



October 2020 Update of the AICPA Professional Literature

ALERTS AND AICPA GUIDES

The 2020 editions of the following AICPA Guides are being released:

Depository and Lending Institutions: Banks and Savings Institutions, Credit Unions, Finance Companies, and Mortgage Companies (aag-dep)

The financial services industry is undergoing significant change. This has added challenges for institutions assessing their operations and internal controls for regulatory considerations.

Updated for 2020, this industry standard resource offers comprehensive, reliable accounting implementation guidance for preparers. This guide offers clear and practical guidance of audit and accounting issues, and in-depth coverage of audit considerations, including controls, fraud, risk assessment, and planning and execution of the audit.

The topics covered include the following:

- Transfers and servicing
- Troubled debt restructurings
- Financing receivables and the allowance for loan losses and
- Fair value accounting

Key benefits and updates include the following:

- The latest auditing and regulatory guidance specific to financial institutions
- Background on the financial institutions industry as well as interpretive guidance for both new and existing rules. Coverage of regulatory updates from key industry regulators (the Federal Deposit Insurance Corporation, the Office Comptroller of Currency, the Federal Reserve, and the National Credit Union Administration)
- Illustrative auditor's report
- Appendix highlighting FASB's project on accounting for financial instruments, including overview of FASB ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, FASB ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and FASB ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*

Employee Benefit Plans (aag-ebp)

Important Note: The 2020 edition has been updated to reflect implementation of Statement on Auditing Standards (SAS) No. 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA, as amended (AU-C sec. 703)* and other new auditing standards issued in 2019, as applicable. For EBP audit engagements that are not early implementing these new auditing standards, the audit guidance in the 2019 edition continues to apply. We continue to offer the 2019 edition in all formats.

This guide is your ideal roadmap to a quality audit, giving you authoritative guidance, practical tips and illustrative examples to help you at each stage of the audit. Designed to bridge the gaps between the what, why and how to satisfy your auditor responsibilities in accordance with significant new auditing standards, this

guide gives you confidence when issuing your audit reports, or when others are evaluating your work.

In the spotlight — SAS No. 136, as amended and codified in new AU-C section 703:

- Applicable to single employer, multiple employer, and multiemployer employee benefit plans subject to the Employee Retirement Income Security Act (ERISA) (ERISA plans)
- New performance requirements for an audit of ERISA Plan financial statements
- Significant changes to the form and content of the related auditor's report for ERISA Plan audits (formerly referred to as full-scope audits) and new ERISA Section 103(a)(3)(C) audits (replacing those formerly referred to as limited-scope audits)

Updates in the 2020 edition:

- Applicable implementation of SASs No. 134–140, as amended by SAS No. 141, *Amendment to the Effective Dates of SAS Nos. 134–140*, issued in May 2020 and effective for audits of financial statement periods ending on or after December 15, 2021 with early implementation permitted
- Address the issuance of FASB Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*
- Highlight select recent developments in standards impacting EBP auditing and accounting

Key topics in the 2019 edition:

- Essential guidance for application of generally accepted auditing standards, including SAS No. 136, as amended, in an audit of ERISA plan financial statements
- References to authoritative accounting guidance for defined contribution (DC), defined benefit (DB) and health and welfare (HW) plans in FASB *Accounting Standards Codification (ASC)*
- Guidance on accounting, reporting and disclosure for EBP transactions not addressed in FASB ASC as supported by the Financial Reporting Executive Committee
- Risk assessment and design of audit procedures in response to risks identified
- Auditor responsibilities for obtaining, reading the plan instrument, and considering plan provisions when designing and performing audit procedures
- Use of a SOC 1 report
- Use of a specialist (including actuaries and appraisers)
- Forming an opinion and reporting on ERISA Plan financial statements for both ERISA Plan audits and ERISA Section 103(a)(3)(C) audits
- Illustrative auditor communications and financial statements
- Explanation of pervasive regulatory requirements (DOL rules and regulations)

The following AICPA Guide is being re-released for the addition of indexes:

Investment Companies (aag-inv)

BEST PRACTICES IN PRESENTATION AND DISCLOSURE

The 2020 editions of the following products are being released:

U.S. GAAP Financial Statements — Best Practices in Presentation and Disclosure (att-2020)

Whether you're a preparer or auditor, you'll save time and improve efficiency with this valuable resource that gives you an unparalleled picture of U.S. GAAP compliance.

You'll be able to review hundreds of carefully selected high-quality disclosure examples from U.S. companies of different sizes across virtually any industry.

You'll get illustrations of virtually every required disclosure, coverage of current hot topics, and clear guidance to help you understand and comply with all significant reporting requirements.

Detailed indexes will help you quickly find exactly what you need. For auditors, an up-to-date auditor's report — fully in compliance with GAAS — is included.

Who will benefit:

- Practitioners in firms of all sizes
- Accountants in business and industry
- Information included for both public and private companies

Employee Benefit Plans — Best Practices in Presentation and Disclosure (att-ebp)

Gain clarity as you navigate the multitude of employee benefit plan requirements relating to GAAP disclosure, regulatory reporting, GAAS auditor reporting, and communication of other deficiencies in internal control.

This edition delivers an extensive refresher of the chapters dedicated to illustrative disclosures specific to

- defined benefit pension plans,
- defined contribution retirement plans,
- health and welfare benefit plans, and
- other financial statement disclosures that may be applicable to all plans.

This invaluable practice aid has been designed as a tool to assist practitioners when

- evaluating management's compliance with GAAP, IRS, and DOL regulatory disclosure requirements;
- exploring issues identified in plans that may require financial statement disclosure, regulatory reporting, and consideration of communication as an "other deficiency" in internal control; and
- reporting in accordance with professional auditing standards.

Key feature:

- Illustrative examples: A compilation of illustrative examples bring an array of technical requirements to life through real-world application

CHECKLISTS AND ILLUSTRATIVE FINANCIAL STATEMENTS

No updates for October 2020

PCAOB STANDARDS AND RELATED RULES

No updates for October 2020

PEER REVIEW PROGRAM MANUAL

This update reflects the following:

(Note: This update is effective for reviews commencing on or after November 1, 2020.)

- Decisions from the September 2020 Peer Review Board (PRB) meeting
- Updates to engagement, supplemental and other checklists (see webpages and OPL for specifics). This includes:
 - Updates to most audit checklists
 - New checklists for the *Government Auditing Standards (Yellow Book)*, 2018 Revision
 - Updates of all SSARS and SSAE checklists to apply to either a System Review or Engagement Review (see below)

- Changes to SSARS and SSAE Profiles: One "SSARS Profile" was developed to apply to all SSARS engagements, and one "SSAE Profile" was developed to apply to all SSAE engagements. 20200P, 20250P, 20300P, 20900P, 20900A-P, 21000P and 21050P files were eliminated.
- A new "Risk Assessment Tool" which replaces the existing PRP sec. 24,150 tool in the *System Review Practice Management Toolkit*
- Conforming changes

Engagement Reviews – Engagement Review checklists have been replaced by updated engagement checklists that apply to both System and Engagement Reviews (see above). Therefore:

| If you used to use: | For the review of: | Now use: |
|---------------------|----------------------------------|--------------------------------|
| 23200 | Compilations | 20200 |
| 23250 | Preparations | 20250 |
| 23300 | Reviews | 20300 |
| 23400 | AUPs | 20900 or 20900A, as applicable |
| 23500 | Review Attestations | 21050 |
| 23600 | Financial Reporting & Disclosure | 22300 |

In conjunction with these changes, PRP sec. 6100, "Instructions to Firms Having an Engagement Review," Appendix B "Engagement Questionnaire," (also known as PRP sec. 24,260) and any references to it, have been eliminated. Profiles are now in the engagement checklists and available as separate files, as in System Reviews. The review captain will request completed SSARS and/or SSAE Profiles (see above) from the reviewed firm for each engagement selected.

Deferral of SAS 134–140 – Since the effective dates of SASs 134–140 have been deferred for one year due to the coronavirus pandemic, related updates to checklists have been deferred to our Fall 2021 update. If a peer reviewer identifies noncompliance related to early implementation of these standards, it should be documented in the "Explanation of "No" Answers and Other Comments" Section of the applicable checklist, and correlated to the most appropriate question number(s) already in the applicable checklist. Contact the AICPA Accounting and Auditing Technical Hotline at 877.242.7212 for questions on implementing the new standards, and contact the AICPA Peer Review Technical Hotline at 919.402.4502 with questions related to peer review implications.

Reminders –

- Checklist updates are only made when needed, for instance due to a professional standard update that is expected to impact upcoming peer reviews, or to incorporate enhancements. Not all checklists are updated with each PRPM update.
- Early implementation of updated checklists and practice aids is permitted at the peer reviewer's discretion.

Next PRPM Update

The next update is currently scheduled for April 2021.

PRACTICE AIDS AND TOOLS

No updates for October 2020

PRINCIPLES AND CRITERIA FOR XBRL-FORMATTED INFORMATION

No updates for October 2020

AICPA PROFESSIONAL STANDARDS

U.S. Attestation Standards – AICPA (Clarified) [AT-C]

This update issues Statement on Standards for Attestation Engagements (SSAE) No. 21, *Direct Examination Engagements*.

SSAE No. 21 creates AT-C section 206, *Direct Examination Engagements*; supersedes AT-C section 205, *Examination Engagements*; updates the title of AT-C section 205 to *Assertion-Based Examination Engagements*; and amends AT-C section 105, *Concepts Common to All Attestation Engagements*.

SSAE No. 21 is effective as follows:

- Amendments to AT-C section 105 are effective for practitioners' reports dated on or after June 15, 2022.
- AT-C section 205 is effective for practitioners' assertion-based examination reports dated on or after June 15, 2022.
- AT-C section 206 is effective for practitioners' direct examination reports dated on or after June 15, 2022.

For more information about SSAE No. 21, see

<https://www.aicpa.org/content/dam/aicpa/research/standards/auditattest/downloadabledocuments/ssae-21-at-a-glance.pdf>.

Peer Review [PR]

This update also revises PR section 9100, *Standards for Performing and Reporting on Peer Reviews: Interpretations of Section 100*, for various conforming and editorial changes.

TECHNICAL QUESTIONS AND ANSWERS

No updates for October 2020

AICPA TRUST SERVICES CRITERIA

No updates for October 2020

SUPPORTING DOCUMENT COLLECTION

This update includes the following documents:

SEC Regulations Joint Committee Meeting Highlights — July 29, 2020