

Responding to COVID-19

COVID-19 Updates and Resources

Many standard setters, including the ASB, FASB, GASB and PEEC, have evaluated, or are evaluating, effective dates and standard setting agendas. There are known and potential delays of effective dates of new standards and deadlines. As auditors navigate the challenges presented by the COVID-19 pandemic, the AICPA is working hard to provide help. They have launched an A&A resource center at aicpa.org/covidaudit where you can access free resources addressing pressing topics like remote auditing, subsequent event disclosures and going concern.

Business in the U.S. has been greatly impacted by COVID-19. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides relief through a variety of programs including the Paycheck Protection Program (PPP). Resources and tools about the PPP and other SBA loan options are available at aicpa.org/sba.

For information about how COVID-19 may impact other areas of your practice, from tax and personal financial planning to forensic accounting, check out aicpa.org/coronavirus. ■

PEER REVIEW BOARD APPROVES RELIEF FOR FIRMS

In response to the COVID-19 pandemic, at its meeting on May 7, 2020, the Peer Review Board approved a six-month extension for all firms with original peer review, corrective action and implementation plan due dates from January 1, 2020 through September 30, 2020. The AICPA implemented these extensions earlier this month and each impacted firm received a detailed email followed by a separate PRIMA notification email that the extension letter was available in the system.

It is critically important that firms log in to PRIMA and read this letter to understand additional impacts and to view the revised due date. If your firm's review has been extended, please contact us as soon as you can so we can plan to perform your review at a mutually convenient time. Deferring the due date, though providing welcome relief now, will cause the latter part of this year to be quite busy and we want to be able to serve you.

The six-month extension was the most recent action taken by the PRB, with allowances for remote system reviews, temporary extensions and temporary changes to reviewer and firm fair procedures approved earlier in the year. You can access the [March Reviewer Alert](#) or the [April 2020 Open Session Highlights](#) for details. ■

Ready, Set, Implement: News on A&A Standards

Deferral of effective dates for SAS Nos. 134-140

At a special open meeting on April 20, 2020, the [Auditing Standards Board](#) (ASB) agreed to defer implementation of the seven most recently issued Statements on Auditing Standards (SASs). SAS Nos. 134-140, which, among other things, substantially change the auditor's report, will be deferred one year and are now generally effective for audits of calendar year-end 2021 financial statements.

For those standards where there was a prohibition against early implementation, the ban has been lifted so that firms that are prepared to implement the standards this year will be permitted to do so. SAS Nos. 134 –140 are interrelated as the auditor reporting model adopted in SAS No. 134 was amended by the subsequent SASs. Primarily for that reason, the effective dates of SAS Nos. 134-140 were aligned so that these SASs would be implemented as a suite. ■

Accordingly, the ASB recommends that all these SASs be implemented concurrently.

Resources from the AICPA's Enhancing Audit Quality (EAQ) Initiative

Through the [EAQ](#), the AICPA shares resources and education to help you avoid the most common audit quality issues. Check out the latest resources:

COVID-19 Audit Implications

If you need information regarding auditing in the current environment visit the AICPA COVID Resource Center at aicpa.org/covidaudit or sign up for the AICPA [COVID-19 Audit Implications](#) webcast, where Bob Dohrer, AICPA chief auditor, and Mike Manspeaker, CPA, will answer questions submitted by hundreds of practitioners.

Auditing Revenue Recognition

Do you have clients with revenue subject to the requirements of FASB's ASC 606, Revenue from Contracts with Customers? The [AICPA's revenue recognition toolkit](#) has updated resources to help auditors stay independent when assisting attest clients with implementing FASB's ASC 606. Take this [quiz](#) to see how well you know the independence requirements relative to assisting clients with ASC 606 implementation. Also, check out the article "[How auditors can stay independent while advising on revenue recognition](#)" to learn some best practices to avoid crossing the lines of independence.

Insights from Peer Review data show missteps in the following areas relative to auditing ASC 606 and other estimates:

- Risk assessment and substantive testing procedures
- Audit documentation
- Consideration of the effects of multiple non-attest services on auditor independence.

Explore the Private Company Practice Section's (PCPS) [Breaking Down Revenue Recognition toolkit](#) periodically for new resources to help your firm and clients understand the standard and ways to avoid those missteps.

SOC Engagements

The AICPA's new [SOC for Supply Chain](#) is a market-driven, flexible and voluntary reporting framework that includes Description Criteria and Trust Services Criteria. CPAs, management accountants and organization management can use this tool to communicate about the organization's supply chain risk management efforts and assess the effectiveness of system controls that mitigate those risks.

Amid the novel coronavirus pandemic, the AICPA staff also prepared a [nonauthoritative guidance](#) to assist service auditors with performing and reporting on SOC 1 and SOC 2 examinations during these uncertain times.

EAQ 2019 Highlights and Progress Report:

See the [2019 Highlights and Progress Report](#) to learn more about progress of the EAQ initiative.

And take a few minutes to listen to the [EAQ episode of Ethically Speaking](#) to hear more about the initiative, including the focus for 2020. ■



At the Pinnacle – Staying on top of ethics

Extended effective dates of interpretations

In response to COVID-19 concerns, at its May 5, 2020 meeting, the AICPA Professional Ethics Executive Committee (PEEC) voted to extend by one year the effective dates of three independence interpretations:

- [Information Systems Services](#), now effective January 1, 2022 (early implementation permitted).
- [State and Local Government Client Affiliates](#), now effective for fiscal years beginning after December 15, 2021.
- [Leases](#), now effective for fiscal years beginning after December 15, 2020 (early implementation permitted).

You can listen to a brief recap of the meeting in [this episode of Ethically Speaking](#). While you're there, check out some of the other episodes and hit the subscribe link so you can catch future episodes as they are published.

PEEC meetings are open to the public and we encourage you to attend. Register to observe at www.aicpa.org/PEECmeeting. ■

Exposure draft of proposed revisions: Records Requests interpretation

Be sure to check out the [exposure draft PEEC issued on May 1](#) to clarify the Records Requests interpretation. AICPA exposure drafts offer you the opportunity to have a voice in the direction of the profession and the AICPA is eager to hear your feedback. The comment period ends on September 30. ■

Guidance for helping attest clients with the PPP

Be sure to check out these resources on the Paycheck Protection Program:

- [Ethical implications to consider for PPP loan applications](#)
- [Impact on independence of accepting PPP agent fees](#)
- [Podcast: PPP. Ethics. Agent — How to untangle it all.](#) ■

PR Prompts: An eye on peer review

When does my firm need a system review?

If your firm performs an audit or an examination engagement under the Statements on Standards for Attestation Engagements (SSAEs), it will be required to have a system review, which includes a review of your firm's system of quality control. If your firm's last peer review was an engagement review, and you now perform audits or examination engagements, it is important that you contact your [administering entity](#). Your next peer review will be a system review due the earlier of your firm's next scheduled peer review due date or 18 months from the year-end of the initial audit or examination engagement performed. If your firm's last peer review was a system review, there will be no change to the type of review or the peer review cycle. ■

Links to AICPA resources now in PRIMA

The AICPA added a Resources section on your PRIMA home screen. This section provides links to recommended resources for your firm based on the information your firm provided during the last peer review, or when enrolling in the Peer Review Program. Anyone in your firm whose AICPA.org account lists your firm as their employer may access the Resources section.

The resources include free practice aids and toolkits, CPE and guides for purchase. Some examples include risk assessment and revenue recognition resources and materials related to recently issued auditing and attestation standards, including ASU 2016-14 for not-for-profit entities and SAS No. 136 for ERISA audit engagements. There are also general peer review resources, including common issues identified in peer review, FAQs and quality control practice aids. ■

Emergence or fall behind: A spotlight on technology

Digital Assets

The digital asset ecosystem is changing and expanding rapidly. For financial statement preparers or auditors, either currently in the digital asset ecosystem, or considering entering it, the [AICPA's Digital Assets Working Group developed a practice aid](#), which includes vital information for you on how to account for and audit digital assets. It is intended for those with a fundamental knowledge of blockchain technology, is based on existing professional literature and the experience of members of the Digital Assets Working Group and is specific to U.S. GAAP and GAAS.

If your firm is considering accepting or continuing audit engagements that involve digital assets, it is important for you to critically consider the potential risks unique to the digital asset ecosystem and skillsets necessary before concluding on whether to accept or continue an engagement. ■

Data Integrity

The AICPA's Assurance Services Executive Committee (ASEC) Trust Information Integrity Task Force has developed new [AICPA Criteria for describing a set of data and evaluating its integrity](#) and a [background of illustrative use cases for applying criteria](#). The new criteria can be used to assist management, board of directors, internal auditors, and other stakeholder in determining the relevance of the data to the users' purpose and making decisions based on that set of data. You can use the new criteria in an attestation engagement on the description or the set of data. In such an examination or review

engagement, you use the criteria when evaluating the description, the set of data, or both. The criteria in this document may also be used when you are engaged to provide other nonattest or advisory services to a client. The purpose of the background of illustrative use cases for applying criteria is to provide examples of how and under what circumstances the [AICPA Criteria for describing a set of data and evaluating its integrity](#) can be used by entities and CPAs. ■

AI

The AICPA and CPA Canada have issued two joint publications in the series of resources on Artificial Intelligence (AI).

The first in the series is a foundational resource for all CPAs, [A CPA's Introduction to AI: From algorithms to deep learning, what you need to know](#). It explains the AI "buzzwords" and terms you have likely been hearing (for example, machine learning, deep learning, robotic process automation, computer vision, etc.), discusses the evolution of data, AI and computing power, and helps you to begin learning about AI and how it might affect your work.

The second in the series not only explores the benefits of an AI-enabled audit and how AI will evolve the audit and the role of the auditor but also considers the change in mindset required to meet the challenges and take advantage of the opportunities this evolution presents. Further, it provides a peek into the next

step on the digital journey beyond the current state of AI, as well as the assurance-related opportunities that will directly advancements.

The topics are covered in sufficient detail to enable auditors to begin thinking of ways to use and derive the greatest benefits from – and even embrace – AI. In the process, this publication makes the case for why now is the time for auditors to do just that.

For additional resources, click [here](#). ■

