



November 2022 Update of the AICPA Professional Literature

ALERTS AND AICPA GUIDES

The following AICPA Guides are being released:

Brokers and Dealers in Securities (aag-brd)

Loaded with accounting guidance and regulatory developments, this guide delivers the support you need to meet myriad broker-dealer requirements.

More specifically, it provides the following:

- Background information on the securities industry
- An introduction to the functions, books, and records of broker-dealers
- An overview of Committee of Sponsoring Organizations of the Treadway Commission's internal control framework and examples of typical broker-dealer internal controls
- Accounting, reporting, and disclosure guidance, including illustrative financial statements and disclosures
- Coverage of applicable regulations and updates from regulatory bodies such as the SEC, the Financial Industry Regulatory Authority, and the Commodity Futures Trading Commission
- Illustrative sample compliance report and sample exemption reports required by SEC Rule 17a-5

In addition, this guide offers

- a high-level discussion of FASB *Accounting Standards Codification (ASC) 326, Financial Instruments – Credit Losses*, and an example disclosure note for credit losses in the guide's illustrative financial statements and footnote disclosures, and
- revenue recognition implementation issues for brokers and dealers in securities applying FASB ASC 606, *Revenue from Contracts with Customers*, and related interpretations from the FASB/IASB Joint Transition Resource Group for Revenue Recognition.

The 2022 edition includes updates to incorporate discussion of several topics, including the following:

- Fractional shares
- Digital assets
- Fixed Income Clearing Corporation's Sponsored Service
- Service arrangements with a parent or an affiliate
- Recent SEC releases

Other updates to this edition are to conform the content to current accounting standards and regulatory requirements.

Investment Companies (aag-inv)

This annual guide is directed primarily to aspects of the preparation and audit of financial statements unique to investment companies or aspects considered particularly significant to them.

Whether you are a financial statement preparer or auditor, it is critical to understand the complexities of the specialized accounting and regulatory requirements for investment companies.

Packed with continuous regulatory developments, this guide covers the following:

- How-to accounting and authoritative auditing advice
- Implementation guidance
- Illustrative financial statements and disclosures
- Illustrative auditor reports
- Regulatory guidance applicable to investment companies

2022 updates include changes to the following:

- General auditing content and independent auditor’s report illustrations affected by recently issued Statements on Auditing Standards (SASs), such as SAS Nos. 142–145, and related guidance
- References to appropriate Technical Questions and Answers that address when to apply the liquidation basis of accounting
- Appendixes discussing the new standard for financial instruments, common or collective trusts, and business development companies (BDCs)

Key topics include the following:

- The latest auditing and regulatory guidance specific to investment companies
- Background on the investment company industry, as well as interpretive guidance for both new and existing rules
- Best practice discussion provided on several new and recurring complex industry-specific issues, including investment valuation, financial instruments, capital accounts, BDCs, master-feeder funds, multi-class funds, unit investment trusts, separate accounts of life insurance entities, and many more
- Illustrative reports on examinations of securities and controls at a custodian pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940

The following AICPA Guides contain minor editorial changes:

Employee Benefit Plans (aag-ebp)

SOC 2® Reporting on an Examination of Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (aag-sop)

The following Alert is being discontinued:

General Accounting and Auditing Developments (ara-gen)

BEST PRACTICES IN PRESENTATION AND DISCLOSURE

The following product contains minor editorial changes:

U.S. GAAP Financial Statements – Best Practices in Presentation and Disclosure (att-2022)

MEASUREMENT CRITERIA

The following products contain minor editorial changes:

Description Criteria (dcm)

Trust Services Criteria (tsp)

PCAOB STANDARDS AND RELATED RULES

Auditing – Reorganized

On June 21, 2022, PCAOB issued Release No. 2022-002, *Planning and Supervision of Audits Involving Other Auditors and Dividing Responsibility for the Audit with Another Accounting Firm*, in order to adopt

amendments to its auditing standards to strengthen the requirements and responsibilities that apply to auditors who plan and perform audits that involve other accounting firms and individual accountants. The amendments are designed to improve the quality of audits in these circumstances by increasing the lead auditor's involvement in and evaluation of the work of other auditors, and to align the applicable requirements with the PCAOB's risk-based supervisory standards. The amendments are effective for audits of financial statements for fiscal years ending on or after December 15, 2024.

This update adds AS 1206, *Dividing Responsibility for the Audit with Another Accounting Firm*, as outlined in appendix 2 of the release.

This update also amends the following sections, as outlined in appendix 1 of the release:

- AS 1015, *Due Professional Care in the Performance of Work*
- AS 1105, *Audit Evidence*
- AS 1201, *Supervision of the Audit Engagement*
- AS 1215, *Audit Documentation*
- AS 1220, *Engagement Quality Review*
- AS 2101, *Audit Planning*

Various Sections

This update also amends various sections for conforming changes, as outlined in appendix 3 of the release.

PEER REVIEW PROGRAM MANUAL

No updates for November 2022.

PRACTICE AIDS AND TOOLS

No updates for November 2022.

AICPA PROFESSIONAL STANDARDS

This update contains minor editorial changes to various sections.

TECHNICAL QUESTIONS AND ANSWERS

Ethics

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

- Q&A section 250.01, "Information Technology Services"

Attestation Engagements

This update also revises the following Q&A section:

- Q&A section 9510.03, "Reporting on New York State Medicaid Cost Reports"

SUPPORTING DOCUMENT COLLECTION

This update includes the following documents:

ARSC Meeting Highlights (May 18, 2022)