U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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

From: James R. Dalkin, Director, FMA
Michael Bingham, Assistant Director, FMA; Matthew Gardner, Auditor in Charge, FMA

Subject: *Professional Standards Update No. 102*, July Through September 2026

To alert you to changes in professional standards, we periodically issue *Professional Standards Updates* (PSU).[1] These updates highlight the effective dates of recently issued standards and guidance related to engagements conducted in accordance with *Government Auditing Standards*.[2] 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 June 30, 2026;
    - attestation reports dated after June 30, 2026; and
    - accounting for reporting periods beginning after April 15, 2025.
- Section II identifies select standards and guidance that were issued from July 2026 through September 2026.

[1]Previous PSUs can be found on the Professional Standards Updates web page.

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

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Professional Standards Update No. 102

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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	**Effective upon issuance:** *Government Auditing Standards: Frequently Asked Questions: Establishing and Maintaining a System of Quality Management* (issued December 2025) **Effective for fiscal year 2026 and related Federal Managers' Financial Integrity Act of 1982 reports:** *Standards for Internal Control in the Federal Government*
American Institute of Certified Public Accountants (AICPA)	Statements on Auditing Standards (SAS), Statements on Standards for Attestation Engagements (SSAE), and other guidance	**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* SSAE No. 23, *Amendments to the Attestation Standards for Consistency With the Issuance of AICPA Standards on Quality Management* **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)* **Effective for engagements for periods ending on or after December 15, 2028:** SAS No. 150, *External Confirmations*
Federal Accounting Standards Advisory Board (FASAB)	Statements of Federal Financial Accounting Standards (SFFAS), interpretations, technical bulletins, technical releases, and other guidance	**Effective upon issuance:** *Technical Release 24*, *Implementation Guidance for Public-Private Partnerships* (issued August 2026) **Effective for reporting periods beginning after September 30, 2025:** SFFAS 64, *Management's Discussion and Analysis: Rescinding and Replacing SFFAS 15*
Governmental Accounting Standards Board (GASB)	Accounting statements, technical bulletins, and implementation guides	**Effective for fiscal years beginning after June 15, 2025:** GASB Statement No. 103, *Financial Reporting Model Improvements* GASB Statement No. 104, *Disclosure of Certain Capital Assets* Implementation Guide No. 2025-1, *Implementation Guidance Update—2025* (except for question 4.16) **Effective for fiscal years beginning after June 15, 2026:** GASB Statement No. 105, *Subsequent Events* Implementation Guide No. 2026-1, *Financial Reporting Model Improvements—Subsidies*

Source: GAO analysis of standards setters' effective dates.

A. AUDITING AND ATTESTATION STANDARDS AND GUIDANCE

Government Accountability Office

Other Guidance

Effective upon issuance:

- ***Government Auditing Standards: Frequently Asked Questions: Establishing and Maintaining a System of Quality Management*** (December 2025). As a companion to GAO's 2024 revision of *Government Auditing Standards*, this practice aid is intended to help an audit organization understand and meet the new quality management requirements as it deliberates on the design, implementation, and operation of its system of quality management for engagements conducted in accordance with

Government Auditing Standards. This practice aid is considered GAGAS interpretive guidance in accordance with paragraph 2.06 of *Government Auditing Standards*.

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). Also known as the Green Book, these standards provide the overall framework for establishing and maintaining an effective internal control system. The Federal Managers' Financial Integrity Act of 1982 requires federal executive branch entities to establish internal control in accordance with these standards. This revision helps management design and strengthen an entity's internal control systems to address risks, including risks related to fraud, improper payments, and information security, and the entity's implementation of new or substantially changed programs, including emergency assistance programs. Updates include an emphasis on prioritizing preventive control activities and highlights 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. 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 Recodification*, 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 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 AU-C sections relevant to a group audit.

Effective for engagements for periods ending on or after December 15, 2028:

- **SAS No. 150**, *External Confirmations* (July 2026). This statement amends SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, as amended, section 330, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*, and section 505, *External Confirmations*; AU-C section 500 of SAS No. 142, *Audit Evidence*, as amended; and various other AU-C sections in AICPA Professional Standards. This statement provides a requirement

to perform external confirmation procedures for cash held by third parties and addresses other external confirmation topics, such as the use of intermediaries and negative confirmations.

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 Statements on Quality Management Standards. 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, *Concepts Common to All Attestation Engagements*; SSAE No. 19, AT-C section 215, *Agreed-Upon Procedures Engagements*, as amended; SSAE No. 21, AT-C section 205, *Assertion-Based Examination Engagements*; and SSAE No. 22, AT-C section 210, *Review Engagements*.

B. ACCOUNTING STANDARDS AND GUIDANCE

Federal Accounting Standards Advisory Board (FASAB)

Standards, Interpretations, Technical Bulletins, and Technical Releases

Effective upon issuance:

- **Technical Release 24**, *Implementation Guidance for Public-Private Partnerships* (August 2026). This technical release provides implementation guidance regarding application of Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*. The guidance explains the interrelationships between SFFAS 49 and standards governing certain types of long-term arrangements/transactions.

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 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.

  Note: To support federal reporting entities, FASAB issued Staff Implementation Guidance 64.1, *Guidance for Implementing SFFAS 64: Management's Discussion and Analysis*, in June 2026. This guidance provides questions and answers related to implementing SFFAS 64.

Governmental Accounting Standards Board (GASB)

Statements, Technical Bulletins, and Implementation Guides

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). This implementation guide clarifies, explains, and elaborates on various GASB statements.

  New questions and answers 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 of previous implementation guides 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.

Effective for fiscal years beginning after June 15, 2026:

- **GASB Statement No. 105**, *Subsequent Events* (December 2025). This statement improves the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. Earlier application is encouraged.
- **GASB Implementation Guide No. 2026-1**, *Financial Reporting Model Improvements—Subsidies* (September 2026). This implementation guide clarifies, explains, and elaborates on the requirements related to subsidies in Statement No. 103, *Financial Reporting Model Improvements*. New questions and answers and an amended question and answer from a previous implementation guide relate to:

  - Basic Financial Statements and Management's Discussion and Analysis

  Earlier application is encouraged if GASB Statement No. 103 has been implemented.

Section II: Select Standards and Guidance Issued July 2026 Through September 2026

This section includes select standards and related guidance issued during the period covered by this *Professional Standards Update* (PSU) to the extent that such materials were publicly available as of September 30, 2026. The section also identifies the standard setters whose publications and updates we review to prepare PSUs. 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

- ***Financial Audit Manual,* Volume 3** (July 2026). GAO and Council of the Inspectors General on Integrity and Efficiency's (CIGIE) *Financial Audit Manual* (FAM) presents a methodology for performing financial statement audits of federal entities in accordance with professional standards. The FAM consists of three volumes, each issued separately. Volume 3, the Federal Financial Reporting Checklist, assists users in determining whether the financial statements are prepared in accordance with generally accepted accounting principles. This checklist incorporates accounting standards issued by the Federal Accounting Standards Advisory Board effective for the fiscal year ending September 30, 2026, and the Office of Management and Budget Circular No. A-136, *Financial Reporting Requirements – Revised*, issued on May 29, 2026. This version supersedes the August 2025 revision. It is effective for fiscal year 2026 financial statement audits.
- ***Supplemental Material for GAO-25-107721: Summary of Key Changes in the 2025 Green Book Revision*** (September 2026). GAO issued the 2025 revision of *Standards for Internal Control in the Federal Government* (known as the Green Book) in May 2025. This supplemental product summarizes the key changes in the 2025 Green Book revision and follows the organizational structure of the Green Book (overview, five components, appendixes, and glossary).

American Institute of Certified Public Accountants (AICPA)

Statements on Auditing Standards (SAS)

- **SAS No. 150**, *External Confirmations* (July 2026). This statement amends SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, as amended, section 330, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*, and section 505, *External Confirmations*; AU-C section 500 of SAS No. 142, *Audit Evidence*, as amended; and various other AU-C sections in AICPA Professional Standards. This statement provides a requirement to perform external confirmation procedures for cash held by third parties and addresses other external confirmation topics, such as use of intermediaries and negative confirmations. This statement is effective for audits of financial statements for periods ending on or after December 15, 2028.

Statements on Standards for Attestation Engagements (SSAE)

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

Professional Standards[3]

Code of Professional Conduct [ET] – July 2026 Update

- This update revises the interpretation "Tax Services" [1.295.160]. This revision is effective December 31, 2026, with early implementation allowed.
- This update also revises the following sections to convert pending guidance to currently effective text: 0.400.41, 1.210.010, 1.220.030, 1.220.040, 1.250.010, 1.270.020, 1.270.030, 1.270.100, 1.275.010, 1.275.025, 1.275.030, 1.275.035, 1.279.020, 1.290.010, 1.295.010, 1.295.030, 1.295.050, and 1.298.010.

Code of Professional Conduct [ET] – September 2026 Update

- This update revises ET section 0.600.030, paragraph .05, to reflect a Professional Ethics Executive Committee (PEEC) temporary enforcement policy related to firm mergers and acquisitions.

Code of Professional Conduct [ET] – Other Update

- PEEC revised the definition of "attest engagement team" (ET section 0.400.05), to align with concepts in AICPA auditing and attestation standards that address external specialists, internal auditors, referred-to auditors, and referred-to practitioners. The revised definition will be effective for attest engagements beginning on or after Dec. 15, 2026, with early implementation permitted.

Other Guidance[4]

- Technical Questions and Answers – Attestation Engagements (September 2026). This update adds various questions and answers related to artificial intelligence under Q&A section 9561, *SOC Examinations: Effect of the Service Organization's Use of AI on SOC 1® and SOC 2® Examinations*.

B. ACCOUNTING STANDARDS AND GUIDANCE

Federal Accounting Standards Advisory Board (FASAB)

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

- **Technical Release 24**, *Implementation Guidance for Public-Private Partnerships* (August 2026). This technical release provides implementation guidance regarding application of Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*. The guidance explains the interrelationships between SFFAS 49 and standards governing certain types of long-term arrangements/transactions. This technical release is effective upon issuance.

[3]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.
[4]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.

Governmental Accounting Standards Board (GASB)

Statements, Technical Bulletins, Implementation Guides, and Concepts Statements

- **GASB Implementation Guide No. 2026-1**, *Financial Reporting Model Improvements—Subsidies* (September 2026). This implementation guide clarifies, explains, and elaborates on the requirements related to subsidies in Statement No. 103, *Financial Reporting Model Improvements*. New questions and answers and an amended question and answer from a previous implementation guide relate to:
  - Basic Financial Statements and Management's Discussion and Analysis

  The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2026. Earlier application is encouraged if GASB Statement No. 103 has been implemented.

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. To view details and the effective dates of ASUs, click here.

C. REGULATORY GUIDANCE

Office of Management and Budget (OMB)

Circulars

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

Memoranda

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

Bulletins

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

Department of the Treasury

Treasury Financial Manual (TFM)

- There were no relevant TFM chapters issued or updated during the period covered by this PSU.

TFM Bulletins

- **TFM, Bulletin No. 2026-05**, *Change to Bulletin No. 2026-03, U.S. Standard General Ledger (USSGL) — A Treasury Financial Manual (TFM) Supplement* (August 26, 2026), notifies agencies that Part 1 (*Fiscal Year 2026*) and Part 2 (*Fiscal Year 2027*) of the USSGL Supplement have been revised. Part 1 requirements are effective upon issuance, and Part 2 requirements are effective October 1, 2026.
- **TFM, Bulletin No. 2026-04**, *2026 Year-End Closing* (reissue: September 23, 2026), provides entities with guidance for preparing year-end closing reports and other financial reports, including required

deadlines for federal entities to submit fiscal year 2026 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.