A43~~A47 A deficiency in the firm's system of quality ~~control~~**management** does not necessarily indicate that an engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements or that the accountant's report, if applicable, was not appropriate **in the circumstances**.

~~[.A44] [Paragraph renumbered by the issuance of SSARS No. 23, October 2016. Subsequently renumbered and deleted by the issuance of SSARS No. 25, February 2020.]~~

Acceptance and Continuance of Client Relationships and Engagements Performed in Accordance With SSARSs (Ref: par. .21d(i))

~~.A45A48~~ QC section 10 *SQMS No. 1* requires the firm to obtain information considered necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client ***establish quality objectives that address acceptance and continuance of client relationships and specific engagements.*** Information such as the following *may* assist the engagement partner in determining whether the conclusions reached regarding the acceptance and continuance of client relationships and engagements ~~in accordance with SSARSs~~ are appropriate:

- The integrity ***and ethical values*** of the principal owners, key management, and those charged with governance of the entity
- ***Whether sufficient and appropriate resources are available to perform the engagement***
- ***Whether management and those charged with governance have acknowledged their responsibilities in relation to the engagement***
- Whether the engagement team is ***has the competent competence and capabilities, including sufficient time,*** to perform the engagement ~~and has the necessary capabilities, including time and resources~~
- ~~Whether the firm and the engagement team can comply with relevant ethical requirements~~
- ***Whether Significant findings or issues significant matters*** that have arisen during the current or previous engagement ~~and their~~ ***have*** implications for continuing the ~~relationship~~ ***engagement***

[Former paragraph .A46 is renumbered as paragraph .A49. The content is unchanged.]

Assignment of Engagement Teams (Ref: par. .21dii)

~~Compliance With Relevant Ethical Requirements (Ref: par. .23-.25)~~

.A50 Based on the nature and circumstances of the engagement, certain law, regulation, or aspects of relevant ethical requirements, such as those pertaining to noncompliance with laws or regulations, may be relevant to the engagement (for example, laws or regulations dealing with money laundering, corruption, or bribery).

.A51 The firm's information system and the resources provided by the firm may assist the engagement team in understanding and fulfilling relevant ethical requirements applicable to the nature and circumstances of the engagement. For example, the firm may do the following:

- *Communicate the independence requirements to engagement teams, if applicable in the circumstances of the engagement*
- *Provide training for engagement teams on relevant ethical requirements*
- *Establish manuals and guides (that is, intellectual resources) containing the provisions of the relevant ethical requirements and guidance on how they are applied in the nature and circumstances of the firm and its engagements*
- *Assign personnel to manage and monitor compliance with relevant ethical requirements (for example, SQMS No. 1 requires that the firm obtains, at least annually, a documented confirmation of compliance with the independence requirements from all personnel required by relevant ethical requirements to be independent) or provide consultation on matters related to relevant ethical requirements*
- *Establish policies or procedures for engagement team members to communicate relevant and reliable information to appropriate parties within the firm or to the engagement partner, such as policies or procedures for engagement teams to*
 - *communicate information about client engagements and the scope of services, including non-assurance services, to enable the firm to identify threats to independence during the period of the engagement and during the period covered by the subject matter*
 - *communicate circumstances and relationships that may create a threat to independence, so that the firm can evaluate whether such a threat is at an acceptable level and, if it is not, address the threat by eliminating it or reducing it to an acceptable level*
 - *promptly communicate any breaches of the relevant ethical requirements, including those related to independence*

.A52 The engagement partner may take into account the information, communication, and resources described in paragraph .A49 when determining whether the engagement partner may depend on the firm's policies or procedures in complying with relevant ethical requirements.

.A53 Open and robust communication between the members of the engagement team about relevant ethical requirements may also assist in

- *drawing the attention of engagement team members to relevant ethical requirements that may be of particular significance to the audit engagement, and*
- *keeping the engagement partner informed about matters relevant to the engagement team's understanding and fulfillment of relevant ethical requirements and the firm's related policies or procedures.*

Identifying and Evaluating Threats to Compliance With Relevant Ethical Requirements (Ref: par. .24–.25)

.A54 In accordance with SQMS No. 1, the firm’s responses to address the quality risks in relation to relevant ethical requirements, including those related to independence for engagement team members, include policies or procedures for identifying, evaluating, and addressing threats to compliance with the relevant ethical requirements.

.A55 Relevant ethical requirements may contain provisions regarding the identification and evaluation of threats and how they are to be dealt with. For example, the AICPA code (ET section 1.295.040) provides safeguards for reducing threats to independence to an acceptable level when performing nonattest services for an attest client.

Breaches of Relevant Ethical Requirements (Ref: par. .26)

.A56 In accordance with SQMS No. 1, the firm is required to establish policies or procedures for identifying, communicating, evaluating, and reporting any breaches of relevant ethical requirements and appropriately responding to the causes and consequences of the breaches in a timely manner.

Taking Appropriate Action (Ref: par. .27)

.A57 Examples of appropriate actions may include the following:

- *Following the firm’s policies or procedures regarding breaches of relevant ethical requirements, including communicating to or consulting with the appropriate individuals so that appropriate action can be taken, including as applicable, disciplinary action.*
- *Communicating with those charged with governance.*
- *Communicating with regulatory authorities or professional bodies. In some circumstances, communication with regulatory authorities may be required by law or regulation.*
- *Seeking legal advice.*
- *Withdrawing from the engagement, when withdrawal is possible under applicable law or regulation.*

Prior to Dating the Accountant’s Review Report (Ref: par. .28)

.A58 AR-C section 90 requires that the accountant’s review report include a statement that the accountant is required to be independent of the entity and to meet the accountant’s other ethical responsibilities in accordance with the relevant ethical requirements relating to the review.⁶ Performing the procedures required by paragraphs .23–.28 provide the basis for these statements in the accountant’s review report.

⁶ Paragraph .76e(iii) of AR-C section 90, Review of Financial Statements.

Acceptance and Continuance of Client Relationships and Engagements (Ref: par. .25–.26)

~~.A48~~^{.A59} The accountant’s consideration of ~~engagement~~ ***acceptance and*** continuance ***of client relationships*** and relevant ethical requirements occurs throughout the engagement as conditions and changes in circumstances occur. Performing initial procedures on ~~engagement~~ ***acceptance and*** continuance ***of client relationships*** and evaluation of relevant ethical requirements at the beginning of an engagement informs the accountant’s decisions and actions prior to the performance of other significant activities for the engagement.

~~.A49~~ Relevant ethical requirements with respect to a review engagement include independence.

[Former paragraphs .A50–.A65 are renumbered as paragraphs .A60–.A77. The content is unchanged.]

Amendment to SSARS No. 21, as amended, section 70, *Preparation of Financial Statements* (AR-C section 70)

2. This amendment is effective for the preparation of financial statements for periods ending on or after December 15, 2025.

(***Boldface italics*** denote new language. Deleted text is shown in ~~strikethrough~~.)

[No amendment to paragraphs .01–.A13.]

.A14 An example of a disclaimer that the accountant may issue is as follows:

The accompanying financial statements of XYZ Company as of and for the year ended December 31, 20XX, were not subjected to an audit, review, or compilation engagement by ~~me~~-(us) and I-(we) do not express an opinion, a conclusion, nor provide any assurance on them.

[*Signature of ~~accounting~~ the accountant’s firm or accountant, as appropriate*]

[*Accountant’s city and state*]

[*Date*]

[No amendment to paragraphs .A15–.A26.]

Amendment to SSARS No. 21, as amended, section 80, *Compilation Engagements* (AR-C section 80)

3. This amendment is effective for compilations of financial statements for periods ending on or after December 15, 2025.

(***Boldface italics*** denotes new language. Deleted text is shown in ~~strikethrough~~.)

[No amendment to paragraphs .01–.16.]

The Accountant’s Compilation Report

.17 The accountant's compilation report should be in writing and (Ref: par. .A24 and ~~.A27~~**A28**)

...

g. include the *manual or printed* signature of ~~the accountant~~ or the accountant's firm.

...

[No amendment to paragraphs .18–.A24.]

~~[.A25] [Paragraph deleted by the issuance of SSARS No. 23, October 2016.]~~ *In some cases, law or regulation may allow for the use of electronic signatures in the accountant's compilation report.*

.A26 *In certain situations, the accountant's compilation report may be required by law or regulation to include the personal name and signature of the accountant, in addition to the accountant's firm.*

[Paragraphs .A26–.A52 are renumbered to paragraphs .A27–.A53. The content is unchanged.]

Amendment to SSARS No. 21, as amended, section 90, *Review of Financial Statements* (AR-C section 90)

4. This amendment is effective for reviews of financial statements for periods ending on or after December 15, 2025.

(***Boldface italics*** denotes new language. Deleted text is shown in ~~strikethrough~~.)

[No amendment to paragraphs .01–.75.]

Accountant's Review Report

.76 The written review report should include the following: (Ref: par. ~~.A123~~**A124**)

...

h. The *manual or printed* signature of ~~the accountant~~ or the accountant's firm. (***Ref: par. .A120–.A121***)

...

[No amendment to paragraphs .77–.138.]

Review Documentation

.139 In documenting the nature, timing, and extent of procedures performed as required in this section, the accountant should record the following:

a. Who performed the work and the date such work was completed

- b. Who reviewed the work performed ~~for the purpose of quality control for the engagement~~ and the date and extent of the review
- c. *If the review engagement is subject to an engagement quality review*
 - i. *the identity of the engagement quality reviewer for the engagement and the date and extent of such review and*
 - ii. *that the engagement quality review has been completed before the release of the accountant's review report*

[No amendment to paragraphs .A1–.A119.]

Signature of the Auditor

.A120 In some cases, law or regulation may allow for the use of electronic signatures in the accountant's review report.

.A121 In certain situations, the accountant's review report may be required by law or regulation to include the personal name and signature of the accountant, in addition to the accountant's firm.

[Paragraphs .A120–.A216 are renumbered to paragraphs .A122–.A218. The content is unchanged.]

Amendment to SSARS No. 21, as amended, section 90, *Review of Financial Statements (AR-C section 90)*

5. This amendment is effective upon issuance.

(Deleted text is shown in ~~strikethrough~~.)

[No amendment to paragraphs .01–.15.]

Agreement on Engagement Terms

.16 The accountant should agree upon the terms of the engagement with management or those charged with governance, as appropriate, ~~prior to performing the engagement~~. The agreed-upon terms of the engagement should be documented in an engagement letter or other suitable form of written agreement between the parties and should include the following:

....

[No amendment to paragraphs .17–.A216.]