



June 2022 Update of the AICPA Professional Literature

ALERTS AND AICPA GUIDES

The 2022 edition of the following AICPA Guide is being released:

Not-for-Profit Entities (aag-nfp)

From leases to revenue recognition to grants and contracts to auditor report changes, you've had a lot going on in the not-for-profit (NFP) financial arena. Whether you're already an expert in NFP audit and accounting standards or just getting started, we've got the practical guidance you need.

This must-have resource for not-for-profit accounting and auditing professionals is an essential reference which will assist you with the distinctive aspects of accounting and financial statement preparation and auditing for not-for-profit entities.

Key features include the following:

- An intuitive format that's based on common errors and questions
- A "before-and-after" context to enhance your understanding of various changes

This edition of the guide includes updates on the following topics:

- Auditor reporting changes
- Statement on Auditing Standards (SAS) No. 142, *Audit Evidence* (AU-C sec. 500)
- SAS No. 143, *Auditing Accounting Estimates and Related Disclosures* (AU-C sec. 540)
- SAS No. 145, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* (AU-C sec. 315)
- Leases
- Revenue recognition

The following AICPA Guide is being re-released:

Life and Health Insurance Entities (aag-lhi)

This guide is being updated due to the revision of appendix A, "FASB ASU No. 2018-12, *Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts, Accounting Implementation Papers.*" The following implementation issue has been added:

- Deferred Profit Liability – Considerations Related to Transition for Limited Payment Contracts in Which a Separate Deferred Profit Liability Is Not Recorded, and a Break-Even Discount Rate Was Used

BEST PRACTICES IN PRESENTATION AND DISCLOSURE

No updates for June 2022.

CHECKLISTS AND ILLUSTRATIVE FINANCIAL STATEMENTS

No updates for June 2022.

MEASUREMENT CRITERIA

No updates for June 2022.

PCAOB STANDARDS AND RELATED RULES

No updates for June 2022.

PEER REVIEW PROGRAM MANUAL

No updates for June 2022.

PRACTICE AIDS AND TOOLS

No updates for June 2022.

AICPA PROFESSIONAL STANDARDS

U.S. AUDITING STANDARDS – AICPA (CLARIFIED) [AU-C]

This update issues SAS No. 146, *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards* (AU-C sec. 220), and SAS No. 147, *Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance With Laws and Regulations* (AU-C sec. 210).

SAS No. 146 supersedes AU-C section 220, *Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*. SAS No. 147 amends AU-C section 210, *Terms of Engagement*. This update also adds AU-C sections 210A and 220A to retain currently effective guidance until SAS Nos. 146–147 become effective.

SAS No. 146 is effective for engagements conducted in accordance with generally accepted auditing standards for periods beginning on or after December 15, 2025. SAS No. 147 is effective for audits of financial statements for periods beginning on or after June 30, 2023.

U.S. ATTESTATION STANDARDS – AICPA (CLARIFIED) [AT-C]

This update also revises the following sections for conforming changes necessary due to the issuance and effective dates of Statement on Standards for Attestation Engagements (SSAE) No. 19, *Agreed-Upon Procedures Engagements*, SSAE No. 21, *Direct Examination Engagements*, and SSAE No. 22, *Review Engagements*:

- AT-C Introduction
- AT-C Preface
- AT-C Glossary
- AT-C section 9105, *Concepts Common to All Attestation Engagements: Attestation Interpretations of Section 105*
- AT-C section 9205, *Examination Engagements: Attestation Interpretations of Section 205*
- AT-C section 305, *Prospective Financial Information*
- AT-C section 310, *Reporting on Pro Forma Financial Information*
- AT-C section 315, *Compliance Attestation*
- AT-C section 320, *Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting*

ACCOUNTING AND REVIEW SERVICES (CLARIFIED) [AR-C]

This update also issues Statement on Standards for Accounting and Review Services (SSARS) No. 26, *Quality Management for an Engagement Conducted in Accordance With Statements on Standards for Accounting and Review Services*.

SSARS No. 26 amends the following sections:

- AR-C section 60, *General Principles for Engagements Performed in Accordance With Statements on Standards for Accounting and Review Services*
- AR-C section 70, *Preparation of Financial Statements*
- AR-C section 80, *Compilation Engagements*
- AR-C section 90, *Review of Financial Statements*

This update also adds AR-C sections 60A, 70A, 80A, and 90A to retain currently effective guidance until SSARS No. 26 becomes effective. Former AR-C sections 60A, 70A, 80A, and 90A have been moved to AR-C sections 60B, 70B, 80B, and 90B, respectively.

SSARS No. 26 is effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2025.

BYLAWS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS [BL]

This update also revises the following sections to reflect recent amendments:

- BL section 340R, *Implementing Resolution Under Section 3.4 Board of Directors*
- BL section 360R, *Implementing Resolutions Under Section 3.6 Committees*

STATEMENTS ON QUALITY MANAGEMENT STANDARDS [QM]

This update also issues Statement on Quality Management Standards (SQMS) No. 1, *A Firm's System of Quality Management* (QM sec. 10), and SQMS No. 2, *Engagement Quality Reviews* (QM sec. 20).

SQMS No. 1 supersedes QC section 10, *A Firm's System of Quality Control*. SQMS No. 2 adds QM section 20, *Engagement Quality Reviews*. This update also adds QM section 10A, *A Firm's System of Quality Management*, to retain currently effective guidance until SQMS No. 1 becomes effective.

Systems of quality management in compliance with SQMS No. 1 are required to be designed and implemented by December 15, 2025, and the evaluation of the system of quality management required by paragraphs .54–.55 is required to be performed within one year following December 15, 2025. SQMS No. 2 is effective for audits or reviews of financial statements, and other engagements in the firm's accounting and auditing practice, beginning on or after December 15, 2025.

TECHNICAL QUESTIONS AND ANSWERS

SPECIALIZED INDUSTRY PROBLEMS

This update also adds the following Technical Questions and Answers (Q&A) section:

- Q&A section 6980.03, "Review of Exemption Report Prepared by Security-Based Swap Dealer"

SUPPORTING DOCUMENT COLLECTION

This update includes the following documents:

ARSC Meeting Highlights (February 28, 2022)