

Memorandum

Date: August 18, 2021

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

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Subject: *Professional Standards Update No. 81*, April through June 2021

To alert you to changes in professional standards, we periodically issue *Professional Standards Updates* (PSU).¹ These updates highlight the effective dates and issuance of recent 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 three sections.

- Section I identifies select standards and guidance coming into effect relevant for
 - audits of financial statements for periods ending through March 31, 2022;
 - attestation reports dated through March 31, 2022; and
 - accounting for reporting periods beginning through July 1, 2021.
- Section II identifies select standards and guidance that would have been in effect for the period covered by this update but were deferred. This includes standards and guidance that would have been relevant for
 - audits of financial statements for periods ending through March 31, 2022;
 - attestation reports dated through March 31, 2022; and
 - accounting for reporting periods beginning through July 1, 2021.
- Section III identifies select standards and guidance that were issued from April 2021 through June 2021.

¹Previous PSUs can be found in the Related Publications section of <https://www.gao.gov/yellowbook>.

²GAO, *Government Auditing Standards: 2018 Revision Technical Update April 2021*, [GAO-21-368G](#) (Washington, D.C.: April 2021).

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Professional Standards Update No. 81

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Section I: Select Standards and Guidance Coming into Effect

This section identifies select standards and guidance coming into effect relevant for (1) audits of financial statements for periods ending through March 31, 2022; (2) attestation reports dated through March 31, 2022; and (3) accounting for reporting periods beginning through July 1, 2021. In general, the standard setters mentioned in this section are those with relevant standards and guidance coming into effect 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 as effective dates may vary.

Table 1: Select Standards and Guidance Relevant for Financial Statement Audits Coming into Effect

Standard setter	Standard or guidance	Standards and guidance
Government Accountability Office	Government Auditing Standards	Effective upon issuance: Government Auditing Standards : 2018 Revision Technical Update April 2021
American Institute of Certified Public Accountants	Statements on Auditing Standards (SAS), Statements on Standards for Attestation Engagements (SSAE), and other guidance	Effective for audits of financial statements for periods ending on or after December 15, 2021: SAS No. 134 , Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements SAS No. 135 , Omnibus Statement on Auditing Standards—2019 SAS No. 136 , Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA SAS No. 137 , The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports SAS No. 138 , Amendments to the Description of the Concept of Materiality SAS No. 139 , Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes from SAS No. 134 SAS No. 140 , Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137 Effective for attestation reports dated on or after July 15, 2021: SSAE No. 19 , Agreed-Upon Procedures Engagements
Federal Accounting Standards Advisory Board	Concepts, statements, and other guidance	Effective upon issuance: Statement of Federal Financial Accounting Standards (SFFAS) 58 , Deferral of the Effective Date of SFFAS 54, Leases Interpretation 10 , Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31
Financial Accounting Standards Board	Accounting Standards Updates (ASU)	A number of ASUs came into effect. To view the details and effective dates of ASUs, click here .
Governmental Accounting Standards Board (GASB)	Accounting standards and implementation guides	Effective upon issuance: GASB Statement No. 95 , Postponement of the Effective Dates of Certain Authoritative Guidance GASB Statement No. 97 , Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (paras. 4-5) Effective for reporting periods beginning after December 15, 2019: GASB Statement No. 84 , Fiduciary Activities GASB Statement No. 90 , Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61 GASB Implementation Guide No. 2019-2 , Fiduciary Activities Effective for reporting periods beginning after June 15, 2020: GASB Implementation Guide No. 2019-1 , Implementation Guidance Update—2019 Effective for reporting periods beginning after December 15, 2020: GASB Statement No. 89 , Accounting for Interest Cost Incurred before the End of a Construction Period

Standard setter	Standard or guidance	Standards and guidance
		<p>Effective for reporting periods beginning after June 15, 2021: GASB Statement No. 87, <i>Leases</i> GASB Implementation Guide No. 2019-3, <i>Leases</i> GASB Statement No. 92, <i>Omnibus 2020</i> (paras. 6-10, 12) GASB Statement No. 93, <i>Replacement of Interbank Offered Rates</i> (paras. 13-14) GASB Statement No. 97, <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> (all paragraphs other than paras. 4-5) GASB Implementation Guide No. 2020-1, <i>Implementation Guidance Update—2020</i> (Questions 4.1-4.5, 4.18, and 5.1-5.5) GASB Implementation Guide No. 2021-1, <i>Implementation Guidance Update—2021</i> (Question 4.22)</p> <p>Effective for reporting periods ending after December 31, 2021: GASB Statement No. 93, <i>Replacement of Interbank Offered Rates</i> (para. 11b)</p>

Source: GAO analysis of standards setters' effective dates.

A. AUDITING AND ATTESTATION STANDARDS AND GUIDANCE

Government Accountability Office

Government Auditing Standards ([Click here for link](#))

Effective upon issuance:

- **Government Auditing Standards: 2018 Revision Technical Update April 2021** (April 2021). This update provides certain limited technical updates to the 2018 revision of Government Auditing Standards. These include restoring the term equity in chapter 1 and clarifying language in certain internal control paragraphs. A full list of updates can be found on pages i through ii of the April technical update.

American Institute of Certified Public Accountants

Statements on Auditing Standards (SAS) ([Click here for link](#))

Effective for audits of financial statements for periods ending on or after December 15, 2021:

- **SAS No. 134**, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements* (May 2019). Provisions of this statement (1) supersede and amend sections of SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, and (2) amend SAS No. 132, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*. Early adoption is permitted.
- **SAS No. 135**, *Omnibus Statement on Auditing Standards—2019* (May 2019). Provisions of this statement amend sections of (1) SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, and (2) SAS No. 130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*. Early adoption is permitted.
- **SAS No. 136**, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA* (July 2019). This statement addresses the auditor's responsibility to form an opinion on the financial statements of employee benefit plans subject to the Employee Retirement Income Security Act of 1974 (ERISA). It also addresses the form and content of the auditor's report issued based on the ERISA plan financial statements. Early adoption is permitted.

- **SAS No. 137**, *The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports* (July 2019). This statement addresses the auditor’s responsibilities relating to other information, whether financial or nonfinancial (other than financial statements and the related auditor’s report), included in an entity’s annual report. Early adoption is permitted.
- **SAS No. 138**, *Amendments to the Description of the Concept of Materiality* (December 2019). Provisions of this statement amend sections of (1) SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended; (2) SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, as amended; and (3) SAS No. 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*. Early adoption is permitted.
- **SAS No. 139**, *Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes from SAS No. 134* (March 2020). Provisions of this statement amend sections of SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended. Early adoption is permitted.
- **SAS No. 140**, *Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137* (April 2020). SAS No. 140 conforms the reporting provisions of SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, and other SASs to generally accepted auditing standards. In addition, AU-C section 935, *Compliance Audits*, was amended to be consistent with current governmental requirements. Early adoption is permitted.

SAS Nos. 134 and 136 through 140 are interrelated because the Auditing Standards Board (ASB) amended the auditor reporting model adopted in SAS No. 134 by issuing SAS Nos. 136 through 140. Accordingly, ASB recommends that all of these statements be implemented concurrently.

Statements on Standards for Attestation Engagements (SSAE) ([Click here for link](#))

Effective for reports dated on or after July 15, 2021:

- **SSAE No. 19**, *Agreed-Upon Procedures Engagements* (December 2019). This statement supersedes SSAE No. 18, *Attestation Standards: Clarification and Recodification*, AT-C section 215, *Agreed-Upon Procedures Engagements*, and amends SSAE No. 18 AT-C section 105, *Concepts Common to All Attestation Engagements*. This section contains performance and reporting requirements and application guidance for all agreed-upon procedures engagements. The requirements and guidance in this section supplement those in AT-C section 105, *Concepts Common to All Attestation Engagements*. Early adoption is permitted.

B. ACCOUNTING STANDARDS AND GUIDANCE

Federal Accounting Standards Advisory Board

Concepts, Statements, Technical Bulletins, Interpretations, and Technical Releases ([Click here for link](#))

- **Statement of Federal Financial Accounting Standards (SFFAS 58)**, *Deferral of the Effective Date of SFFAS 54, Leases* (June 2020). This statement defers the effective date for SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, for 3 years. The requirements of SFFAS 54 are now effective for reporting periods beginning after September 30, 2023. This statement also amends SFFAS 57, *Omnibus Amendments 2019*, to defer the effective date of certain conforming amendments contained therein related to SFFAS 54.
- **Interpretation 10**, *Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31* (May 2021). This interpretation clarifies the

classification and presentation of non-federal non-entity Fund Balance with Treasury (FBWT) in paragraph 31 of SFFAS 1, *Accounting for Selected Assets and Liabilities*. This guidance provides that amounts received in deposit funds from non-federal sources in anticipation of an order (that is, an advance) should be classified as intragovernmental on component reporting entity financial statements.

Financial Accounting Standards Board

Accounting Standards Updates (ASU)

- The Financial Accounting Standards Board (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 ASUs, [click here](#).

Governmental Accounting Standards Board

Statements and Implementation Guides ([Click here for link](#))

- **Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** (May 2020). This statement primarily provides temporary relief to governments and other stakeholders in light of the Coronavirus Disease 2019 (COVID-19) pandemic by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018.
- **GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans***, paragraphs 4 and 5 only (June 2020). The primary objectives of these paragraphs are as follows:
 - increase consistency and comparability in reporting of fiduciary component units when a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform and
 - mitigate costs associated with reporting certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements.

These paragraphs of this statement were effective upon issuance.

Effective for fiscal years or reporting periods beginning after December 15, 2019:

- **GASB Statement No. 84, *Fiduciary Activities*** (January 2017). This statement establishes criteria for identifying fiduciary activities of all state and local governments. The criteria generally focus on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The statement includes separate criteria for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement also provides for recognizing a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.
- **GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*** (August 2018). This statement improves consistency and comparability in reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

- **GASB Implementation Guide No. 2019-2, *Fiduciary Activities*** (June 2019). The guide clarifies, explains, and elaborates on the requirements of GASB Statement No. 84, *Fiduciary Activities*.

Effective for fiscal years or reporting periods beginning after June 15, 2020:

- **GASB Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*** (April 2019). This guide clarifies, explains, or elaborates on statements.

Effective for fiscal years or reporting periods beginning after December 15, 2020:

- **GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*** (June 2018). The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest cost incurred before the end of a construction period. Early adoption is permitted.

Effective for fiscal years or reporting periods beginning after June 15, 2021:

- **GASB Statement No. 87, *Leases*** (June 2017). The objective of this statement is improve governments' accounting and financial reporting for leases to better meet the information needs of financial statement users. Early adoption is encouraged.
- **GASB Implementation Guide No. 2019-3, *Leases*** (August 2019). This guide clarifies, explains, or elaborates on the requirements of GASB Statement No. 87, *Leases*. Early adoption is encouraged if GASB Statement No. 87 has been implemented.
- **GASB Statement No. 92, *Omnibus 2020***, paragraphs 6-10 and 12 (January 2020). This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature. Specifically, it addresses practice issues identified during implementation and application of certain other statements. Early adoption is encouraged.
- **GASB Statement No. 93, *Replacement of Interbank Offered Rates***, paragraphs 13-14 (March 2020). This statement addresses accounting and financial reporting implications that result from replacing an interbank offered rate as the basis for variable payment agreements. Paragraphs 13 through 14 redefine what is considered a lease modification such that an amendment of a lease contract solely to replace the IBOR as the basis for variable payment agreements is not considered a lease modification. Early adoption is encouraged.
- **GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans***, paragraphs 6 through 9, and all other paragraphs except 4 and 5 (June 2020). The primary objective of paragraphs 6 through 9 is to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the pension plan definition and for benefits provided through those plans. Early adoption is encouraged.
- **GASB Implementation Guide No. 2020-1, *Implementation Guidance Update—2020*** (April 2020).

New questions and answers (Questions 4.1-4.5 and 4.18) coming into effect for the referenced time period relate to the following topics:

- The Financial Reporting Entity
- Accounting and Financial Reporting for Certain Investments and for External Investment Pools
- Fiduciary Activities
- Statement No. 83, *Certain Asset Retirement Obligations*

Revised question and answers (Questions 5.1-5.5) coming into effect for the referenced time period relate to the following topics:

- Pensions—Plan and Employer Accounting and Reporting
- Accounting and Financial Reporting for Certain Investments and for External Investment Pools
- Postemployment Benefits Other Than Pensions—Plan and Employer Accounting and Reporting
- **GASB Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*** (May 2021).

New question and answer (Question 4.22) coming into effect for the referenced time period relate to Effective Date and Transition of GASB Statement 87, *Leases*.

Effective for reporting periods ending after December 31, 2021:

- **GASB Statement No. 93, *Replacement of Interbank Offered Rates***, paragraph 11b (March 2020). This statement addresses accounting and financial reporting implications that result from replacing an interbank offered rate as the basis for variable payment agreements. Paragraph 11b removes the London Interbank Offered Rate as an appropriate benchmark interest rate for a derivative instrument. Early adoption is encouraged.

Section II: Deferrals of Select Standards and Guidance

This section identifies select standards and guidance that have been deferred but would have otherwise been relevant for

- audits of financial statements with periods ending through March 31, 2022;
- attestation reports dated through March 31, 2022; and
- accounting for reporting periods beginning through July 1, 2021.

Those affected by a new standard or guidance should refer to that standard or guidance for details, as effective dates may vary in some circumstances.

A. AUDITING AND ATTESTATION STANDARDS AND GUIDANCE

No auditing or attestation standards or guidance have been deferred that would otherwise have been in effect for audits of financial statement for periods ending through March 31, 2022, or attestation reports dated through March 31, 2022.

B. ACCOUNTING STANDARDS AND GUIDANCE

Federal Accounting Standards Advisory Board

Concepts, Statements, Technical Bulletins, Interpretations, and Technical Releases ([Click here for link](#))

Effective for fiscal years or reporting periods beginning after September 30, 2023:

- [SFFAS No. 54](#), *Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment* (April 2018). This statement revises the financial reporting standards for federal lease accounting. It provides a comprehensive set of lease accounting standards to recognize federal lease activities in the reporting entity's general purpose federal financial reports and includes appropriate disclosures. Early adoption is not permitted. The original effective date was for periods beginning after September 30, 2020. It was deferred by [SFFAS No. 58](#).
- [SFFAS No. 57](#), *Omnibus Amendments 2019*, paragraphs 8, 11, and 12 (September 2019). This statement addresses consistency issues and other improvements identified during implementation and application of certain federal accounting standards. Early adoption is not permitted. The original effective date was for periods beginning after September 30, 2020. It was deferred by [SFFAS No. 58](#).

Governmental Accounting Standards Board

Statements and Implementation Guides ([Click here for link](#))

Effective for fiscal years or reporting periods beginning after December 15, 2021:

- [GASB Statement No. 91](#), *Conduit Debt Obligations* (May 2019). This statement has two objectives: (1) to provide a single method by which issuers report conduit debt obligations and (2) to eliminate diversity in practice associated with (a) commitments that issuers extended, (b) arrangements associated with conduit debt obligations, and (c) related note disclosures. Earlier application is encouraged. The original effective date was for reporting periods beginning after December 15, 2020. It was deferred by [GASB Statement No. 95](#).

Section III: Select Standards and Guidance Issued April through June 2021

This section includes select standards and related guidance issued during the period covered by this *Professional Standards Update* (PSU)—April through June 2021—to the extent that such materials were publicly available as of June 30, 2021. The section also identifies the standard setters whose publications and updates we review to prepare PSUs. The purpose of these updates is to highlight the issuance and some key points of recent standards and 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

Government Auditing Standards ([Click here for link](#))

- **Government Auditing Standards: 2018 Revision Technical Update April 2021** (April 2021). This update provides certain limited technical updates to the 2018 revision of Government Auditing Standards. These include restoring the term equity in chapter 1 and clarifying language in certain internal control paragraphs. A full list of updates can be found on pages i through ii of the April technical update. The technical update is effective upon issuance.

American Institute of Certified Public Accountants

Statements on Auditing Standards (SAS) ([Click here for link](#))

- **SAS No. 144, Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained From External Information Sources** (June 2021). The statement amended these sections by incorporating related Public Company Accounting Oversight Board (PCAOB) guidance:
 - AU-C section 501, *Audit Evidence — Special Considerations for Selected Items*. This amendment adds application material from appendix A, “Using the Work of a Company’s Specialist as Audit Evidence,” of PCAOB Auditing Standard (AS) 1105, *Audit Evidence*, to enhance the quality of audits of nonissuers’ financial statements. This amendment is effective for audits of financial statements for periods ending on or after December 15, 2023.
 - AU-C section 540, *Auditing Accounting Estimates and Related Disclosures*. This amendment to AU-C section 540 adds a new appendix, “Use of Pricing Information From Third Parties as Audit Evidence,” that provides guidance using pricing information obtained from external information sources as audit evidence for estimates related to the fair value of financial instruments. This appendix takes into account PCAOB AS 2501, Appendix A, “Special Topics, Identifying and Assessing Risks of Material Misstatement Related to the Fair Value of Financial Instruments.” This amendment is effective for audits of financial statements for periods ending on or after December 15, 2023.
 - AU-C section 620, *Using the Work of an Auditor’s Specialist*. This amendment adds material from PCAOB Release No. 2018-006, *Amendments to Auditing Standards for Auditor’s Use of the Work of Specialists*, to various application paragraphs to enhance the quality of audits of nonissuers’ financial statements. This amendment is effective for audits of financial statements for periods ending on or after December 15, 2023.

Statements on Standards for Attestation Engagements (SSAE) ([Click here for link](#))

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

Audit Risk Alerts ([Click here for link](#))

- *Not-for-Profit Entities Industry Developments — 2021* (April 2021). This alert focuses on risks related to recent nonprofit industry trends, not-for-profit accounting and financial reporting changes, and changes in exempt organization tax compliance. It also includes information on emerging issues, such as
 - COVID-19 impacts on not-for-profit entities (including operating and auditing in the COVID-19 environment and accounting for paycheck protection program loans and other COVID-19–related funding);
 - FASB *Accounting Standards Codification 606, Revenue Recognition*, disclosure requirements;
 - FASB's lease accounting update
 - changes to the auditor's report; and
 - data security and privacy considerations.

Other Guidance ([Click here for link](#))

- *State and Local Governments* (June 2021). The 2021 edition of this guide provides coverage of audit and accounting considerations critical for both preparers and auditors. Topics covered include financial reporting and the reporting entity, revenue and expense recognition, capital asset accounting, elements of net position, accounting for fair value, municipal securities offerings, and tax abatements. This edition of the guide has been updated to reflect changes as a result of SAS Nos. 134 through 141.

Exposure Drafts ([Click here for link](#))

- The following proposed standards were issued in an [exposure draft](#) in February 2021. Comments are requested by August 31, 2021.
 - Proposed Statement on Quality Management Standards (SQMS), *A Firm's System of Quality Management*. This standard covers a firm's responsibilities to design, implement, and operate a system of quality management for its accounting and auditing practice. If issued as final, this SQMS will supersede Statement on Quality Controls Standards No. 8, *A Firm's System of Quality Control* (QC section 10).
 - Proposed SQMS, *Engagement Quality Reviews*. This standard addresses the responsibilities of multiple parties, specifically the firm and engagement quality reviewer, relating to performing and documenting an engagement quality review.
 - Proposed Statement on Auditing Standards, *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*. This standard addresses the responsibilities of the auditor regarding quality management at the engagement level for an audit of financial statements and related responsibilities of the engagement partner. If issued as final, this SAS will supersede 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* (AU-C section 220).³

B. ACCOUNTING STANDARDS AND GUIDANCE

Federal Accounting Standards Advisory Board

³All QC and AU-C sections can be found in the American Institute of Certified Public Accountants' *Professional Standards*.

Concepts, Statements, Technical Bulletins, Interpretations, and Technical Releases ([Click here for link](#))

- **Interpretation 10**, Clarification of *Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31* (May 2021). This interpretation clarifies the classification and presentation of non-federal non-entity Fund Balance with Treasury (FBWT) in paragraph 31 of Statement of Federal Financial Accounting Standards (SFFAS) 1, *Accounting for Selected Assets and Liabilities*. This guidance provides that amounts received in deposit funds from non-federal sources in anticipation of an order (that is, an advance) should be classified as intragovernmental on component reporting entity financial statements.

Financial Accounting Standards Board

Accounting Standards Updates (ASU) (listed only) ([Click here for link](#))

- **ASU No. 2021-04**, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force) (May 2021)

Governmental Accounting Standards Board

Concepts, Statements, Technical Bulletins, Interpretations, and Implementation Guides ([Click here for link](#))

- **GASB Implementation Guide No. 2021-1**, *Implementation Guidance Update—2021* (May 2021). This implementation guide supersedes and amends portions of Implementation Guide No. 2015-1 and Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*. New questions and answers with various effective dates cover the following topics:
 - Effective Date and Transition of GASB Statement 87, *Leases*
 - Leases
 - Accounting and Financial Reporting for Derivative Instruments
 - Fiduciary Activities
 - GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*
 - Basic Financial Statements and Management’s Discussion and Analysis
 - GASB No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*

C. REGULATORY GUIDANCE

Office of Management and Budget

Circulars ([Click here for link](#))

- **Circular No. A-11**, *Preparing, Submitting, and Executing the Budget* (April 28, 2021). The circular provides Office of Management and Budget (OMB) guidance on preparing the fiscal year 2022 budget and instructions on budget execution. This revision updates section 145 (*Requirements for Reporting Antideficiency Act Violations*), which directs agencies to report Antideficiency Act violations to the President, the Congress, and the Comptroller General if the Government Accountability Office finds that an agency has committed a violation.

Memoranda (listed only) ([Click here for link](#))

- There were no relevant new or updated OMB Memoranda issued during the period covered by this PSU.

Department of the Treasury

Treasury Financial Manual (TFM) ([Click here for link](#))

- **TFM, Volume I, Part 2, Chapter 2000**, *Warrant and Nonexpenditure Transfer (NET) Transactions* (April 20, 2021). This chapter describes the procedures and forms used to record warrant transactions and contains information about using the Central Accounting Reporting System to process Nonexpenditure Transfers transactions and to retrieve processed warrant transactions.
- **TFM, Volume I, Part 2, Chapter 3200**, *Foreign Currency Accounting and Reporting* (June 14, 2021), prescribes the reporting requirements for foreign currency transactions.
- **TFM, Volume I, Part 2, Chapter 4700**, (June 30, 2021), prescribes how federal entities provide data for the *Financial Report of the United States Government* (FR) using the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) along with additional details from the audited entity's financial statements. This chapter also includes a listing of the federal entities included in the FR, describes the Intra-governmental Transactions process, and includes requirements for submitting the pre-closing GTAS Adjusted Trial-Balance.

Treasury Bulletins ([Click here for link](#))

- **TFM, Volume I, Bulletin No. 2021-17**, *U.S. Standard General Ledger (USSGL) — A Treasury Financial Manual (TFM) Supplement* (June 9, 2021), revises the USSGL and replaces all previous amendments. The USSGL includes two parts. Part 1, requirements for fiscal year 2021, is effective immediately. Part 2, requirements for fiscal year 2022, is effective October 1, 2021.

D. INTERNATIONAL AUDITING STANDARDS AND GUIDANCE

International Auditing and Assurance Standards Board

The International Auditing and Assurance Standards Board (IAASB) sets international standards for auditing, quality control, review, other assurance, and related services and facilitates the convergence of international and national standards. To review recently issued IAASB guidance, [click here](#).

E. INTERNAL AUDIT GUIDANCE

Institute of Internal Auditors

The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by the Institute of Internal Auditors (IIA). The IIA provides internal audit professionals with authoritative guidance organized in the IPPF. IIA implementation guides assist internal auditors in applying the IPPF and IIA's Code of Ethics. They collectively address internal auditing's approach, methodologies, and consideration, but do not detail processes or procedures. IIA supplemental guidance provides detailed guidance for conducting internal audit activities. To review recently issued IIA guidance, [click here](#).