



# Memorandum

**Date:** September 11, 2020

**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. 78, April through June 2020<sup>1</sup>

To alert you to changes in professional standards, we issue *Professional Standards Updates* (PSU). The purpose of these updates is to highlight the effective dates and issuance of recent standards and guidance related to financial audits or attestations. PSUs do not contain a complete summary of the standards. Those affected by a new standard should refer to that standard for details. This PSU has three sections.

- Section I identifies selected standards and guidance relevant for audits of financial statements for periods that ended in June 2020 through September 2020 that are coming into effect for the first time.
- Section II identifies selected standards and guidance relevant for audits of financial statements for periods ending June 2020 through September 2020 that would have been effective but—as of August 2020—have been deferred.
- Section III identifies selected standards and guidance that were issued from April 2020 through June 2020 for financial audits and attestation engagements.

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<sup>1</sup>The scope of this *Professional Standards Update* includes standards and related guidance issued from April 2020 through June 2020 to the extent that such materials were publicly available as of June 30, 2020. In preparing this update, we also identified and included certain relevant materials that were issued after June 30, 2020.

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# ***Professional Standards Update No. 78***

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## Section I: Selected Standards and Guidance Coming into Effect for the First Time

This section identifies selected standards and guidance relevant for audits of financial statements for periods that ended in June 2020 through September 2020 coming into effect for the first time. The table below provides an overview of the identified selected standards and guidance. Detailed information on the selected standards and guidance follows the table. Those affected by a new standard should refer to that standard for details, as effective dates may vary in some circumstances.

<b>Standard setter and issuer of guidance</b>	<b>Standard/guidance</b>	<b>Selected standards/guidance coming into effect for financial audits</b>
Government Accountability Office	Government Auditing Standards	<i>Government Auditing Standards: 2018 Revision</i> Coronavirus Disease 2019 (COVID-19) Alerts
American Institute of Certified Public Accountants	Statements on Auditing Standards and other guidance	No Statements on Auditing Standards  <i>FAQs — Audit Matters and Auditor Reporting Issues Related to COVID-19</i>  <i>FAQs — SOC 1® and SOC 2® Issues Arising from COVID-19</i>
Office of Management and Budget (OMB)	Circulars and guidance <sup>a</sup>	OMB Circular No. A-136, <i>Financial Reporting Requirements – Revised</i>
Department of the Treasury	<i>Treasury Financial Manual</i>	Updated guidance in Treasury Financial Manual
Federal Accounting Standards Advisory Board (FASAB)	Concepts, statements, technical bulletins, and interpretations	Statement of Federal Financial Accounting Concepts (SFFAC) 9, <i>Materiality: Amending Statement of Federal Financial Accounting Concepts (SFFAC) 1, Objectives of Federal Financial Reporting, and SFFAC 3, Management’s Discussion and Analysis</i>  Statement of Federal Financial Accounting Standards (SFFAS) 57, <i>Omnibus Amendments 2019</i>  FASAB Technical Bulletin 2020-1, <i>Loss Allowance for Intragovernmental Receivables</i>  Interpretation of SFFAS 9, <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 &amp; 6</i>
Financial Accounting Standards Board	Accounting Standards Updates (ASU)	A significant number of ASUs came into effect. See below for link to ASUs and effective dates.
Government Accounting Standards Board (GASB)	Statements and implementation guides	GASB Statement No. 95, <i>Postponement of the Effective Dates of Certain Authoritative Guidance</i>  GASB Statement No. 83, <i>Certain Asset Retirement Obligations</i>  GASB Statement No. 88, <i>Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements</i>  Implementation Guide No. 2018-1, <i>Implementation Guidance Update—2018</i>

<sup>a</sup>OMB memorandums are not included in this summary. Refer to OMB <https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>

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

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

*Government Auditing Standards: 2018 Revision (GAO-18-568G) (July 2018)*<sup>2</sup>

The 2018 revision of *Government Auditing Standards* is effective for financial audits, attestation engagements, and reviews of financial statements for periods ending on or after June 30, 2020, and for performance audits beginning on or after July 1, 2019. Early implementation was not permitted.

*COVID-19: GAGAS CPE Alert (May 2020)*

This alert is effective as of February 29, 2020. In this alert, GAO provides three exceptions to the generally accepted government auditing standards (GAGAS) continuing professional education (CPE) requirements for circumstances related to the Coronavirus Disease 2019 (COVID-19) pandemic. This alert also clarifies an existing GAGAS exemption that may be used in this situation.

*COVID-19: GAGAS Audit Alert (August 2020)*

This alert contains *nonauthoritative* guidance GAO issued in August 2020. It provides considerations and reminders—given the circumstances related to the COVID-19 pandemic—for audits of new government programs arising from the pandemic response as well as ongoing audits.

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

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

There are no AICPA Statements on Auditing Standards coming into effect for the first time for financial audits for periods ending June 2020 through September 2020.

### **Other Guidance**

*FAQs — Audit Matters and Auditor Reporting Issues Related to COVID-19 (April 2020) ([Click here for link](#))*

To serve AICPA members in the United States and throughout the world, and the public in general, during the pandemic, the document provides answers to representative frequently asked questions (FAQ) and lists topics to aid (1) practitioners as they perform audit engagements and (2) preparers of financial statements.

*FAQs — SOC 1® and SOC 2® Issues Arising from COVID-19 (April 2020) ([Click here for link](#))*

The document provides answers to representative FAQs and lists topics to aid practitioners as they perform *Report on Controls at a Service Organization Relevant to User Entities' Internal Control over Financial Reporting (SOC 1®)* and *Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality or Privacy (SOC 2®)* engagements.

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<sup>2</sup>Issuance dates of the standards and guidance are in parentheses.

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

**Circulars and Guidance** ([Click here for link](#))

### **OMB Circular No. A-136, *Financial Reporting Requirements – Revised* (8/27/2020)**

This circular supersedes OMB Circular A-136, *Financial Reporting Requirements*, dated June 28, 2019, and is effective in its entirety upon issuance unless otherwise specified.

To view other circulars relevant to federal financial management, [click here for link](#).

## **Department of the Treasury (Treasury)**

### **Treasury Financial Manual (TFM)**

To view the current TFM, visit <https://tfm.fiscal.treasury.gov/>.

### **Treasury Bulletins**

TFM bulletins provide notice of immediately effective changes to instructions or requirements that are intended to be codified later in TFM chapters. To access current Treasury bulletins, visit <https://tfm.fiscal.treasury.gov/v1/bull.html>.

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

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

### **Statement of Federal Financial Accounting Concepts (SFFAC) 9, *Materiality: Amending Statement of Federal Financial Accounting Concepts (SFFAC) 1, Objectives of Federal Financial Reporting, and SFFAC 3, Management’s Discussion and Analysis***

This Concepts Statement, issued May 4, 2020, is effective upon issuance. The Concept Statement updates concepts related to the application of materiality in the federal financial reporting environment. Through amendments to SFFAC 1 and SFFAC 3, this SFFAC clarifies implementation of materiality concepts in the issuance of federal financial statements.

### **Statement of Federal Financial Accounting Standards (SFFAS) 57, *Omnibus Amendments 2019* (September 27, 2019)**

SFFAS 57 consisted of amendments with multiple effective dates. The only amendment that is effective for reporting periods beginning after September 30, 2019, is in paragraph 2. Early adoption was not permitted.

SFFAS 57, paragraph 2 eliminates the required supplementary stewardship information category by rescinding SFFAS 8, *Supplementary Stewardship Reporting*.

### **FASAB Technical Bulletin 2020-1, *Loss Allowance for Intragovernmental Receivables* (February 20, 2020)**

The requirements of this technical bulletin are effective upon issuance. This bulletin clarifies existing standards regarding intragovernmental accounts receivable and related recognition standards and reporting. SFFAS 1, *Accounting for Selected Assets and Liabilities*, establishes the definition, recognition, measurement, and disclosure requirements for accounts receivable.

**Interpretation of Federal Financial Accounting Standards 9, *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & 6*** (August 16, 2019)

The requirements of this interpretation are effective for reporting periods beginning after September 30, 2019. Early implementation is permitted. This interpretation provides clarification and guidance regarding cleanup cost liabilities when the component reporting entity responsible for reporting on an asset during its useful life is different from the component reporting entity that will eventually be responsible for settling the liability for the cleanup cost of that asset.

**Financial Accounting Standards Board (FASB)**

**Accounting Standards Updates**

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

**Government Accounting Standards Board (GASB)** ([Click here for link](#))

**Statements and Implementation Guides**

**GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** (May 2020)

The effective dates of certain provisions contained in the pronouncements listed in the standard are postponed by 1 year. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**GASB Statement No. 83, *Certain Asset Retirement Obligations*** (November 2016)

The requirements of this statement are effective for reporting periods beginning after June 15, 2019. Earlier application is encouraged. This statement addresses accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

**GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*** (March 2018)

The requirements take effect for reporting periods beginning after June 15, 2019. Earlier application is encouraged. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

**Implementation Guide No. 2018-1, *Implementation Guidance Update—2018* (May 2018)**

The requirements of this guide are effective for reporting periods beginning after June 15, 2019. Its objective is to provide guidance that clarifies, explains, or elaborates on GASB statements.

## Section II: Selected Deferred Standards and Guidance for Financial Audits

This section identifies selected standards and guidance that would have come into effect for the first time for financial audits for periods ending June 2020 through September 2020 but have been deferred as of August 2020. Those affected by a new standard should refer to that standard for details, as effective dates may vary in some circumstances.

**Government Accounting Standards Board (GASB)** ([Click here for link](#))

### Statements and Implementation Guides<sup>3</sup>

#### **GASB Statement No. 84, *Fiduciary Activities*** (January 2017)

Per GASB Statement No. 95, the requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. 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. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement also provides for recognition of 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)

Per GASB Statement No. 95, the requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The objectives of this statement are to improve the consistency and comparability in reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

#### **Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*** (April 2019)

The requirements of this implementation guide are effective for reporting periods beginning after June 15, 2020. Its objective is to provide guidance that clarifies, explains, or elaborates on GASB statements.

#### **Implementation Guide No. 2019-2, *Fiduciary Activities*** (June 2019)

The requirements of this implementation guide are effective for financial reporting periods beginning after December 15, 2019. Earlier application is encouraged if Statement 84 has been implemented. The objective of this guide is to clarify, explain, or elaborate on the requirements of Statement No. 84, *Fiduciary Activities*.

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<sup>3</sup>The effective dates of GASB standards are reporting periods beginning after a certain date. For purposes of this section, it was assumed that reporting periods are a year. For example, statements effective for reporting periods beginning after December 15, 2019, will come into effect for the first time for financial audits for periods ending December 15, 2020, and later, and requirements effective for reporting periods beginning after June 15, 2020, will come into effect for the first time for financial audits for periods ending June 15, 2021, and later.

## Section III: Selected Standards and Guidance Issued April 2020 through June 2020

This section includes selected standards and related guidance issued from April 2020 through June 2020 to the extent that such materials were publicly available as of June 30, 2020. The purpose of these updates is to highlight the issuance and some key points of recent standards. This *Professional Standards Update* does not contain a complete summary of the standards. Those affected by a new standard should refer to that standard for details.

### Auditing and Attestation Standards and Guidance

#### Government Accountability Office (GAO)

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

*COVID-19: GAGAS CPE Alert* (May 2020)

The work of auditors and their ability to complete the hours of continuing professional education (CPE) required by the 2018 generally accepted government auditing standards (GAGAS) have been affected by the Coronavirus Disease 2019 (COVID-19) pandemic. In this alert, GAO provides three exceptions to the GAGAS CPE requirements for circumstances related to the COVID-19 pandemic. The three exceptions are a 6-month grace period for completing CPE requirements, a waiver of the 20-hour annual CPE requirement, and a provision for carrying over up to 40 hours of CPE in excess of the 80-hour requirement to the next CPE measurement period. This alert also clarifies an existing GAGAS exemption that may be used in this situation. This alert is effective as of February 29, 2020.

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

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

**Statement on Auditing Standards (SAS) No. 141**, *Amendment to the Effective Dates of SAS Nos. 134–140* (May 2020)

This statement amends the effective dates of the following statements:

- **SAS No. 134**, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, as amended
- **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*, as amended
- **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*

This statement delays the effective dates of SAS Nos. 134 through 140 and the amendments to other statements made in SAS Nos. 134 through 140, generally, for periods ending on or after from December 15, 2020 to periods ending on or after December 15, 2021, in order to provide more time for firms to implement them in light of the effects of the pandemic.

SAS Nos. 134, 136 through 137 and 139 through 140, as originally issued, do not permit early implementation. This statement amends these SASs to no longer preclude early implementation.

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 the subsequent SASs. The effective dates were aligned so that these SASs would be implemented as a suite, primarily to accommodate the amendments to the auditor reporting model. Accordingly, ASB recommends that all of these SASs be implemented concurrently.

This statement is effective upon issuance.

**Statement on Auditing Standards (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)**

Note: SAS No. 141 delays the effective date to December 15, 2021, and ASB recommends that SAS Nos. 134 through 140 be implemented concurrently.

SAS No. 140 completes ASB's yearlong effort to conform Generally Accepted Auditing Standards (GAAS) with the reporting provisions of SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, and other recently issued SASs. In addition, certain other AU-C sections in AICPA's *Professional Standards* were amended to reflect practice issues that arose since the most recent revisions to these AU-C sections, and AU-C section 935, *Compliance Audits*, was amended to be consistent with current governmental requirements.

The amended sections follow:

- **No. 117**, Compliance Audits, *as amended [AICPA, Professional Standards, AU-C sec. 935]*
- **No. 119**, Supplementary Information in Relation to the Financial Statements as a Whole, *as amended [AICPA, Professional Standards, AU-C sec. 725]*
- **No. 120**, Required Supplementary Information, *as amended [AICPA, Professional Standards, AU-C sec. 730]*
- **No. 122**, Statements on Auditing Standards: Clarification and Recodification, *as amended:*
  - *Section 920, Letters for Underwriters and Certain Other Requesting Parties [AICPA, Professional Standards, AU-C sec. 920]*
  - *Section 930, Interim Financial Information [AICPA, Professional Standards, AU-C sec. 930]*

- **No. 124**, Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country [AICPA, Professional Standards, AU-C sec. 910]
- **No. 130**, An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements, *as amended* [AICPA, Professional Standards, AU-C sec. 940]
- **No. 134**, Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements, *as amended*
  - *Section 706*, Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor’s Report [AICPA, Professional Standards, AU-C sec. 706]
- **No. 136**, Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA, *as amended* [AICPA, Professional Standards, AU-C sec. 703]

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

AICPA did not issue new or updated Statements on Standards for Attestation Engagements during the period covered by this *Professional Standards Update*.

**AICPA Professional Standards** ([Click here for link](#))

Pre-SAS No. 134 U.S. Auditing Standards – AICPA (Clarified) [AU-C] (May 2020)

To assist auditors and firms that do not implement SAS Nos. 134 through 140 prior to December 15, 2021, this edition contains auditing standards that remain effective through 2021. Each AU-C section in this edition is designated with a “B” suffix (for example, “AU-C section 200B”) to denote content that does not reflect the codification of SAS Nos. 134 through 140 or the amendments to other SASs made by SAS Nos. 134 through 140.

Because this new section retains currently effective guidance for all AU-C sections, sections with an “A” suffix that had been added to retain currently effective guidance for certain sections have been removed. The content of those sections can be found in the corresponding “B” suffix sections.

*Statements of Position — Auditing and Attestation [AUD]* (June 2020)

This update revises the following Statements of Position (SOP) to reflect conforming changes necessary because of the issuance of Statement on Standards for Attestation Engagements (SSAE) No. 19, *Agreed-Upon Procedures Engagements*:

- **SOP 99-1**, *Guidance to Practitioners in Conducting and Reporting on an Agreed-Upon Procedures Engagement to Assist Management in Evaluating the Effectiveness of Its Corporate Compliance Program* (AUD sec. 15)
- **SOP 01-3**, *Performing Agreed-Upon Procedures Engagements That Address Internal Control Over Derivative Transactions as Required by the New York State Insurance Law* (AUD sec. 25)

- **SOP 02-1**, *Performing Agreed-Upon Procedures Engagements That Address Annual Claims Prompt Payment Reports as Required by the New Jersey Administrative Code* (AUD sec. 30)
- **SOP 07-2**, *Attestation Engagements That Address Specified Compliance Control Objectives and Related Controls at Entities That Provide Services to Investment Companies, Investment Advisers, or Other Service Providers* (AUD sec. 40)
- **SOP 13-2**, *Performing Agreed-Upon Procedures Engagements That Address the Completeness, Mapping, Consistency, or Structure of XBRL-Formatted Information* (AUD sec. 55)

To retain currently effective guidance until SSAE No. 19 becomes effective, this update also adds AUD sections 15A, 25A, 30A, 40A, and 55A.

This update also revises the following sections to reflect revised SEC requirements and to reflect updates to XBRL technology:

- **SOP 13-2**, *Performing Agreed-Upon Procedures Engagements That Address the Completeness, Mapping, Consistency, or Structure of XBRL-Formatted Information* (AUD sec. 55)
- **SOP 13-2**, *Performing Agreed-Upon Procedures Engagements That Address the Completeness, Mapping, Consistency, or Structure of XBRL-Formatted Information* (AUD sec. 55A)

#### *Code of Professional Conduct [ET] (June 2020)*

This update also revises the following interpretations to reflect delayed effective dates (revised effective dates in bold):

- “Information Systems Services” [ET sec. 1.295.145] (Revised June 2019. Effective **January 1, 2022**. Early implementation permitted.)
- “State and Local Government Client Affiliates” [ET sec. 1.224.020] (Revised June 2019. Effective for years beginning after **December 15, 2021**.)
- “Leases” [ET sec. 1.260.040] (Revised December 2018. Effective for fiscal years beginning after **December 15, 2020**. Early implementation is allowed.)

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

#### *Not-for-Profit Entities Industry Developments – 2020 (April 2020)*

This alert focuses on risks related to recent not-for-profit industry trends as well as audit, accounting, financial reporting, and tax policy changes affecting not-for-profit entities. Also included is information on emerging issues, such as the following:

- Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers* disclosure requirements
- FASB’s leases update
- Changes to the auditor’s report
- Data security and privacy considerations

- Tax compliance changes for exempt organizations

This alert discusses legislative, regulatory, and standard setter updates affecting not-for-profit entities in 2020.

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

#### *Credit Losses* (May 2020)

This update releases AICPA's guide *Credit Losses* to reflect updates to the preface and chapter 4, "Model Selection and Integrity."

#### *FAQs — Audit Matters and Auditor Reporting Issues Related to COVID-19* (April 2020) ([Click here for link](#))

To serve AICPA members in the United States and throughout the world, and the public in general, during the pandemic, the document provides answers to representative frequently asked questions (FAQ) and lists topics to aid (1) practitioners as they perform audit engagements and (2) preparers of financial statements.

#### *FAQs — SOC 1® and SOC 2® Issues Arising from COVID-19* (April 2020) ([Click here for link](#))

The document provides answers to representative FAQs and lists topics to aid practitioners as they perform *Report on Controls at a Service Organization Relevant to User Entities' Internal Control over Financial Reporting* (SOC 1®) and *Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality or Privacy* (SOC 2®) engagements.

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

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

#### *Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code* (April 2020)

*Conforming Amendments to the IAASB's International Standards as a Result of the Revised IESBA Code* proposes limited amendments to the IAASB's International Standards in response to the revised International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code). The conforming amendments are intended to ensure that the IAASB International Standards can continue to be applied together with the IESBA Code. (April 2020)

## **Regulatory Requirements**

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

#### **Circulars and Guidance (listed only)** ([Click here for link](#))

OMB did not issue new or updated circulars or guidance during the period covered by this *Professional Standards Update*.

## **Memorandums (listed only) ([Click here for link](#))**

**M-20-20**, *Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus (COVID-19)* (April 9, 2020)

**M-20-21**, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)* (April 10, 2020)

**M-20-22**, *Preserving the Resilience of the Federal Contracting Base in the Fight Against the Coronavirus Disease 2019 (COVID-19)* (April 17, 2020)

**M-20-23**, *Aligning Federal Agency Operations with the National Guidelines for Opening Up America Again* (April 20, 2020)

**M-20-24**, *Implementing the Presidential Transition Act* (April 27, 2020)

**M-20-25**, *Implementation of Executive Order 13924* (June 9, 2020)

**M-20-26**, *Extension of Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations* (June 18, 2020)

## **Department of the Treasury (Treasury)**

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

**TFM, Volume I, Part 3, Chapter 5400: Standards for a Debt Collection Center Designation** (May 7, 2020)

This chapter sets forth the standards and procedures that the Department of the Treasury (Treasury), acting through the Bureau of the Fiscal Service (Fiscal Service), uses to designate debt collection centers. It also outlines the responsibilities of designated debt collection centers. This TFM chapter replaces and supersedes all versions of the “Federal Debt Collection Center Designation: Policies, Procedures, and Standards” that Treasury issued. Any prior decisions under those standards remain in effect until or unless expressly revoked. The term debt collection center has the same definition as set forth in 31 Code of Federal Regulations (C.F.R.) 285.12(a). For the purposes of this TFM chapter, debt collection center does not include Fiscal Service (including Fiscal Service’s Cross-Servicing Program).

**TFM, Volume I, Part 4A, Chapter 2000: Overall Disbursing Rules for All Federal Entities** (May 8, 2020)

This chapter provides guidance to federal entities on the overall disbursing rules.

**TFM, Volume I, Part 4, Chapter 5000: Requisitioning, Preparing, and Issuing Treasury Checks** (May 28, 2020)

This chapter prescribes the procedures disbursing officers use to requisition, prepare, and issue four-digit checking account symbol checks drawn on the U.S. Treasury. Topics include submitting disbursing officers’ signature specimens, ordering and controlling blank check stock, and inscribing checks. The procedures apply to all disbursing offices except where otherwise indicated.

**TFM, Volume I, Part 5, Chapter 2000: Depositing Domestic Checks and Cash Received in Over the Counter (OTC) Collections (May 28, 2020)**

This chapter prescribes instructions for federal agencies to deposit domestic checks and cash.

**TFM, Volume I, Part 3, Chapter 3000: Collecting Nontax, Administrative Receivables through The Treasury Centralized Receivables Service (June 8, 2020)**

This chapter describes how Treasury's Fiscal Service provides nontax, administrative debt collection services through the Centralized Receivables Service (CRS) to federal agencies. It describes

- federal agencies' responsibilities when collecting nontax, administrative debt through CRS and
- Fiscal Service's responsibilities to provide nontax, administrative debt collection services for federal agencies.

**TFM, Volume I, Part 3, Chapter 5200: Exemption of a Class of Debt from Transfer to the Treasury Cross-Servicing Program (June 10, 2020)**

This chapter provides the standards that Treasury, acting through Fiscal Service, uses to exempt federal agencies from the requirement to transfer a specific class of delinquent debt to Treasury for collection pursuant to 31 U.S.C. § 3711(g).

**TFM, Volume I, Part 3, Chapter 6100: Centralized Offset of Assigned Payments (June 10, 2020)**

This chapter explains how the Treasury Offset Program works with the offset of assigned payments.

**TFM, Volume I, Part 3, Chapter 6200: Exemption of a Class of Federal Payments from the Treasury Offset Program (June 10, 2020)**

This chapter prescribes the standards and procedures regarding the exemption of classes of payments from centralized administrative offset. This TFM chapter replaces and supersedes the "Standards and Procedures: Exemption of Classes of Federal Payments from the Treasury Offset Program," which was issued on January 4, 2001, and updated on September 3, 2013. Any payment exemptions previously granted by the Secretary of the Treasury remain in effect until or unless expressly revoked.

**TFM, Volume I, Part 5, Chapter 5000: Unpaid Checks (June 22, 2020)**

This chapter prescribes instructions for federal agencies to follow to recover funds from unpaid checks, including uncollected and lost checks, as well as returned items.

**TFM, Volume I, Part 3, Chapter 8000: Recovering Unclaimed Federal Financial Assets** (June 22, 2020)

This chapter provides guidance to federal agencies regarding their obligation to locate, recover, and account for unclaimed federal financial assets. The information provided includes the following:

- guidance on developing procedures for locating, recovering, and accounting for unclaimed assets;
- the role of Treasury's Fiscal Service in locating and recovering unclaimed assets on behalf of federal agencies; and
- guidelines on the use of private sector professionals, known as finders, to locate and recover unclaimed assets.

**TFM, Volume I, Part 2, Chapter 4700: Federal Entity Reporting Requirements for the Financial Report of the United States Government** (June 26, 2020)

This chapter 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 department-level financial statements. This chapter also includes a listing of the federal entities included in the FR, information on the Intra-governmental Transactions process, and requirements for submitting preclosing GTAS Adjusted Trial-Balances. Please refer OMB Circular No. A-136 for the reporting requirements for federal entities' audited financial statements. This TFM chapter does not include all reporting requirements for GTAS. Additional information can be found on the GTAS website.

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

**TFM, Volume I, Bulletin No. 2020-15, U.S. Standard General Ledger (USSGL)—A Treasury Financial Management (TFM) Supplement** (June 4, 2020)

This bulletin notifies agencies that the USSGL has been revised and replaces all previous amendments. Part 1 requirements for fiscal year 2020 are effective immediately. Part 2 requirements for fiscal year 2021 are effective October 1, 2020.

## **Accounting Standards and Guidance**

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

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

#### **Statement of Federal Financial Accounting Concepts (SFFAC) 9, Materiality: Amending Statement of Federal Financial Accounting Concepts (SFFAC) 1, Objectives of Federal Financial Reporting, and SFFAC 3, Management's Discussion and Analysis** (May 4, 2020)

This Concepts Statement updates concepts related to the application of materiality in the federal financial reporting environment. Through amendments to SFFAC 1 and SFFAC 3, this SFFAC clarifies implementation of materiality concepts in the issuance of federal financial statements.

**Statement of Federal Financial Accounting Standards (SFFAS) 58, *Deferral of the Effective Date of SFFAS 54, Leases* (June 19, 2020)**

SFFAS 58 amends the effective date of SFFAS 54 to reporting periods beginning after September 30, 2023. Early implementation is not permitted.

**Financial Accounting Standards Board (FASB)**

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

**Accounting Standards Update No 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* (June 2020)**

**Government Accounting Standards Board (GASB) ([Click here for link](#))**

**Statements**

**Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (May 2020)**

The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. The effective dates of certain provisions contained in the following pronouncements are postponed by 1 year:

- **Statement No. 83, *Certain Asset Retirement Obligations***
- **Statement No. 84, *Fiduciary Activities***
- **Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements***
- **Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***
- **Statement No. 90, *Majority Equity Interests***
- **Statement No. 91, *Conduit Debt Obligations***
- **Statement No. 92, *Omnibus 2020***
- **Statement No. 93, *Replacement of Interbank Offered Rates***
- **Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)***
- **Implementation Guide No. 2018-1, *Implementation Guidance Update—2018***
- **Implementation Guide No. 2019-1, *Implementation Guidance Update—2019***
- **Implementation Guide No. 2019-2, *Fiduciary Activities*.**

The effective dates of the following pronouncements are postponed by 18 months:

- **Statement No. 87, *Leases***
- **Implementation Guide No. 2019-3, *Leases***

Earlier application of the provisions addressed in this statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

## **Statement No. 96, *Subscription-Based Information Technology Arrangements* (May 2020)**

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users (governments). This statement (1) defines an SBITA; (2) establishes that an SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of an SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

## **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (June 2020)**

The primary objectives of this statement are to (1) increase consistency and comparability in the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of 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; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this statement are effective as follows:

- The requirements in (1) paragraph 4 as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 are effective immediately.
- The requirements in paragraphs 6 through 9 are effective for fiscal years beginning after June 15, 2021.
- All other requirements of this statement are effective for reporting periods beginning after June 15, 2021.

Earlier application is encouraged and is permitted by specific requirement.

## **Internal Audit Guidance**

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

#### **IIA Implementation Guides ([Click here for link](#))**

IIA did not issue implementation guides during the period covered by this *Professional Standards Update*.

## **IIA Supplemental Guidance ([Click here for link](#))**

### *Developing a Risk-based Internal Audit Plan (May 2020)*

This practice guide will help the chief audit executive and internal auditors create and maintain a risk-based internal audit plan. The guide describes a systematic approach to the following:

- Understanding the organization.
- Identifying, assessing, and prioritizing risks.
- Coordinating with other providers.
- Estimating resources.
- Proposing the plan and soliciting feedback.
- Finalizing and communicating the plan.
- Assessing risks continuously.
- Updating the plan and communicating updates.

### *Auditing Conduct Risk (June 2020)*

This guidance will enable internal auditors to understand the following:

- The business significance of conduct risk in an organization's control environment.
- The key components of conduct risk.
- Key stakeholder (including regulator) concerns and expectations related to conduct risk.
- Internal audit's role in assessing and reporting on organizational culture and management of conduct risk.
- An approach to assessing and reporting on an organization's culture and management of conduct risk.

### *Global Technology Audit Guide: IT Essentials for Internal Auditors (June 2020)*

This guidance will enable internal auditors to understand:

- The relationship between information technology (IT) and the business.
- The various network structures, components, and related concepts.
- IT infrastructure, including hardware, software, and databases.
- How organizations use, implement, and develop applications.
- Relevant topics, such as data analytics, social media, machine learning, robotic process automation (RPA), and more.