



SPECIAL REPORT

Audit & attest report changes - what CPAs need to know

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Introduction

There have been many changes in reporting requirements in the past two years that will be effective for this year and next, with early implementation permitted. In this special report, we focus on some of the more significant changes to practitioners' reports and address some of the unique considerations practitioners should be aware of when preparing reports for different circumstances to ensure compliance with the new standards.

This report covers the following types of practitioner's reports and the related new guidance impacting those reports:

Type of report	New guidance soon to be effective
Auditor's reports	Statement on Auditing Standards (SAS) 134, <i>Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements</i>
Auditor's reports for employee benefit plans subject to ERISA	Statement on Auditing Standards (SAS) 136, <i>Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA</i>
Agreed-upon procedures reports	Statement on Standards for Attestation Engagement (SSAE) 19, <i>Agreed-Upon Procedures Engagements</i>
Compilation and review reports	Statement on Standards for Accounting and Review Services (SSARS) 25, <i>Materiality in a Review of Financial Statements and Adverse Conclusions</i>

Auditor's reports

Project to revise the auditor's report

A continuing objective of the AICPA's Auditing Standards Board (ASB) is to converge its standards with International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB) taking into account the standards of other U.S. standard setters [such as the Public Company Accounting Oversight Board (PCAOB)] and the needs of ASB standards' stakeholders. Revised and new ISAs issued by the IAASB, which were effective several years ago, made changes to the ISAs to enhance transparency and to more effectively communicate about auditor's reporting responsibilities and auditor's reports. Furthermore, the PCAOB's project on the Auditor's Reporting Model also made certain changes to the auditor's reporting responsibilities and auditor's reports for audits of public companies when it issued AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*, which incorporated certain of the concepts adopted by the IAASB. In light of those developments, the ASB began a project to consider (a) whether changes similar to those made by the recently issued ISAs should be made to the auditor's

reporting responsibilities and auditor's report under generally accepted auditing standards, (b) whether there are legitimate reasons to diverge from certain of the new ISA reporting requirements, and (c) whether to incorporate elements of the PCAOB's reporting standard.

That project resulted in the issuance, in May 2019, of SAS 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, which revised the form and content of auditor's reports on the financial statements of nonpublic entities. SAS 134, which is soon to be effective, supersedes the following auditing standards:

- AU-C 700B, *Forming an Opinion and Reporting on Financial Statements*
- AU-C 705B, *Modifications to the Opinion in the Independent Auditor's Report*
- AU-C 706B, *Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report*

Primary changes to the standard auditor's report

Here are the primary changes that SAS 134 made to the standard auditor's report:

- SAS 134 requires the first section of the auditor's report to have the heading "Opinion" and to include the auditor's opinion on the financial statements, followed directly by the "Basis for Opinion" section (unless a different order is prescribed by law or regulation). Placing the opinion section at the first of the report increases the visibility of the opinion on the financial statements. The wording of the auditor's opinion section on the financial statements is unchanged by SAS 134.
- The "Basis for Opinion" section is required to include an affirmative statement about the auditor's independence and fulfillment of the other ethical responsibilities in accordance with relevant ethical requirements.
- SAS 134 adds an option to communicate Key Audit Matters (KAM) in the auditor's report. To provide guidance on that option, it adds a new AU-C section 701, *Communicating Key Audit Matters in the Independent Auditor's Report*. In addition, SAS 134 amends AU-C 570B, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*. Auditors aren't required to communicate KAMs in audits of non-issuers, but KAMs are required to be included in the auditor's report if the auditors are engaged to report on them. KAMs are required to be communicated in a separate section of the auditor's report under the heading, "Key Audit Matters."
- The description of management's responsibilities for the financial statements is expanded by SAS 134. It requires a section with the heading "Responsibilities of Management for the Financial Statements" that, in addition to the description of management's responsibilities now included in auditor's reports, also is required to state management's responsibility for assessing the entity's ability to continue as a going concern and whether use of the going concern basis of accounting is appropriate.
- SAS 134 also expands the description of the auditor's responsibilities for the audit and of key features of an audit. It requires a section with the heading "Auditor's Responsibilities for the Audit of the Financial Statements" that, in addition to the description of the auditor's responsibilities in addition to the description of the auditor's responsibilities now included now included in auditor's reports, also is required to state that—
 - the auditor's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error and to issue a report that includes the auditor's opinion,
 - reasonable assurance is a high level of assurance, but not absolute assurance, and isn't a guarantee that an audit will detect a material misstatement when it exists,
 - misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements,
 - the auditor exercises professional judgment and maintains professional skepticism throughout the audit,
 - the risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, and
 - the auditor's responsibilities include concluding on the entity's ability to continue as a going concern.
- SAS 134 requires the section of the auditor's report that describes the auditor's responsibilities to also state that the auditor is required to communicate with those charged with governance about, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control matters identified.
- When applicable, the auditor's report is required to include a separate section when the auditor concludes there is substantial doubt about the entity's ability to continue as a going concern.

Sample report

Table 1 compares the revised standard auditor’s report after implementing SAS 134 with the form of the standard auditor’s report before implementing SAS 134.

Table 1: Comparison of Reports Before and After Implementing SAS 134	
Before Implementing SAS 134	After Implementing SAS 134
<p>INDEPENDENT AUDITOR’S REPORT</p> <p>To the Board of Directors and Stockholders of ABC Company</p> <p>We have audited the accompanying financial statements of ABC Company (a Texas corporation), which comprise the balance sheet as of December 31, 20X1, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.</p> <p>Management’s Responsibility for the Financial Statements</p> <p>Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>Auditor’s Responsibility</p> <p>Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p>	<p>INDEPENDENT AUDITOR’S REPORT</p> <p>To the Board of Directors and Stockholders of ABC Company</p> <p>Opinion</p> <p>We have audited the accompanying financial statements of ABC Company (a Texas corporation), which comprise the balance sheet as of December 31, 20X1, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.</p> <p>In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC Company as of December 31, 20X1, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.</p> <p>Basis for Opinion</p> <p>We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ABC Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p> <p>Responsibilities of Management for the Financial Statements</p> <p>Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Company’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.</p>

Comparison of Reports Before and After Implementing SAS 134

Before Implementing SAS 134	After Implementing SAS 134
<p data-bbox="199 396 678 422">INDEPENDENT AUDITOR'S REPORT, continued</p> <p data-bbox="199 447 277 472">Opinion</p> <p data-bbox="199 483 792 623">In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC Company as of December 31, 20X1, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.</p> <p data-bbox="199 644 363 724">Firm's signature City, State February 15, 20X2</p>	<p data-bbox="824 396 1304 422">INDEPENDENT AUDITOR'S REPORT, continued</p> <p data-bbox="824 447 1170 497">Auditor's Responsibilities for the Audit of the Financial Statements</p> <p data-bbox="824 510 1414 942">Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.</p> <p data-bbox="824 963 1365 1016">In performing an audit in accordance with generally accepted auditing standards, we:</p> <ul data-bbox="824 1037 1414 1673" style="list-style-type: none"> <li data-bbox="824 1037 1360 1089">• Exercise professional judgment and maintain professional skepticism throughout the audit. <li data-bbox="824 1110 1414 1251">• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. <li data-bbox="824 1272 1409 1413">• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ABC Company's internal control. Accordingly, no such opinion is expressed. <li data-bbox="824 1434 1414 1541">• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. <li data-bbox="824 1562 1414 1673">• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Company's ability to continue as a going concern for a reasonable period of time. <p data-bbox="824 1694 1414 1806">We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.</p> <p data-bbox="824 1827 1208 1906">Firm's signature City, State Where Auditor's Report Is Issued February 15, 20X2</p>



Modifications to the standard report

SAS 134 makes changes to the form and content of the auditor's report when the auditor's opinion is modified. However, these changes are to conform to the changes in the unmodified report, as previously discussed.

Observation: The criteria for when a modification to the auditor's report is required and the type of modification required are unchanged by the SAS 134 revisions.

SAS 134 clarifies that an emphasis-of-matter or other-matter paragraph is to be presented in a separate section of the auditor's report, with an appropriate heading, but doesn't specify the location of the section within the report. These paragraphs may be required under the auditing guidance or included at the auditor's discretion. The auditor may include an emphasis-of-matter paragraph to refer to a matter that is appropriately presented or disclosed in the financial statements, and an other-matter paragraph may be included for other matters relevant to the users' understanding relating to the audit. The location

of the paragraph may depend on the significance of the information being communicated.

The ASB also revised certain provisions of AU-C 570 with respect to disclosure in the auditor's report when the auditor concludes there is substantial doubt about the entity's ability to continue as a going concern (after considering relevant conditions and events and management's plans). The revisions require the auditor's conclusion about substantial doubt to be expressed in a separate section in the auditor's report, rather than in an emphasis-of-matter paragraph. In addition, the revisions make certain changes to the form and content of the separate section. The revised standard clarifies that if the auditor expresses a qualified or adverse opinion because of inadequate disclosure of going concern uncertainties, the auditor's "Basis for Qualified (Adverse) Opinion" section of the report is required to state either that substantial doubt exists or that substantial doubt has been alleviated, as appropriate, and that the financial statements fail to adequately disclose those matters.

Other recently issued standards impacting auditor's reports

Subsequent to the release of SAS 134, the following SASs were issued to amend certain auditing standards to make them consistent with SAS 134 and to revise other aspects of auditor reporting responsibilities and auditor's reports:

- **SAS 136**, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA* (see separate discussion below).
- **SAS 137**, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. This SAS was intended to reduce diversity in practice relating to what document constitutes an *annual report* and what the auditor's responsibilities are related to this information. If the circumstance exists, the auditor is required to address other information in a separate section of the auditor's report.
- **SAS 138**, *Amendments to the Description of the Concept of Materiality*. This SAS eliminates inconsistencies between the description of materiality in the AICPA Professional Standards and the description of materiality used by the U.S. judicial system and other U.S. standard setters and regulators, including the FASB and PCAOB. In the sample auditor's report after implementing SAS 134 in Table 1, the last sentence of the first paragraph of the Auditor's Responsibilities for the Audit of the Financial Statements section reflects this revised description of materiality from SAS 138.
- **SAS 139**, *Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes From SAS No. 134*. This SAS relates to audits of financial statements prepared under special purpose frameworks, specific elements and accounts, and summary financial statements and conforms AU-C sections 800, 805, and 810 to the requirements of SAS 134.
- **SAS 140**, *Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137*. This SAS relates to supplementary information, interim financial information, compliance audits, and audits of internal control over financial reporting and conforms the relevant AU-C sections to the requirements of SAS 134 and 137.
- **SAS 141**, *Amendment to the Effective Dates of SAS Nos. 134-140*.

Observation: As originally issued, SAS 134 and SAS 136-140 were effective for audits of financial statements for periods ending on or after December 15, 2020, and early implementation wasn't permitted. In May 2020, the ASB issued SAS 141 to provide firms more time to implement SAS 134-140 because of the ramifications of the COVID-19 pandemic. SAS 141 defers the effective dates of those SASs for one year, and they are now effective for audits of financial statements for periods ending on or after December 15, 2021. Early implementation is now permitted. Since SAS 134 and SAS 136-140 are interrelated, it's the ASB's intent that they be implemented at the same time.



Employee benefit plan auditor's reports subject to ERISA (SAS 136)

Employee benefit plans differ significantly from other entities. SAS 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, establishes new guidance for reporting on the financial statements of ERISA benefit plan financial statements. It creates a new AU-C section 703, prescribes new audit performance requirements for ERISA plan financial statements, and changes the form and content of the related auditor's reports on employee benefit plan financial statements and the related supplemental schedules. It is only applicable for plans subject to ERISA.

Observation: If an audited employee benefit plan isn't subject to ERISA, the form of the auditor's report on the plan's financial statements would follow the guidance in SAS 134.

The form of the new auditor's report on employee benefit plans aligns with the requirements of SAS 134, as previously discussed in this report. However, SAS 136 also requires the section in the report for "Responsibilities of Management for the Financial Statements" to describe that management is responsible for the following:

- The maintenance of a current plan instrument, including all plan amendments, and
- The administration of the plan and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records to determine the benefits due or which may become due for each participant.

If supplemental schedules required by ERISA are included with the plan's financial statements, SAS 136 also makes some revisions to the wording in the auditor's report related to that supplemental information.

ERISA and the Department of Labor (DOL) allow plan administrators to request a limited-scope audit of plans with assets held by a bank, similar financial institution, or insurance company that is regulated and supervised and subject to periodic examination by a state or federal agency. SAS 136 eliminates the term, "ERISA-permitted limited-scope audits" (or "DOL limited-scope audits") and now refers to these audits as ERISA section 103(a)(3)(C) audits. The standard also introduces a new form of opinion when auditors perform an audit under this ERISA section. While this report also aligns with the requirements in SAS 134, there are significant differences. For example, the first section in the report addresses the scope and nature of the ERISA Section 103(a)(3)(C) audit. That section is then followed by the Opinion and Basis for Opinion sections. The Opinion section is now two parts, and the management's responsibilities section is expanded. The auditor's responsibilities section explains the audit did not extend to certified investment information, except for certain procedures. SAS 136 also makes some revisions to the wording in the auditor's report related to supplemental information required by ERISA that is included with the financial statements.

Agreed-upon procedures reports (SSAE 19)

Engagements to apply agreed-upon procedures (AUP) are a type of attestation engagement. The practitioner performs specific procedures on the subject matter, which can be financial or nonfinancial information based on the needs of the engaging party, and reports the procedures performed and the findings in writing.

Observation: In an AUP engagement, the practitioner doesn't perform an examination or review and doesn't provide an opinion or conclusion on the subject matter.

SSAE 19, *Agreed-Upon Procedures Engagements*, was issued in December 2019. It's effective for agreed-upon procedure reports dated on or after July 15, 2021, and early implementation is permitted. SSAE 19 supersedes SSAE 18 AT-C 215, *Agreed-Upon Procedures Engagements*, and amends sections of AT-C 105, *Concepts Common to All Attestation Engagements*.

Here are the significant changes in SSAE 19 that affect agreed-upon procedures reports:

- SSAE 19 removes the requirement in AT-C 105 that the practitioner either (a) obtain an assertion from the responsible party about whether the subject matter is measured or evaluated in accordance with suitable criteria or (b) disclose in the accountants' AUP report that an assertion hasn't been obtained.
- SSAE 19 also permits the practitioner to issue a general-use AUP report. Previously, AT-C 215 required the AUP

report to be restricted to the use of specified parties that accepted responsibility for the sufficiency of the procedures performed. SSAE 19 adds new report language that makes it clear the engaging party agrees to the procedures and acknowledges the procedures are appropriate for the intended purpose of the engagement. The practitioner may or may not specify other parties who have agreed to the procedures and acknowledge the procedures performed are appropriate for their purposes. Such statements are used to advise users of a general-use report the extent to which parties other than the engaging party have agreed to and acknowledged the appropriateness of the procedures. In addition, SSAE 19 adds caveats to the practitioner's AUP report for other users who would attempt to rely on the general-use report. For example, there is language in the report that advises that the procedures performed may not be appropriate for their purpose. Nevertheless, practitioners can restrict the use of the report to specified parties, if in their judgment they think it's more appropriate, by including an alert in a separate paragraph.

- The practitioner's AUP report is now required to include an additional paragraph that includes a statement that the practitioner is required to be independent of the engaging party and to meet other ethical responsibilities and comply with ethical requirements. This requirement is consistent with the statement that is required in auditor's reports under SAS 134.

Compilation and review reports (SSARS 25)

SSARS 25, *Materiality in a Review of Financial Statements and Adverse Conclusions*, was issued in February 2020. It's effective for engagements performed for periods ending on or after December 15, 2021, with early implementation permitted. SSARS 25 amends the guidance in the following AR-C sections:

- AR-C 60, *General Principles for Performing Engagements in Accordance With Statements on Standards for Accounting and Review Services*,

- AR-C 70, *Preparation of Financial Statements*,
- AR-C 80, *Compilation Engagements*, and
- AR-C 90, *Review of Financial Statements*.

SSARS 25 also converges AR-C 90 with the international standards on review engagements and aligns concepts in these standards with certain auditing standards. The following paragraphs highlight the significant changes to compilation and review reports resulting from SSARS 25.

Compilation reports

The standards for compilation engagements are codified at AR-C 80 (AR-C 80A pre-SSARS 25). SSARS 25 doesn't change compilation reporting requirements, *except for* reports on financial statements prepared using the contractual or regulatory basis of accounting.

Observation: The practitioner's objective in a compilation engagement is to assist management with presenting the financial statements and to report, without providing any assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with generally accepted accounting principles (GAAP) or another applicable financial reporting framework (such as the tax basis). A compilation engagement isn't an assurance engagement, and the practitioner isn't required to verify the accuracy or completeness of the information that management provides or to gather evidence to express an opinion or conclusion on the financial statements.

Here are the significant changes in SSARS 25 that affect compilation reports on contractual or regulatory basis of accounting financial statements:

- Compilation reports on financial statements prepared using either of these bases of accounting are no longer required to describe the reason the financial statements were prepared.
- The additional paragraph in compilation reports on financial statements prepared using the contractual basis of accounting that indicates the framework used, refers to the note that describes the framework, and states that the framework is a basis of accounting other than GAAP, is also required under SSARS 25 to state that the financial statements may not be suitable for another purpose.

Review reports

The standards for review engagements are codified at AR-C 90 (AR-C 90A pre-SSARS 25). Some of the changes to review reports resulting from SSARS 25 apply to all review engagements, regardless of the basis of accounting used to prepare the financial statements.

Observation: In a review, the practitioner expresses a conclusion, based on obtaining limited assurance, about whether any material modifications should be made to the financial statements for them to be in accordance with GAAP or another applicable financial reporting framework.

Here are the most significant changes in SSARS 25 that affect reports on review engagements:

- The standard review report is now required to include an additional paragraph that includes a statement that the practitioner is required to be independent of the entity being reviewed and to meet other ethical responsibilities and comply with ethical requirements. This requirement is consistent with the statement that is required in auditor's reports under SAS 134.
- All review reports with departures from the applicable financial reporting framework now require a modified review report conclusion (either a qualified or an adverse conclusion, depending on how pervasive the resulting misstatements are to the financial statements) followed by a basis for conclusion section. Qualified conclusions existed prior to SSARS 25, but they were presented as an emphasis-of-matter or other-matter paragraph in the report.
- If financial statements are determined to be materially and pervasively misstated, practitioners can express an adverse conclusion. Under prior guidance, practitioners weren't permitted to modify the standard review report to state that the financial statements weren't in accordance with the applicable financial reporting framework. Instead, they could only withdraw from the engagement.

- Review reports on financial statements prepared using the contractual basis of accounting should include an other-matter paragraph that restricts the use of the review report. Prior to SSARS 25, the other-matter paragraph that restricts the use of the review report was required when the financial statements were prepared in accordance with the contractual, regulatory, or other basis of accounting. (An other basis of accounting is a basis utilizing a definite set of logical and reasonable criteria that is applied to all material items within the financial statements. The AICPA's Financial Reporting Framework for Small- and Medium-Sized Entities is an example of an other basis of accounting.)
- Similar to the changes made to compilation reports, review reports on financial statements prepared using the contractual basis or regulatory basis of accounting are no longer required to describe the reason the financial statements were prepared. However, the emphasis-of-matter paragraph in review reports on financial statements prepared using the contractual basis of

accounting that indicates the framework used, refers to the note that describes the framework, and states that the framework is a basis of accounting other than GAAP, is also required under SSARS 25 to state that the financial statements may not be suitable for another purpose.

- If, after considering conditions or events and management's plans, the practitioner concludes that substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time remains, the review report should include a separate section with the heading "Substantial Doubt About the Entity's Ability to Continue as a Going Concern." That section should refer to the note describing the conditions or events, management's plans, and the substantial doubt that exists, and state that the accountant's conclusion isn't modified with respect to the matter. Prior to SSARS 25, an emphasis-of-matter paragraph was required. However, the title and contents of that paragraph weren't prescribed.

Other guidance and resources

PPC's Guide to Auditor's Reports

PPC's Guide to Auditor's Reports contains a unique blend of practical solutions and authoritative references that takes a "how-to" approach to many of the reporting problems encountered in audit engagements. It illustrates and explains more than 275 auditor's reports common to nonpublic companies. Each report has references to authoritative literature plus comprehensive narratives that expand on authoritative guidance and anticipate many of the potential problems encountered in drafting an auditor's report in accordance with SAS 134.

PPC's Guide to Audits of Employee Benefit Plans

Audits of employee benefit plans differ significantly from audits of other types of entities, so it is important for you to use appropriate tools and guidance. Whether you audit defined benefit, defined contribution, or health and welfare benefit plans, PPC's Guide to Audits of Employee Benefit Plans provides the information and tools you need to conduct those audits in accordance with generally accepted audit standards and the Department of Labor's Rules and Regulations.

PPC's Guide to Compilation and Review Engagements

PPC's Guide to Compilation and Review Engagements contains hundreds of practice aids, sample reports, sample disclosures and financial statements to help you perform your engagements correctly and with maximum efficiency. These timesaving tools also help you stay in compliance with professional standards, including SSARS 25, and peer review requirements.

PPC's Guide to Nontraditional Engagements

PPC's Guide to Nontraditional Engagements gives you everything you need to perform the most requested specialized services, such as agreed-upon procedures under SSAE 19, engagements to report on specified elements, attestation engagements and other engagements that fall outside your traditional practice. It provides comprehensive discussions of the professional standards that apply to each type of engagement and a complete set of practice aids, including engagement letters, management representation letters and procedures and reporting checklists.

Recommended Products

Checkpoint® Edge provides in-depth analysis, charts, interactive tools, and examples that keep practitioners informed of important developments concerning COVID-19 payroll tax credits and SBA loans and grants and the interplay of these benefits. Sign in to access our Case Study on COVID-19 Relief providing a narrative example (including journal entries) of a restaurant that received multiple SBA loans/grants and took advantage of nearly all the payroll tax credits available in 2020 and 2021.

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