

# 2025 SSARS Update

LCPA

First Look Webcast

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& COMPANY, CPAs**

*Beyond the Numbers*

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# Module AR

SSARS Update



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# SSARS 27

Applicability of AR-C 70 When Consulting Services are Provide



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# Background

- The “Gateway” to SSARS has moved over the years
- Introduction of the Preparation Standard with SSARS 21 moved the bar significantly, making the Compilation engagement optional
  - Many firms chose to forego the Compilation and perform the Preparation instead
- This standard will exempt many financial statement engagements from compliance with SSARS by adding another exception to the requirement to perform financial statement preparation under SSARS



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# History of Unaudited Financial Statements

Standard	Reporting Requirements
Pre SSARS 1	No Standards, Include footer “Unaudited”
SSARS 1 (1978)	Follow Compilation Standards, Report Required
SSARS 8 (1999)	Allowed Management Use Only, no report required, but engagement letter required
SSARS 21 (2014)	Introduced Preparation Standard. No report required, include footer “No assurance provided”
SSARS 27 (2025)	Allows for the preparation and issuance of financial statements under the Consulting Standards, no report, no disclaimer, no engagement letter required (Back to the Future)



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# Impact of SSARS 27

- Adds another exemption to the scope of AR-C 70 (Preparation of Financial Statements)
  - If financial statements are a by-product of a consulting engagement under CS 100, the financial statements are exempt from SSARS
  - The financial statements cannot be the primary purpose of the engagement
- An accountant may perform a Preparation or Compilation engagement even if the financial statements are covered by CS 100



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# Consulting Services– CPEA Report May 2025

- Consulting services
  - Payroll preparation
  - AP services
  - Bank reconciliations
  - Sales tax compliance
  - Budgeting
  - Cash flow management
  - Business strategy development



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# CS 100 – Consulting Standards

- Effective January 1, 1992
  - Comply with ET 1.300.001
    - Professional competence
    - Due professional care
    - Planning and supervision
    - Sufficient relevant data
  - Serve the client interest
  - Establish an understanding (may be oral)
  - Communications with the client
  - Comply with AICPA Professional Ethics
  - Use professional judgment



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# Assessing Risk of Consulting Engagements to Your Practice

- Consulting standards provide more flexibility, but provide less protection to the CPA firm
- How will courts interpret due professional care and our responsibility to communicate with management when fraud occurs within the client
- Who will be using the financial statements prepared as a result of the consulting engagement and will there be over reliance?



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# Issues to Consider under CS 100

- Will your firm use engagement letters?
- How will you disclose framework departures
  - Due professional care under 1.300
- Internal checklists to ensure financial statements are in accordance with the selected Financial Reporting Framework
  - GAAP
  - Income Tax
  - Cash or modified Cash
- Will you restrict the financial statements – “Management Use Only”



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# Peer Review and Quality Management

- Consulting engagements are not subject to peer review
- If all financial statements are prepared under consulting engagements, your firm will not be required to follow SQMS (effective date December 15, 2025)



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# Final Thoughts on SSARS 27

- May be a very good option for many firms
- Proceed with caution and establish procedures to ensure compliance with ET 1.300
- Consider needs of the client and other users of the financial statements



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# QA on comparative financial information

- Comparative information vs comparative financial statements
- Comparative *financial statements* should be referenced directly in the compilation or review report
- Comparative *financial information* should be addressed in a separate paragraph
  - Considered to be supplementary information
  - A separate report can be issued
- Example – Prior year totals in a Statement of Functional Expenses for a NFP



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# AI Impact on SSARS Engagements

- General purpose AI Apps such as ChatGPT are not providing sample reports and engagement letters in accordance with standards
- Third party practice aid providers such as PPC are developing AI interface with their library to deliver (potentially) a better way to access authoritative guidance



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