



At a glance

From the Audit & Attest Standards Team

Clarification of the Applicability of AR-C Section 70

What happened?

In April 2025, the AICPA Accounting and Review Services Committee (ARSC) issued Statement on Standards for Accounting and Review Services (SSARS) No. 27, *Applicability of AR-C Section 70 to Financial Statements Prepared as Part of a Consulting Services Engagement*. SSARS No. 27 amends AR-C section 70, *Preparation of Financial Statements* to explicitly exclude financial statements prepared as part of a consulting services engagement performed in accordance with CS section 100, *Consulting Services: Definitions and Standards*, from those engagements in which AR-C section 70 is required to be applied.

Why issued?

To address misunderstanding as to the required application of the section, the scope paragraphs of AR-C section 70 are amended to clarify that the accountant is not required to apply AR-C section 70, but application is not precluded, in whole or in part, when an accountant prepares financial statements or prospective financial information as part of a consulting services engagement performed in accordance with CS section 100 in which the preparation of financial statements is not the primary objective of the engagement.

Protection of the Public Interest

ARSC believes that the public interest is not adversely affected if an engagement that includes the preparation of financial statements for the client's use is performed in accordance with CS section 100 instead of AR-C section 70 because

- a. services performed in accordance with CS section 100 and services performed in accordance with AR-C section 70 are both nonattest services in which no opinion, conclusion, or any form of assurance is provided, and
- b. the safeguards included in CS section 100 minimize the risk that a user would be misled by the accountant's association with the

financial statements that the accountant prepared as part of the consulting service.

Practical implications

Unlike engagements performed in accordance with AR-C section 70, engagements performed in accordance with CS section 100 are not required to be subjected to the firm's system of quality management because such engagements are outside of the firm's accounting and auditing practice. Additionally, if such engagements are not performed in accordance with AR-C section 70, the accountant's firm may not be required to enroll in a peer review program. ARSC considered these implications and concluded that CS section 100 provides the appropriate safeguards regarding the CAS practitioner's association with financial statements that the CAS practitioner prepared as part of a consulting services engagement as well as the CAS practitioner's responsibility to prepare such financial statements with professional competence and due professional care.

Next steps?

SSARS No. 27 is effective for the preparation of financial statements for periods ending on or after December 15, 2026. Early implementation is permitted.

SSARS No. 27 is available for practitioners to read and consider to adequately prepare for implementation, and can be viewed on the AICPA's website under the recently issued ARSC standards tab at [Preparation, Compilation, and Review Standards](#).