



Memorandum

Date: August 15, 2013

To: GAO's Financial Management and Assurance Team (FMA)
CIGIE Financial Audit Community

From: James R. Dalkin, Director – FMA
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Subject: Professional Standards Update No. 60*
February through July 2013

In order to alert you to changes in professional standards, we issue Professional Standards Updates. The purpose of these updates is to highlight the issuance and some key points of recent standards. Professional Standards Updates do not contain a complete summary of the standards. Those affected by the new standards should refer to the relevant standard for details. Thanks to Barry Grinnell for his contributions to this issue which contains summaries of:

Auditing and Attestation Standards and Guidance

AMERICAN INSTITUTE of CERTIFIED PUBLIC ACCOUNTANTS (AICPA) and the AICPA AUDITING STANDARDS BOARD (ASB)

- Audit Risk Alert: State and Local Governmental Developments
- Audit Risk Alert: Understanding the Responsibilities of Auditors for Audits of Group Financial Statements
- Audit Risk Alert: Government Auditing Standards and Circular A-133 Developments
- AICPA Guide: Government Auditing Standards and Circular A-133 Audits
- AICPA Guide: Compilation and Review Engagements
- AICPA Guide: Service Organizations: Reporting on Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting Guide
- AICPA Guide: Not-for-Profit Entities

Regulatory Requirements

OFFICE of MANAGEMENT and BUDGET (OMB)

- Circular A-133 Compliance Supplement — 2013
- M-13-08— Improving Financial Systems Through Shared Services
- M-13-09— Fiscal Year 2013 PortfolioStat Guidance: Strengthening Federal IT Portfolio Management
- M-13-10 — Antideficiency Act Implications of Certain Online Terms of Service Agreements
- M-13-11 — Ongoing Implementation of the Joint Committee Sequestration
- M-13-12 — Legislative Coordination and Clearance
- M-13-13 — Open Data Policy - Managing Information as an Asset
- M-13-14 — Fiscal Year 2015 Budget Guidance

* Previously issued Professional Standards Updates can be found at <http://www.gao.gov/govaud/psu.htm>

DEPARTMENT of the TREASURY

- Transmittal Letter No. 691 - Revised I TFM 2-4700, Agency Reporting Requirements for the *Financial Report of the United States Government*

Accounting Standards and Guidance

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD (FASAB)

- Statement of Federal Financial Accounting Standards No. 45 - *Deferral of the Transition to Basic Information for Long-Term Projections*

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB)

- Accounting Standards Update No. 2013-08— Financial Services—Investment Companies (Topic 946): *Amendments to the Scope, Measurement, and Disclosure Requirements*
- Accounting Standards Update No. 2013-07—Presentation of Financial Statements (Topic 205): *Liquidation Basis of Accounting*
- Accounting Standards Update No. 2013-06—Not-For-Profit Entities (Topic 958): *Services Received from Personnel of an Affiliate (a consensus of the FASB Emerging Issues Task Force)*
- Accounting Standards Update No. 2013-05— Foreign Currency Matters (Topic 830): *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)*
- Accounting Standards Update No. 2013-04— Liabilities (Topic 405): *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force)*
- Accounting Standards Update No. 2013-03— Financial Instruments (Topic 825): *Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities*
- Accounting Standards Update No. 2013-02— Comprehensive Income (Topic 220): *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)

- Statement No. 70 — *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

Other Guidance

COMMITTEE of SPONSORING ORGANIZATIONS of the TREADWAY COMMISSION (COSO)

- Internal Control—Integrated Framework

Auditing and Attestation Standards and Guidance

AMERICAN INSTITUTE of CERTIFIED PUBLIC ACCOUNTANTS (AICPA)

www.aicpa.org

Audit Risk Alert: *State and Local Governmental Developments* (March 2013)

The Spring 2013 Audit Risk Alert contains updates on relevant topics such as current GASB statements No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*; No. 69, *Government Combinations and Disposals of Government Operations*; No. 68, *Accounting and Financial Reporting for Pensions*; and No. 67, *Financial Reporting for Pension Plans*. This alert also highlights emerging issues such as defining a component in a Group Audit of a governmental entity, the clarity convention's changes to the Independent Auditor's Report in an audit of a governmental entity, and practice tips for state and local government audit engagement letters.

Audit Risk Alert: *Understanding the Responsibilities of Auditors for Audits of Group Financial Statements* (May 2013)

The new AU-C section 600 introduces a number of new terms, concepts, and requirements related to group audits that may significantly affect current practice. This Audit Risk Alert is intended to help auditors understand and implement the requirements of the new AU-C section 600, *Statement on Auditing Standards - Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)* and has been updated for the issuance of SAS No. 127, *Omnibus Statement on Auditing Standards*. This alert includes a variety of resources including an analysis of applicability, a breakdown of new terminology, and special considerations for state and local governments.

Audit Risk Alert: *Government Auditing Standards and Circular A-133 Developments* (May 2013)

This Audit Risk Alert is designed to help identify significant risks that may affect an audit of entities receiving federal awards that is performed in accordance with Government Auditing Standards and OMB Circular A-133. This new alert highlights the more significant changes in the 2011 revision of Government Auditing Standards (GAGAS), provides information on the proposed revisions to OMB Circular A-133, includes an in-depth discussion of changes relating to independence as found in the 2011 revision of GAGAS, examines the AU-C guidance relevant to an audit performed under GAGAS, and explores frequent violations relating to single audits identified by the AICPA Professional Ethics division.

 **AICPA Guide: Government Auditing Standards and Circular A-133 Audits**
(February 2013)

This guide is a resource for auditors performing audits of financial statements in accordance with Government Auditing Standards, and compliance audits in accordance with OMB Circular A-133. It has been updated as of February 1, 2013, provides up-to-date information for both the ASB Clarity Project and the 2011 revision of Government Auditing Standards. It includes discussions of the 2011 revision of Government Auditing Standards and how to apply the standards to single audits, how the clarified auditing standards and 2011 revision of Government Auditing Standards affect financial statement audits and OMB A-133 compliance audits, and strategies to ensure that the auditor's reports required in a single audit are in compliance with the clarified auditing standards and the 2011 revision of Government Auditing Standards.

 **AICPA Guide: Compilation and Review Engagements** (March 2013)

This AICPA Guidance is designed to help practitioners understand the engagement performance and reporting requirements under Statements on Standards for Accounting and Review Services (SSARS). It highlights potential pitfalls associated with independence and ethics requirements as they apply to compilation and review engagements, and provides illustrative analytical procedures. This guide has been updated for SSARS No. 20, *Revised Applicability of Statements on Standards for Accounting and Review Services*, and SSARS No. 19, *Compilation and Review Engagements*, and includes topics such as engagement and representation letters and accountants' reports, questions and answers on compilation reporting requirements when independence is impaired, and communications to management.

 **AICPA Guide: Service Organizations: Reporting on Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting Guide** (May 2013)

This updated guide is designed to help CPAs effectively perform service organization control (SOC) 1 engagements under Statement on Standards for Attestation Engagements (SSAE) No. 16, *Reporting on Controls at a Service Organization*. This guide is designed to help the auditor successfully transition from SAS No. 70, *Service Organizations*, to SSAE No. 16, *Reporting on Controls at a Service Organization*, communicate the kinds of information auditors of the financial statements of user entities need from a service auditor's report, and implement SSAE No. 16 requirements regarding a written assertion from management. In addition, this guide contains over twenty illustrative service auditor's reports, and has been conformed to reflect changes resulting from the clarified auditing standards.

 **AICPA Guide: Not-for-Profit Entities** (March 2013)

This is the first comprehensive revision of the guide since 1996, and the authoritative auditing content of the guide has been conformed to changes resulting from the ASB Clarity Project. This guide is designed to provide assistance in the preparation,

auditing, accounting, and reporting of financial statements for not-for-profit entities, and includes topics such as the unique accounting and auditing issues for not-for-profit entities, principles for reporting net assets and related disclosures, and auditing net asset classification and revenue and expense recognition.

Regulatory Requirements

OFFICE OF MANAGEMENT and BUDGET (OMB)

www.whitehouse.gov/omb

Circular A-133 Compliance Supplement— 2013 *(July 2013)*

The Single Audit Act of 1984¹ established requirements for audits of States, local governments, and Indian tribal governments that administer Federal financial assistance programs. This Compliance Supplement is based on the requirements of the 1996 Amendments and 1997 revisions to OMB Circular A-133, which provide for the issuance of a compliance supplement to assist auditors in performing the required audits. This Supplement provides a source of information for auditors to understand the Federal program's objectives, procedures, and compliance requirements relevant to the audit, as well as audit objectives and suggested audit procedures. This Compliance Supplement is effective for audits of fiscal years beginning after June 30, 2012, and supersedes the OMB Circular A-133 Compliance Supplement dated June 2012.

M-13-08— Improving Financial Systems Through Shared Services *(March 25, 2013)*

The traditional approach to agency-specific, large-scale financial systems modernization projects in the Federal Government has often led to poor results in terms of cost, quality, performance, and reporting. In addition, the highly fragmented nature of financial management systems across Federal agencies has contributed to inconsistencies in financial data, making it challenging to provide transparency into Federal finances. Building on existing policies, this memorandum directs all executive agencies to use, with limited exceptions, a shared service solution for future modernizations of core accounting or mixed systems, describes the process through which OMB and the Department of the Treasury will conduct an assessment of the capabilities and gaps of the existing Federal Shared Service Providers ("FSSPs"), and describes the process under which the Treasury Department's Office of Financial Innovation and Transformation ("FIT") will evaluate new agency proposals for alignment with this guidance. In the coming months, OMB plans to issue new guidance on both the technology and business requirements for financial systems currently contained in OMB Circular No. A-127.

¹ Public Law 98-502

✚ M-13-09— Fiscal Year 2013 PortfolioStat Guidance: Strengthening Federal IT Portfolio Management (*March 27, 2013*)

In accordance with OMB Memorandum M-12-10 *Implementing PortfolioStat*, OMB analyzed the results from PortfolioStat sessions, solicited agency feedback, and incorporated insights from the Federal Chief Information Officers (CIO) Council to identify noteworthy management practices. Based on this review, the best practices were identified and include empowering Agency CIOs, strengthening IT portfolio governance, and advancing service delivery. Moving forward, PortfolioStat sessions are planned to put particular emphasis on assessing agency adoption of each of the aforementioned best practices for maturing agency management of IT resources, and decisions made in PortfolioStat sessions are intended to inform budget formulation activities for Fiscal Year 2015 (FY 2015), continuing the cut and re-invest approach laid out in OMB M-12-13.

✚ M-13-10 — Antideficiency Act Implications of Certain Online Terms of Service Agreements (*April 4, 2013*)

This Memorandum recognizes that Internet-based social media products and services are among the tools that Federal agencies are using to promote openness, transparency, and citizen engagement, and this Memorandum explains that when choosing which social media tools to adopt, it is important for agencies to exercise diligence in reviewing the set of terms that governs access to and use of these products and services. Specifically, a Federal employee with contracting authority may violate the Antideficiency Act if he or she opens an agency account for a social media application that is governed by Terms of Service (TOS) that include an open-ended indemnification clause. An Antideficiency Act violation may occur in such a situation because an agency's agreement to an open-ended indemnification clause could result in the agency's legal liability for an amount in excess of the agency's appropriation. To address the potential impact of the Office of Legal Counsel Memorandum, OMB is transmitting guidance for agencies that the General Services Administration (GSA) has prepared in consultation with OMB and the Department of Justice (DOJ), stating that if the TOS for a social media product include an open-ended indemnification clause, then the agency must renegotiate the TOS with the provider or obtain another product whose TOS does not include the open-ended indemnification clause.

✚ M-13-11 — Ongoing Implementation of the Joint Committee Sequestration (*April 4, 2013*)

Section 251A of the Balanced Budget and Emergency Deficit Control Act (BBEDCA), as amended, on March 1, 2013, required the President to issue a sequestration order canceling \$85 billion in budgetary resources across the Federal Government for the remainder of fiscal year 2013. This memorandum provides further guidance on specific issues regarding the management and implementation of sequestration that

OMB preliminarily addressed in prior memoranda, including guidance for the funding of agency Inspectors General throughout the sequester.

M-13-12 — Legislative Coordination and Clearance *(April 15, 2013)*

OMB's legislative coordination and clearance process allows for review and clearance of the Administration's legislative proposals, testimony, and statements on bills progressing through Congress, and this memorandum reiterates the Administration's formal legislative coordination and clearance process. This Memorandum includes topics such as basic elements of the clearance process, clearance of agency testimony and letters on pending legislation, and OMB's Statements of Administration Policy (SAPs).

M-13-13 — Open Data Policy - Managing Information as an Asset *(May 9, 2013)*

In order to ensure that the Federal Government is taking full advantage of its information resources, executive departments and agencies (hereafter referred to as "agencies") must manage information as an asset throughout its life cycle to promote openness and interoperability, and properly safeguard systems and information. Specifically, this Memorandum requires agencies to collect or create information in a way that supports downstream information processing and dissemination activities. Additionally, it involves agencies building or modernizing information systems in a way that maximizes interoperability and information accessibility, maintains internal and external data asset inventories, enhances information safeguards, and clarifies information management responsibilities.

M-13-14 — Fiscal Year 2015 Budget Guidance *(May 29, 2013)*

Fiscal Year (FY) 2015 budget submissions to OMB should reflect a 5 percent reduction below the net discretionary total provided for the agency for FY 2015 in the 2014 Budget. Budget submission should also include additional reductions that would bring the overall submission to a level that is 10 percent below the net discretionary total provided for the agency for FY 2015 in the 2014 Budget. To help meet these targets, this guidance suggests that all agencies should look for ways to reduce fragmentation, overlap, and duplication, and increase effectiveness, and should include proposals that address the Government Accountability Office's recommendations in this area, as appropriate. Following the publication of the new strategic plans and the 2015 Budget, agencies will be expected to conduct strategic reviews of progress on each of the strategic objectives and management objectives included in the strategic plan, using a variety of sources of evidence.

DEPARTMENT of the TREASURY

www.treasury.gov

✚ Transmittal Letter No. 691 - Revised I TFM 2-4700, Agency Reporting Requirements for the *Financial Report of the United States Government* (May 31, 2013)

All agencies must provide the Bureau of the Fiscal Service (Fiscal Service) with the required fiscal year end data used to prepare the *Financial Report of the United States Government*, and this Treasury Financial Manual (TFM) chapter describes how agencies provide data for the Financial Report using the Governmentwide Financial Report System (GFRS) and the Federal Agencies' Centralized Trial-Balance System (FACTS I). It also includes the Fiscal Service Closing Package methodology, the Federal Intragovernmental Transactions process, and requirements for electronically submitting preclosing adjusted trial-balances (ATBs). This chapter also includes a listing of the verifying agencies required to verify and submit a closing package and provide CFO representations for federal intragovernmental transactions and balances, as well as the financial report reporting and submission dates.

Accounting Standards and Guidance

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD (FASAB)

www.fasab.gov

✚ Statement of Federal Financial Accounting Standards No. 45 - *Deferral of the Transition to Basic Information for Long-Term Projections* (July 8, 2013)

This Statement amends the effective date of the phased implementation established in Statement of Federal Financial Accounting Standards (SFFAS) 36, *Comprehensive Long-Term Projections for the U.S. Government*. SFFAS 45 amends SFFAS 36, to defer full implementation of its requirements by one year, and applies to the consolidated financial report of the U.S. Government.

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB)


www.fasb.org

✚ Accounting Standards Update No. 2013-08— Financial Services— Investment Companies (Topic 946): *Amendments to the Scope, Measurement, and Disclosure Requirements* (June 2013)

The FASB and the International Accounting Standards Board (IASB) agreed to develop a consistent approach for determining whether an entity is an investment company for which fair value of investments is the most relevant measurement attribute for the entity's financial statement users. The amendments in this accounting standards update modify the guidance in Topic 946 for determining whether an entity is an investment company. The amendments to the investment company assessment in this accounting standards update primarily affect entities currently within the scope of Topic 946 that will no longer be investment companies as a result of the amendments, however, some entities that are currently not within the scope of Topic 946 may be investment companies as a result of the amendments in this update. The amendments in this accounting standards update affect the scope, measurement, and disclosure requirements for investment companies under U.S. generally accepted accounting principles, and clarify the characteristics of an investment company, provide comprehensive guidance for assessing whether an entity is an investment company, require that an investment company measure non-controlling ownership interests in other investment companies at fair value rather than using the equity method of accounting, and require additional disclosures. The amendments in this accounting standards update are effective for an entity's interim and annual reporting periods in fiscal years that begin after December 15, 2013, with earlier application prohibited.

 **Accounting Standards Update No. 2013-07—Presentation of Financial Statements (Topic 205): *Liquidation Basis of Accounting* (April 2013)**

The amendments in this accounting standards update are being issued to clarify when an entity should apply the liquidation basis of accounting, and provide principles for the recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting. Specifically, the amendments require an entity to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent. Liquidation is imminent when the likelihood is remote that the entity will return from liquidation and either (a) a plan for liquidation is approved by the person or persons with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked by other parties or (b) a plan for liquidation is being imposed by other forces (for example, involuntary bankruptcy). Additionally, the amendments require disclosures about an entity's plan for liquidation, the methods and significant assumptions used to measure assets and liabilities, the type and amount of costs and income accrued, and the expected duration of the liquidation process. The amendments are effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013, and interim reporting periods therein. Entities should apply the requirements prospectively from the day that liquidation becomes imminent, and early adoption is permitted.

 **Accounting Standards Update No. 2013-06—Not-For-Profit Entities (Topic 958): *Services Received from Personnel of an Affiliate* (a consensus of the FASB Emerging Issues Task Force) (April 2013)**

The objective of the amendments in this accounting standards update is to specify the guidance that not-for-profit entities apply for recognizing and measuring services received from personnel of an affiliate. The amendments apply to not-for-profit entities, including not-for-profit business-oriented health care entities that receive services from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. The main provisions of the amendments require a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity, and require those services to be measured at the cost recognized by the affiliate for the personnel providing those services. The amendments in this accounting standards update are effective prospectively for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter.

✚ Accounting Standards Update No. 2013-05— Foreign Currency Matters (Topic 830): *Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* (a consensus of the FASB Emerging Issues Task Force) (March 2013)

The objective of the amendments in this accounting standards update is to resolve the diversity in practice about whether Subtopic 810-10, *Consolidation—Overall*, or Subtopic 830-30, *Foreign Currency Matters—Translation of Financial Statements*, applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. In addition, the amendments in this update are intended to resolve the diversity in practice for the treatment of business combinations achieved in stages (sometimes also referred to as step acquisitions) involving a foreign entity. The amendments in this accounting standards update are effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. For nonpublic entities, the amendments are effective prospectively for the first annual period beginning after December 15, 2014, and interim and annual periods thereafter. Early adoption is permitted, and if an entity elects to early adopt the amendments, it should apply them as of the beginning of the entity’s fiscal year of adoption.

✚ Accounting Standards Update No. 2013-04— Liabilities (Topic 405): *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date* (a consensus of the FASB Emerging Issues Task Force) (February 2013)

The objective of the amendments in this accounting standards update is to provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. generally accepted accounting principles. The amendments apply to all entities, both public and nonpublic, that have

obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date and for which no specific guidance exists. For public entities, the amendments in this accounting standards update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. For nonpublic entities, the amendments are effective for fiscal years ending after December 15, 2014, and interim periods and annual periods thereafter. Early adoption is permitted.

✚ Accounting Standards Update No. 2013-03— Financial Instruments (Topic 825): *Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities* (February 2013)

The main objective of this accounting standards update is to clarify the scope and applicability of a particular disclosure to nonpublic entities that resulted from the issuance of Accounting Standards Update No. 2011-04, Fair Value Measurement (Topic 820): *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The amendments clarify that the requirement to disclose “the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety” does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed. The amendments affect nonpublic entities that have total assets of \$100 million or more or that have one or more derivative instruments, and the amendments are effective upon issuance.

✚ Accounting Standards Update No. 2013-02— Comprehensive Income (Topic 220): *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (February 2013)

The objective of this accounting standards update is to improve the reporting of reclassifications out of accumulated other comprehensive income, and seeks to attain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles to be reclassified in its entirety to net income. The amendments do not change the current requirements for reporting net income or other comprehensive income in financial statements, but the amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component and to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income if the amount reclassified is required under U.S. generally accepted accounting principles to be reclassified to net income in its entirety in the same reporting period. The amendments are effective prospectively for reporting periods beginning after December 15, 2012 for public entities, and effective prospectively for reporting periods beginning after December 15, 2013 for nonpublic entities. Early adoption of the amendments in this accounting standards update is permitted.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)

www.gasb.org

✚ Statement No. 70— *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (April 2013)

GASB recently approved a new standard intended to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees, and also requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013 and earlier application is encouraged.

Other Guidance

COMMITTEE of SPONSORING ORGANIZATIONS of the TREADWAY COMMISSION (COSO)

www.coso.org

✚ Internal Control—Integrated Framework (May 2013)

COSO has issued the updated Internal Control—Integrated Framework (Framework) to help organizations effectively and efficiently develop and maintain systems of internal control that can enhance the likelihood of achieving the entity's objectives and adapt to changes in the business and operating environments. The Framework retains the core definition of internal control and the five components of internal control, but includes enhancements and clarifications that are intended to facilitate its use and application. The Framework has been enhanced by expanding the financial reporting category of objectives to include other important forms of reporting, such as non-financial and internal reporting. The previous Framework is superseded as of December 15, 2014, and users should transition to the 2013 Framework in their applications and related documentation as soon as is feasible under their particular circumstances.
