

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* denote new language. Deleted text is shown in ~~strike through~~.)

[No amendment to paragraphs .01–.06.]

Definitions

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

...

Engagement partner. ^{fn-4} 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.

^{fn-4} 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 sec. 0.400) in the AICPA code, an association of entities that includes one or more firms. (Ref: par. .A12)

Network firm. As defined in “Definitions” (ET sec. 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 SSARSs, 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. .A41)

.21 In an engagement performed in accordance with SSARSs, the engagement partner should take responsibility for the following: (Ref: par. ~~.A40A42–.A43A46~~)

- 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 an appropriate basis for determining whether 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. ~~.A45A47-.A46A48~~)
 - 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. .A49-.A52)**

- .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. .A42 and .A50–.A54)**
- 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. .A53–.A54)**
- .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. .A55)**
- .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. .A56)**
- .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. .A57)**

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. ~~.A48~~**A58**)

- 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. ~~.A50~~**A59**)
- 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.]

"Network" and "Network Firm" (Ref: par. .07)

A12. *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.*

[Paragraphs .A12–.A16 are renumbered to paragraphs .A13–.A17. The content is unchanged.]

Ethical Requirements (Ref: par. .08)

~~.A17~~**18** ~~QC section 40~~ **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 .A19–.A40. The content is unchanged.]

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

~~.A17~~**A41** When considering ~~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~~**A42** 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~~ **management** relating to independence ~~management~~.

~~.A41~~**A43** 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~~**A44** 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).***

.A45 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~~ **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~~A46 A deficiency in the firm’s system of quality control ~~management~~ **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))

~~.A45~~A47 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 .A48. The content is unchanged.]

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

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

.A49 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).

.A50 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*

.A51 *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.*

.A52 *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)

.A53 *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.*

.A54 *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)

.A55 *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)

.A56 *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)

.A57 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.

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

~~.A48~~**A58** 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 .A59–.A76. 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 ~~strike through~~.)

[No amendment to paragraphs .01–.A15.]

.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]

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

...

- 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, 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.]