**INSERT YOUR FIRM’S LOGO/BRANDING HERE**

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| Stay in the know: COVID-19  |
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| **PRB supports relief for firms** In response to the COVID-19 pandemic, the Peer Review Board (PRB) has encouraged administering entities to be lenient with granting extensions of affected peer reviews during this unprecedented time. If your firm needs additional time for your review to be scheduled and performed, you can request an extension in PRIMA. Instructions on how to request an extension can be found in [PRIMA Help](https://prima.aicpa.org/prweb/sso1?pyActivity=@baseclass.KMDisplayHelpPortal&KMHelpSiteName=PR%20Staff%20Helpsite&FromWSS=true&ArticleID=KC-69). Please contact us as soon as you can so we can plan to perform your review at a mutually convenient time. Deferring the due date, though providing welcome relief now, may result in additional time to process and complete your review. The PRB continues to monitor the impacts of the pandemic and has continued to take measures to ease the burden on firms, including allowances for remote system reviews, temporary extensions and temporary changes to reviewer and firm fair procedures as approved earlier in 2020. More information on recent activities of the PRB can be found in the [August 2020 Reviewer Alert](https://www.aicpa.org/content/dam/aicpa/interestareas/peerreview/newsandpublications/downloadabledocuments/reviewer-alert-202008.pdf) and in the [Open Session highlights from September 2, 2020](https://www.aicpa.org/content/dam/aicpa/interestareas/peerreview/community/peerreviewboard/meetingminutes/downloadabledocuments/20200902-prb-open-highlights.pdf).**(Unexpectedly) growing your practice with single audits?**Approximately 4,500 new single audits are expected to result from federal funding responses to COVID-19, many for local governments and healthcare entities. Some of your clients may not even be aware that the funds they received will subject them to a single audit. These audits are challenging and require in-depth expertise, so be mindful when talking with existing or new clients! The Governmental Audit Quality Center offers several free and member-only [resources](https://www.aicpa.org/interestareas/governmentalauditquality/resources/singleaudit/uniformguidanceforfederalrewards.html#COVID) to assist you with performing single audits. Read more from [this GAO audit alert](https://www.gao.gov/assets/710/708718.pdf) with reminders and considerations for new programs resulting from the pandemic.**4 Key COVID-19 audit risks for 2020 year ends**Many auditors have begun to turn their sights to their next group of audits: clients with 2020 fiscal year ends. The World Health Organization declared a public health emergency on Jan. 30, 2020, meaning many of these clients will have been affected by the COVID-19 pandemic during the period under audit.Auditing these clients will carry unique challenges, and certain areas may present heightened risks of material misstatement for the audit. Here are four such areas to consider as you prepare for your next audits of commercial entities. Read the full story from the [*Journal of Accountancy*](https://www.journalofaccountancy.com/news/2020/jun/key-coronavirus-audit-risks-for-2020-year-ends.html).* *Internal control*
* *Fraud risk*
* *Noncompliance with laws and regulations*
* *Auditing accounting estimates*
 | **Tips for Auditing Revenue Recognition***With numerous new judgments, estimates, and disclosures that require close auditor attention,* [*these tips*](https://www.journalofaccountancy.com/news/2020/nov/revenue-recognition-tips-for-successful-auditing.html?utm_source=mnl:cpald&utm_medium=email&utm_campaign=04Nov2020) *can help you succeed amid all this difficulty.***Handling nondisclosure compilations amid the pandemic***One of the many challenging issues in public accounting during the coronavirus pandemic is the question of how practitioners should handle compilations of financial statements in which clients have elected to omit substantially all disclosures. Pandemic-related issues related to cash flow, liquidity, subsequent events and going concern create a danger that financial statements that omit disclosures about such issues may mislead users.* [*Read the full story from the Journal of Accountancy*](https://www.journalofaccountancy.com/news/2020/jun/handling-nondisclosure-compilations-coronavirus-pandemic.html?utm_source=mnl:cpald&utm_medium=email&utm_campaign=29Jun2020)*.* **Are you ready to audit during the pandemic?***CPAs face unprecedented challenges as they conduct audits during the coronavirus pandemic. Do you know how to perform a high-quality audit while navigating obstacles like performing remote audit procedures and evaluating going concern?* [*Take this quiz to find out*](https://www.journalofaccountancy.com/news/2020/may/auditing-during-coronavirus-pandemic-quiz.html)*.*  |

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| **Resources from the AICPA’s Enhancing Audit Quality (EAQ) Initiative** |
| Through the [Enhancing Audit Quality Initiative (EAQ)](https://www.aicpa.org/eaq), the AICPA shares resources and education to help you avoid the most common audit quality issues. Check out their latest resources:**COVID-19 Audit Implications**As auditors navigate the challenges presented by the COVID-19 pandemic, the AICPA is available to help. The A&A resource center at [aicpa.org/covidaudit](https://future.aicpa.org/topic/audit-assurance/covid-19-audit-assurance) is updated periodically to help you with your audit engagements that are impacted by the pandemic. Here are a couple of resources EAQ launched since April:* [COVID audit staff training presentation](https://future.aicpa.org/resources/download/covid-audit-staff-training-presentation) – Covers the most common challenges and questions received by the AICPA’s A&A hotline, including speaker notes drawing on insights from AICPA technical staff.
* [Auditor’s report flowchart](https://future.aicpa.org/resources/download/auditors-report-flowchart) – Assists practitioners with their decision-making process when determining the most appropriate auditor’s report to issue.
* [Key risks when auditing a not-for-profit during the pandemic](https://blog.aicpa.org/2020/07/key-risks-when-auditing-a-not-for-profit-during-the-pandemic.html#sthash.yTwURJWg.eUFP5Mxx.dpbs) – Highlights considerations for auditors of not-for-profits impacted by the pandemic.

For information about how COVID-19 may impact other areas of your practice, from tax and personal financial planning to forensic accounting, check out [the AICPA Coronavirus Resource Center](https://www.aicpa.org/news/aicpa-coronavirus-resource-center.html).**Auditing Revenue Recognition: New Resources Available**Do you have clients with revenue subject to the requirements of FASB’s ASC 606, Revenue from Contracts with Customers? The [AICPA’s revenue recognition toolkit](https://www.aicpa.org/interestareas/frc/accountingfinancialreporting/revenuerecognition.html?cid=referral:KIMG:January:learnmore:aicpa&utm_medium=referral&utm_source=KIMG&utm_campaign=April&utm_content=learnmore) has updated resources to help you audit and maintain your independence when assisting attest clients with implementing FASB’s ASC 606. The EAQ team has developed an example of documentation for contracts, an internal inspection aid and a practice aid to help you consider management’s estimates within ASC 606.**Risk Assessment and Response**EAQ has launched a new [webcast](https://future.aicpa.org/cpe-learning/webcast/risk-assessment-during-the-recovery), “Risk Assessment During the Recovery,” to highlight common misconceptions in practice with the risk assessment standards as well as considerations given the current COVID environment.**EAQ 2021 Areas of Focus**Each year, the EAQ team selects focus areas to address the most pressing audit quality issues. EAQ has selected the following areas of focus for 2021:* COVID-19 audit implications
* Auditing revenue recognition
* Risk assessment and response
* Engagement acceptance and continuance
* Emerging attestation engagements
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| Technology helps lead the way |

**Digital Assets**In order to address financial reporting and auditing challenges, the AICPA’s Digital Assets Working Group continues to develop content to help financial statement preparers and auditors who are operating in the digital asset space. The [Digital Assets Practice Aid](http://www.aicpa.org/digitalassets), includes both nonauthoritative accounting and auditing guidance and has recently been updated to include the following areas:*Accounting** Meeting the Definition of an Investment Company when Engaging in Digital Asset Activities
* Accounting by an Investment Company for Digital Assets it Holds as an Investment
* Recognition, Measurement, and Presentation of Digital Assets Specific to Broker-Dealers
* Considerations for Crypto Assets that Require Fair Value Measurement
* Accounting for Stablecoin Holdings

*Auditing** Client Acceptance and Continuance

The Practice Aid was originally issued in [2019](https://www.aicpa.org/press/pressreleases/2019/aicpa-working-group-tackles-digital-assets-in-a-new-practice-aid.html) and updated in [2020](https://www.aicpa.org/press/pressreleases/2020/updated-aicpa-digital-assets-practice-aid.html), to provide nonauthoritative guidance on how to account for and audit digital assets under U.S. generally accepted accounting principles for nongovernmental entities and generally accepted auditing standards, respectively. It is intended for those with a fundamental knowledge of blockchain technology and is based on existing professional literature and the experience of members of the Digital Assets Working Group. Additional topics will be added to this practice aid throughout 2020 and beyond.A picture containing animal, fish  Description automatically generated | ***PR Prompts: A Focus on Peer Reviews*****Something to Agree-Upon** *We all agree the COVID-19 pandemic has brought us to uncharted territories, including the need for new services for our clients. The loan forgiveness requirements of the Payment Protection Program (PPP) have some businesses requiring Agreed-Upon Procedures (AUP) engagements, and approximately 4,500 new single audits are expected to be needed. Both AUPs and single audits are subject to peer review, so be sure to let us know if you plan to perform these engagements. And don’t forget to include them on your Peer Review Information Form!***What’s the matter? (for further consideration)***Learn from data collected by the AICPA through Matter for Further Consideration (MFC) forms in peer reviews, such as those relating to Professional Standards and firm Practice Areas. This list of* [*Example Matters in Peer Reviews*](https://www.aicpa.org/content/dam/aicpa/interestareas/peerreview/community/peerreviewers/downloadabledocuments/matters-in-pr.pdf) *highlights trouble spots faced by firms to help you stay focused on quality.* **You’ve got questions, and the AICPA has answers!** *Do you have a peer review question and don’t know where to start? We recommend this helpful resource:* [*Questions & Answers About the AICPA Peer Review Program*](https://www.aicpa.org/interestareas/peerreview/resources/faqs.html)*. This document includes questions commonly asked by firms undergoing their peer reviews and will help you understand requirements related to peer review with other related information and resources.*  |

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| **Some Ethical Prompts** |
| **Are you thinking of using a specialist in the COVID-19 environment?**Staff of the AICPA Professional Ethics Division, along with the International Ethics Standards Board (IESBA) and International Auditing and Assurance Standards Board (IAASB), have released a new report to help professional accountants decide if and when it’s right to use specialists in the challenges of the pandemic.[*Using Specialists in the COVID-19 Environment: Including Considerations for Involving Specialists in Audits of Financial Statements*](https://www.ethicsboard.org/publications/using-specialists-covid-19-environment) is available on the IESBA website. We think you’ll find it helpful.**Provide your input on staff augmentation arrangements**The Professional Ethics Executive Committee (PEEC) voted at its August meeting to release the proposed interpretation “[Staff Augmentation Arrangements](https://www.aicpa.org/content/dam/aicpa/interestareas/professionalethics/community/exposuredrafts/downloadabledocuments/2020/20200908-staff-augmentation-ed.pdf).” The comment period runs through December 8 and they would love to hear from you. Email comments to ethics-exposuredraft@aicpa.org or [complete this short survey](https://forms.office.com/Pages/ResponsePage.aspx?id=YeJEqynjJ0O73RelR4ImoYURDcFoX7FEi5nmMWDCnv5UMzdGUVlIMDAwT0ZCUDNIUDg1QzQ5TkxMWS4u). **New publications** ***Reimagine audit quality***Take a look at recently published common deficiency reports to gain insights into audit quality for your firm. These reports relate to [employee benefit plan audits](https://www.aicpa.org/content/dam/aicpa/interestareas/professionalethics/resources/tools/downloadabledocuments/frequent-dol-violations-final.pdf) and for [government and not-for-profit audits](https://www.aicpa.org/content/dam/aicpa/interestareas/professionalethics/resources/tools/downloadabledocuments/common-deficiencies-report-govt-and-nfp-final.pdf), but don’t let that limit you. Practitioners from all industries and sectors can glean helpful tips to increase audit quality. ***Independence in plain English***The [*Plain English guide to independence*](https://www.aicpa.org/interestareas/professionalethics/plain-english-guide.html) was updated with all the new guidance since 2017. Access this concise guide for a discussion of the independence rules of U.S. standards setting bodies, including the AICPA and SEC.  ***Implementation guidance for state and local government client affiliates***Take a look at the newly released implementation guide and accompanying tools that make it easier to identify affiliates and meet independence requirements in state and local government audits:  * [Implementation guide: *State and local government client affiliates*](https://www.aicpa.org/content/dam/aicpa/interestareas/professionalethics/resources/downloadabledocuments/toolkitsandaids/implementation-guide-state-and-local-government-client-affiliates.pdf)
* [Entity affiliate evaluator](https://www.surveymonkey.co.uk/r/Entityaffiliateevaluator)
* [Investment affiliate evaluator](https://www.surveymonkey.co.uk/r/Investmentaffiliateevaluator)
* [Interactive state and local government affiliate matrix](https://www.aicpa.org/content/dam/aicpa/interestareas/professionalethics/resources/downloadabledocuments/toolkitsandaids/interactive-slg-affiliate-matrix.xltx)

These aids will help you understand which entities are affiliates of your state and local government audit client. If you identify an affiliate, you’ll need to be independent of that entity. It can also help you to recognize circumstances or relationships where you might need to consult the “Conceptual Framework for Independence” (ET sec. 1.210.010).  **Ethically Speaking podcast** Since the spring, [six episodes of *Ethically Speaking*](https://www.aicpa.org/ethicallyspeaking) have been published:* Two episodes on IESBA
* PEEC’s third quarter meeting update
* Two episodes on Paycheck Protection Program forgiveness engagements
* An episode on the newly updated *Plain English Guide to Independence*

**First quarter PEEC meeting** PEEC’s next meeting is February 9, 2021. PEEC meetings are open to the public and we encourage you to attend. Register to observe at [aicpa.org/PEECmeeting](http://www.aicpa.org/PEECmeeting). |
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