



# Memorandum

Accessible Version

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**To:** GAO's Financial Management and Assurance (FMA) Team  
Council of the Inspectors General on Integrity and Efficiency  
Financial Audit Community

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**Subject:** Professional Standards Update No. 97, April Through June 2025

To alert you to changes in professional standards, we periodically issue *Professional Standards Updates* (PSU).<sup>1</sup> These updates highlight the effective dates of recently issued standards and guidance related to engagements conducted in accordance with *Government Auditing Standards*.<sup>2</sup> PSUs contain summary information only, and those affected by a change should refer to the respective standard or guidance for details.

This PSU has two sections:

- Section I identifies select standards and guidance with their respective effective dates. Section I contains standards effective for
  - audits of financial statements for periods ending after March 31, 2025;
  - attestation reports dated after March 31, 2025; and
  - accounting for reporting periods beginning after January 15, 2024.
- Section II identifies select standards and guidance that were issued from April 2025 through June 2025.

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<sup>1</sup>Previous PSUs can be found on the [Professional Standards Updates](#) web page.

<sup>2</sup>GAO, *Government Auditing Standards: 2024 Revision*, [GAO-24-106786](#) (Washington, D.C.: February 2024).

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# ***Professional Standards Update No. 97***

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## Section I: Effective Dates for Select Standards and Guidance

This section identifies select standards and guidance with their respective effective dates. In general, the standard setters mentioned in this section are those with standards and guidance that relate to auditing government entities. Table 1 is an overview. Detailed information follows the table. Those affected should refer to the respective standard or guidance for more information.

**Table 1: Effective Dates for Select Standards and Guidance**

| Standard setter  | Standard or guidance   | Standards and guidance issued and effective dates  |
|--|--|--|
| Government Accountability Office                           | Government Auditing Standards and other guidance   | <p><b>Effective for financial audits, attestation engagements, and reviews of financial statements for periods beginning on or after December 15, 2025, and for performance audits beginning on or after December 15, 2025:</b><br/> <a href="#">Government Auditing Standards 2024 Revision</a></p> <p><b>Effective upon issuance:</b><br/> <a href="#">Financial Audit Guidance: FY 2024 and FY 2025 Audit Procedures for Government Land</a> (issued November 2023)</p> <p><b>Effective for fiscal year 2026 and related Federal Managers' Financial Integrity Act of 1982 reports:</b><br/> <a href="#">Standards for Internal Control in the Federal Government</a></p>   |
| American Institute of Certified Public Accountants (AICPA) | Statements on Auditing Standards (SAS), Statements on Standards for Attestation Engagements (SSAE), and other guidance                     | <p><b>Effective for engagements for periods beginning on or after December 15, 2025:</b><br/> <a href="#">SAS No. 146</a>, <i>Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards</i><br/> <a href="#">SSAE No. 23</a>, <i>Amendments to the Attestation Standards for Consistency With the Issuance of AICPA Standards on Quality Management</i></p> <p><b>Effective for engagements for periods ending on or after December 15, 2026:</b><br/> <a href="#">SAS No. 149</a>, <i>Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors)</i></p>                                     |
| Federal Accounting Standards Advisory Board (FASAB)        | Statements of Federal Financial Accounting Standards (SFFAS), interpretations, technical bulletins, technical releases, and other guidance | <p><a href="#">SFFAS 59</a>, <i>Accounting and Reporting of Government Land</i><sup>a</sup> (issued July 2021)</p> <p><b>Effective for reporting periods beginning after September 30, 2025:</b><br/> <a href="#">SFFAS 64</a>, <i>Management's Discussion and Analysis: Rescinding and Replacing SFFAS 15</i></p>   |
| Financial Accounting Standards Board (FASB)                | Accounting Standards Updates (ASU)   | To view the details and effective dates of recent ASUs, <a href="#">click here</a> .   |
| Governmental Accounting Standards Board (GASB)             | Accounting statements, technical bulletins, and implementation guides  | <p><b>Effective upon issuance:</b><br/> <a href="#">Implementation Guide No. 2025-1</a>, <i>Implementation Guidance Update—2025</i> (question 4.16 only) (issued June 2025)</p> <p><b>Effective for fiscal years beginning after June 15, 2024:</b><br/> <a href="#">GASB Statement No. 102</a>, <i>Certain Risk Disclosures</i></p> <p><b>Effective for fiscal years beginning after June 15, 2025:</b><br/> <a href="#">GASB Statement No. 103</a>, <i>Financial Reporting Model Improvements</i><br/> <a href="#">GASB Statement No. 104</a>, <i>Disclosure of Certain Capital Assets</i><br/> <a href="#">Implementation Guide No. 2025-1</a>, <i>Implementation Guidance Update—2025</i> (except for question 4.16)</p> |

Source: GAO analysis of standards setters' effective dates.

<sup>a</sup>SFFAS 59 requires certain information to be presented as required supplementary information (RSI) for fiscal year 2022 through fiscal year 2025. In fiscal year 2026, the statement requires such RSI to transition to note disclosures.

## A. AUDITING AND ATTESTATION STANDARDS AND GUIDANCE

### Government Accountability Office

#### Government Auditing Standards

**Effective for financial audits, attestation engagements, and reviews of financial statements for periods beginning on or after December 15, 2025, and for performance audits beginning on or after December 15, 2025:**

- [\*\*Government Auditing Standards 2024 Revision\*\*](#) (February 2024). The 2024 revision contains major changes from, and supersedes, *Government Auditing Standards* 2018 Revision Technical Update April 2021. Specifically, chapter 5, “Quality Management, Engagement Quality Reviews, and Peer Review,” in the 2024 revision replaces chapter 5, “Quality Control and Peer Review,” in the 2018 revision. In addition, this revision adds application guidance to chapter 6, “Standards for Financial Audits.” The 2024 revision requires an audit organization to design and implement its system of quality management by December 15, 2025. An evaluation of the audit organization’s system of quality management is required by December 15, 2026. Early implementation is permitted.

#### Other Guidance

**Effective upon issuance:**

- [\*\*Financial Audit Guidance: FY 2024 and FY 2025 Audit Procedures for Government Land\*\*](#) (November 2023). This audit guidance provides procedures for auditors to apply to the reporting of government land when performing audits of federal entities’ financial statements relating to Statement of Federal Financial Accounting Standards (SFFAS) 59, *Accounting and Reporting of Government Land*. These audit procedures are designed to obtain additional information for fiscal years 2024 and 2025 to (1) better understand the extent to which measurement and presentation of land information is consistent with SFFAS 59 and (2) identify any preparation and audit challenges related to reporting government land. The Federal Accounting Standards Advisory Board plans to consider preparation and audit challenges that preparers and auditors have identified during the transition and, as appropriate, take actions to address them before the information transitions to the note disclosures.

**Effective for fiscal year 2026 and Federal Managers’ Financial Integrity Act of 1982 reports covering that year:**

- [\*\*Standards for Internal Control in the Federal Government\*\*](#) (May 2025). This revision helps managers design and strengthen their entities’ internal control systems to address risks, including risks related to fraud, improper payments, and information security and the entities’ implementation of new or substantially changed programs, including emergency assistance programs. Updates include an emphasis on prioritizing preventive control activities and highlighting management’s responsibility for internal control at all levels within the entity’s organizational structure. There are new documentation requirements for risk assessments and a change assessment process for identifying, analyzing, and responding to risk for significant changes. The revision clarifies the intent of the standards. Early implementation is permitted.

### American Institute of Certified Public Accountants (AICPA)

#### Statements on Auditing Standards (SAS)

**Effective for engagements for periods beginning on or after December 15, 2025:**

- [\*\*SAS No. 146\*\*](#), *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards* (June 2022). This statement supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, section 220, *Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*. It also amends various AU-C sections in AICPA Professional Standards. This statement addresses the specific responsibilities of the auditor regarding quality management at the engagement level for an audit of

financial statements, and for other engagements conducted in accordance with generally accepted auditing standards, and the related responsibilities of the engagement partner. SAS No. 146 is part of the AICPA's new standards relating to quality management. These standards relating to quality management are designed to improve the audit organization's risk assessment and audit quality. Find more information on AICPA quality management resources [here](#).

**Effective for engagements for periods ending on or after December 15, 2026:**

- [SAS No. 149](#), *Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors)* (March 2023). This statement supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, as amended, section 600, *Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors)*. It also amends various AU-C sections in AICPA Professional Standards. This statement addresses special considerations that apply to a group audit, including when component auditors are involved or when the group auditor refers to the audit of a referred-to auditor. The requirements and guidance in this statement refer to, or expand on, the application of other relevant AU-C sections to a group audit.

Statements on Standards for Attestation Engagements (SSAE)

**Effective for engagements beginning on or after December 15, 2025:**

- [SSAE No. 23](#), *Amendments to the Attestation Standards for Consistency With the Issuance of AICPA Standards on Quality Management* (June 10, 2024). This statement amends four SSAEs to align certain concepts with the AICPA standards on quality management issued in June 2022. This statement also amends the concept of *other practitioners* by introducing two new terms, *participating practitioner* and *referred-to practitioner*, to replace the term *other practitioner*. The revised standards are SSAE No. 18, AT-C section 105; SSAE No. 19, AT-C section 215; SSAE No. 21, AT-C section 205; and SSAE No. 22, AT-C section 210.

## **B. ACCOUNTING STANDARDS AND GUIDANCE**

Federal Accounting Standards Advisory Board (FASAB)

Standards, Interpretations, Technical Bulletins, and Technical Releases

- [Statement of Federal Financial Accounting Standards \(SFFAS\) 59](#), *Accounting and Reporting of Government Land* (paras. 4–14: Basic Presentation) (July 2021). This statement
  - requires reclassifying general property, plant, and equipment (G-PP&E) land as a noncapitalized asset for periods beginning after September 30, 2025;
  - requires acreage reporting of G-PP&E land and stewardship land using these predominant use subcategories: conservation and preservation land, operational land, and commercial use land;
  - clarifies the definition for the stewardship land category; and
  - requires consistent and comparable disclosures of information for land.

This statement requires a phase-in approach for reporting on government land. Requirements for the initial phase became effective for reporting periods beginning after September 30, 2021. Acreage information by predominant use is reported in required supplementary information for fiscal year 2022 through fiscal year 2025. This information will transition to basic information within note disclosures in fiscal year 2026, when the asset dollar amounts for G-PP&E land and permanent land rights are removed from the balance sheet. Early adoption is not permitted.

**Effective for reporting periods beginning after September 30, 2025:**

- [SFFAS 64](#), *Management's Discussion and Analysis: Rescinding and Replacing SFFAS 15* (September 2024). This statement updates the guidance for management's discussion and analysis (MD&A) by

rescinding and replacing SFFAS 15, *Management's Discussions and Analysis*. This statement improves MD&A guidance by

- merging and updating relevant content from Statement of Federal Financial Accounting Concepts (SFFAC) 3, *Management's Discussion and Analysis*, and SFFAS 15, for FASAB's budgetary integrity, operating performance, stewardship, and systems and controls reporting objectives;
- providing a concise set of principle-based standards that will guide management in preparing a discussion and analysis of the reporting entity's financial position and condition;
- encouraging flexibility for management to prepare MD&A content efficiently and effectively; and
- guiding management in the preparation of a balanced, concise, integrated, and understandable MD&A that is useful for all users, including those who are not experts in federal government financial matters.

Early implementation is permitted.

### **Financial Accounting Standards Board (FASB)**

#### **Accounting Standards Updates (ASU)**

- The FASB Accounting Standards Codification® (FASB Codification) is the sole source of authoritative generally accepted accounting principles other than Securities and Exchange Commission (SEC)—issued rules and regulations that apply only to SEC registrants. FASB issues ASUs to communicate changes to the FASB Codification, including changes to nonauthoritative SEC content. ASUs are not authoritative standards. To view details and the effective dates of recent ASUs, [click here](#).

### **Governmental Accounting Standards Board (GASB)**

#### **Statements, Technical Bulletins, and Implementation Guides**

##### **Effective upon issuance:**

- [\*\*GASB Implementation Guide No. 2025-1\*\*](#), *Implementation Guidance Update—2025* (June 2025). New question and answer (question 4.16) relates to the following topic:
  - GASB Statement No. 103, *Financial Reporting Model Improvements*

##### **Effective for fiscal years beginning after June 15, 2024:**

- [\*\*GASB Statement No. 102\*\*](#), *Certain Risk Disclosures* (December 2023). This statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. It amends National Council on Governmental Accounting Interpretation 6, *Notes to the Financial Statements Disclosure*, paragraph 5. Earlier application is encouraged.

##### **Effective for fiscal years beginning after June 15, 2025:**

- [\*\*GASB Statement No. 103\*\*](#), *Financial Reporting Model Improvements* (April 2024). This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. This statement also addresses certain application issues. Topics include management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; major component unit information; and budgetary comparison information. Earlier application is encouraged.
- [\*\*GASB Statement No. 104\*\*](#), *Disclosure of Certain Capital Assets* (October 2024). This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. It also establishes requirements, including additional disclosures, for capital assets held for sale. Earlier application is encouraged.



- [GASB Implementation Guide No. 2025-1](#), *Implementation Guidance Update—2025* (June 2025).

New questions and answers with various effective dates cover the following topics:

- Cash Flows Reporting
- Basic Financial Statements and Management's Discussion and Analysis
- Leases
- GASB Statement No. 91, *Conduit Debt Obligations*
- GASB Statement No. 100, *Accounting Changes and Error Corrections*
- GASB Statement No. 101, *Compensated Absences*

Amended questions and answers (questions 5.1–5.2) of previously issued Implementation Guide(s) relate to the following topics:

- Basic Financial Statements and Management's Discussion and Analysis
- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

This update also supersedes Implementation Guide 2015-1 question 2.18.2. Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented.

## Section II: Select Standards and Guidance Issued April 2025 Through June 2025

This section includes select standards and related guidance issued during the period covered by this *Professional Standards Update* (PSU)—April 2025 through June 2025—to the extent that such materials were publicly available as of June 30, 2025. The section also identifies the standard setters whose publications and updates we review to prepare PSUs. These updates highlight the recent issuance and key points of standards and related guidance. This PSU only summarizes the standards or guidance. Those affected by these changes should refer to the respective standard or guidance for details.

### A. AUDITING AND ATTESTATION STANDARDS AND GUIDANCE

#### **Government Accountability Office (GAO)**

##### Government Auditing Standards

- Government Auditing Standards were not updated during the period covered by this PSU.

##### Other Guidance

- [\*\*Standards for Internal Control in the Federal Government\*\*](#) (May 2025). This revision helps managers design and strengthen their entities' internal control systems to address risks, including risks related to fraud, improper payments, and information security and the entities' implementation of new or substantially changed programs, including emergency assistance programs. Updates include an emphasis on prioritizing preventive control activities and highlighting management's responsibility for internal control at all levels within the entity's organizational structure. There are new documentation requirements for risk assessments and a change assessment process for identifying, analyzing, and responding to risk for significant changes. The revision clarifies the intent of the standards. This revision is effective beginning with fiscal year 2026 and the Federal Managers' Financial Integrity Act of 1982 reports covering that year. Early implementation is permitted.

#### **American Institute of Certified Public Accountants (AICPA)**

##### Statements on Auditing Standards (SAS)

- There were no new SASs issued during the period covered by this PSU.

##### Statements on Standards for Attestation Engagements (SSAE)

- There were no new SSAEs issued during the period covered by this PSU.

##### Professional Standards<sup>3</sup>

- There were no other relevant professional standards updates during the period covered by this PSU.

##### Other Guidance<sup>4</sup>

- There was no other relevant new or revised guidance issued during the period covered by this PSU.

### B. ACCOUNTING STANDARDS AND GUIDANCE

#### **Federal Accounting Standards Advisory Board (FASAB)**

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<sup>3</sup>The *AICPA Professional Standards* is an annual publication of the AICPA. It is the comprehensive source of professional standards and interpretations issued by the AICPA, such as auditing and attestation standards and interpretations, accounting and review services pronouncements, Statements of Position, and the AICPA Code of Professional Conduct. A digital subscription to AICPA professional literature is necessary to view timely updates to the professional standards covered by PSUs.

<sup>4</sup>Other guidance issued by the AICPA as professional literature includes audit and accounting guides, audit risk alerts, and technical questions and answers. The guides and other titles are AICPA available-for-purchase publications. A digital subscription to AICPA professional literature is necessary to view timely updates to the guidance covered by PSUs.

## Standards, Interpretations, Technical Bulletins, Technical Releases, and Concepts

- There were no new standards, interpretations, technical bulletins, technical releases, or concepts issued during the period covered by this PSU.

## **Financial Accounting Standards Board (FASB)**

### Accounting Standards Updates (ASU)

- FASB issues ASUs to communicate changes to the FASB Codification, including changes to nonauthoritative SEC content. To view details and the effective dates of ASUs, [click here](#).

## **Governmental Accounting Standards Board (GASB)**

### Statements, Technical Bulletins, Implementation Guides, and Concepts Statements

- [GASB Implementation Guide No. 2025-1](#), *Implementation Guidance Update—2025* (June 2025). This Implementation Guide supersedes and amends portions of Implementation Guide No. 2015-1. New questions and answers with various effective dates cover the following topics:
  - Cash Flows Reporting
  - Basic Financial Statements and Management's Discussion and Analysis
  - Leases
  - GASB Statement No. 91, *Conduit Debt Obligations*
  - GASB Statement No. 100, *Accounting Changes and Error Corrections*
  - GASB Statement No. 101, *Compensated Absences*
  - GASB Statement No. 103, *Financial Reporting Model Improvements*

The requirements of this implementation guide are effective for fiscal years beginning after June 15, 2025, except for question 4.16, which is effective upon issuance. Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented.

## **C. REGULATORY GUIDANCE**

### **Office of Management and Budget (OMB)**

#### Circulars

- [Circular No. A-136](#), *Financial Reporting Requirements – Revised* (July 14, 2025). This circular provides OMB guidance for executive branch entities required to submit audited financial statements, interim financial statements, and performance and accountability reports or agency financial reports under the Chief Financial Officers Act of 1990, as amended; the Government Management Reform Act of 1994; and the Accountability of Tax Dollars Act of 2002. This circular also provides general guidance to government corporations required to submit annual management reports under chapter 91 of title 31, *United States Code*. This circular is applicable to the financial statements issued for fiscal year 2025 and provides that entities subject to it should report only single-year financial statements, notes, and required supplementary information.

#### Memoranda

- There were no relevant bulletins issued during the period covered by this PSU.

#### Bulletins

- There were no relevant memoranda issued during the period covered by this PSU.

### **Department of the Treasury**

#### Treasury Financial Manual (TFM)

- [TFM, Volume I, Part 2, Chapter 3400](#), *Accounting For and Reporting On Cash and Investments Held Outside Of The U.S. Treasury* (April 21, 2025). This chapter provides federal departments and entities with the Department of the Treasury accounting and reporting policies and procedures on cash not deposited in a Treasury General Account (TGA) and investments in non-federal securities. It also includes guidance on cash and investments held outside of the U.S. Treasury and the requirements for accountable officers who have responsibilities for funds received, certified, disbursed, and held in their custody.

#### TFM Bulletins

- [TFM, Bulletin No. 2025-06](#), *Change to Bulletin No. 2025-04, U.S. Standard General Ledger (USSGL) — A Treasury Financial Manual (TFM) Supplement* (June 5, 2025), notifies agencies that Part 1 (*Fiscal Year 2025 Reporting*) and Part 2 (*Fiscal Year 2026 Reporting*) of the USSGL Supplement have been revised. Part 1 requirements are effective immediately, and Part 2 requirements are effective October 1, 2025.
- [TFM, Bulletin No. 2025-07](#), *2025 Year-End Closing* (June 25, 2025), provides entities with guidance for preparing year-end closing reports and other financial reports, including required deadlines for federal entities to submit fiscal year 2025 financial data to the Department of the Treasury's Bureau of the Fiscal Service for timely certification and reporting.

### **D. INTERNATIONAL AUDITING STANDARDS AND GUIDANCE**

#### **International Auditing and Assurance Standards Board (IAASB)**

The IAASB sets international standards for auditing, quality management, review, other assurance, and related services and facilitates the convergence of international and national standards. To review recently issued IAASB pronouncements, [click here](#).

### **E. INTERNAL AUDIT GUIDANCE**

#### **Institute of Internal Auditors (IIA)**

The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance that the IIA promulgates regarding the practice of internal auditing. The IPPF includes the mandatory Global Internal Audit Standards and Topical Requirements and supplemental Global Guidance. To access the IPPF, [click here](#).