



# Memorandum

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**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. 75, July 2019 through September 2019

In order to alert you to changes in professional standards, we issue *Professional Standards Updates* (PSU). The purpose of these updates is to highlight the issuance and some key points of recent standards. PSUs do not contain a complete summary of the standards. Those affected by a new standard should refer to that standard for details.

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# **Professional Standards Update No. 75**

## **Table of Contents**

<b>Auditing and Attestation Standards and Guidance</b>	<b>5</b>
American Institute of Certified Public Accountants (AICPA)	5
<i>Statements on Auditing Standards</i>	5
<i>Statements on Standards for Attestation Engagements</i>	5
<i>AICPA Professional Standards</i>	5
<i>Audit Risk Alerts</i>	5
<i>Other Guidance</i>	5
International Auditing and Assurance Standards Board (IAASB)	6
<i>Standards on Auditing</i>	6
<b>Regulatory Requirements</b>	<b>6</b>
Office of Management and Budget (OMB)	6
<i>Circulars and Guidance</i>	6
<i>Memorandums</i>	6
<i>Bulletins</i>	6
Department of the Treasury (Treasury)	6
<i>Treasury Financial Manual (TFM)</i>	6
<i>Treasury Bulletins</i>	8
<b>Accounting Standards and Guidance</b>	<b>9</b>
Federal Accounting Standards Advisory Board (FASAB)	9
<i>Statements, Technical Releases, Technical Bulletins, and Interpretations</i>	9
Financial Accounting Standards Board (FASB)	9
<i>Accounting Standards Updates</i>	9
Government Accounting Standards Board (GASB)	9
<i>Statements</i>	9
<b>Internal Audit Guidance</b>	<b>10</b>
Institute of Internal Auditors (IIA)	10
<i>IIA Implementation Guides</i>	10
<i>Supplemental Guidance</i>	10

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# Auditing and Attestation Standards and Guidance

## American Institute of Certified Public Accountants (AICPA)

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

Statement on Auditing Standards No. 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA* (July 2019)

This Statement on Auditing Standards (SAS) 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. This SAS applies to audits of single employer, multiple employer, and multiemployer plans subject to ERISA. This SAS should not be adapted for plans that are not subject to ERISA. This SAS is effective for audits of ERISA plan financial statements for periods ending on or after December 15, 2020. Early implementation is not permitted.

Statement on Auditing Standards No. 137, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports* (July 2019)

This SAS addresses the auditor's responsibilities relating to other information, whether financial or nonfinancial information (other than financial statements and the related auditor's report), included in an entity's annual report. An entity's annual report may be a single document or a combination of documents that serve the same purpose. This SAS also may be applied, and adapted as necessary in the circumstances, to other documents to which the auditor, at management's request, devotes attention. This SAS will be effective for audits of financial statements for periods ending on or after December 15, 2020. Early implementation is not permitted.

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

AICPA did not issue statements or other relevant material during the period covered by this *Professional Standards Update*.

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

AICPA did not issue professional standards or other relevant material during the period covered by this *Professional Standards Update*.

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

AICPA did not issue audit risk alerts or other relevant material during the period covered by this *Professional Standards Update*.

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

AICPA did not issue other guidance during the period covered by this *Professional Standards Update*.

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

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

IAASB did not issue standards or other relevant material during the period covered by this *Professional Standards Update*.

## **Regulatory Requirements**

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

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

*Revised Appendix B to OMB Circular A-123* (August 27, 2019)

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

M-19-22, *Evaluating and Improving the Utility of Federal Advisory Committees* (July 5, 2019)

M-19-23, *Phase 1 Implementation of the Foundations for Evidence-Based Policymaking Act of 2018: Learning Agendas, Personnel, and Planning Guidance* (July 10, 2019)

M-19-24, *Guidance on Awards for Employees and Agency Workforce Fund Plan* (July 12, 2019)

M-19-25, *FY 2021 Administration Research and Development Budget Priorities* (August 30, 2019)

M-19-26, *Update to the Trusted Internet Connections (TIC) Initiative* (September 12, 2019)

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

OMB Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements* (August 27, 2019)

OMB Bulletin No. 19-04, *Apportionment of the Continuing Resolution(s) for Fiscal Year 2020* (September 30, 2019)

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

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

TFM Volume I, Part 2, Chapter 4600: *Treasury Reporting Instructions for Credit Reform Legislation* (July 16, 2019)

This chapter prescribes Treasury's reporting instructions for federal credit program agencies. These instructions apply to all direct loan and loan guarantee programs, except those specifically excluded by Sections 502 and 506 of the Federal Credit Reform Act of 1990, as amended.

TFM Volume I, Part 6, Chapter 3100: *Certifying Payments and Recording Corresponding Intragovernmental Receivables in the Federal Government's Judgment Fund* (July 25, 2019)

This chapter prescribes guidance, procedures, and forms necessary to submit requests for payment from the Judgment Fund for certain judgments and settlements against the United States.

TFM Volume I, Part 2, Chapter 4700: *Federal Entity Reporting Requirements for the Financial Report of the United States Government* (July 31, 2019)

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 discusses the federal entities included in the FR, the Intragovernmental Transactions process, and requirements for submitting preclosing GTAS adjusted trial balance. Please refer to OMB Circular No. A-136 for the reporting requirements for federal entities' audited financial statements.

TFM Volume I, Part 4, Chapter 5000: *Requisition, Preparing, and Issuing Treasury Checks* (August 5, 2019)

This chapter prescribes disbursing officers' procedures for requisitioning, preparing, and issuing 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 3, Chapter 8000: *Recovering Unclaimed Federal Financial Assets* (August 12, 2019)

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

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

TFM Volume I, Part 3, Chapter 5200: *Exemption of a Class of Debt from Transfer to the Treasury Cross-Servicing Program* (August 13, 2019)

This chapter provides the standards that Treasury's 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 4, Chapter 7000, *Cancellations, Deposits, and Claims for Checks Drawn on the U.S. Treasury* (August 23, 2019)

This chapter prescribes procedures and forms for processing and canceling U.S. Treasury checks that are

- stale dated;

- undeliverable;
- returned;
- identified as not received, lost, or stolen;
- destroyed or mutilated; and
- not payable (payee not entitled).

TFM Volume I, Part 2, Chapter 4200: *Agency Year-end Reporting on Unexpended Balances of Appropriation Accounts* (August 29, 2019)

This chapter prescribes guidance for reporting year-end unexpended balances of appropriations to Fiscal Service through GTAS. In addition to GTAS, the Year-end Module is needed to initiate year-end cancellation and adjustment transactions. This guidance applies to all executive branch departments and agencies.

TFM Volume I, Part 3, Chapter 6200: *Exemption of a Class of Federal Payments from the Treasury Offset Program* (September 16, 2019)

This chapter prescribes the standards and procedures for exempting classes of payments from centralized administrative offset. It 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.

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

TFM Volume I, Bulletin No. 2019-11: *Federal Account Symbols and Titles (FAST Book)* (July 17, 2019)

This bulletin notifies agencies that FAST Book has been revised. FAST Book displays each agency's three-digit agency identifier code on the account lists and displays the two-digit agency identifier code in parentheses after the agency's name for reference. This bulletin rescinds TFM Volume I, Bulletin No. 2019-07: *Federal Account Symbols and Titles (FAST Book)*.

TFM Volume I, Bulletin No. 2019-14: *Changes to the U.S. Standard General Ledger (USSGL) – A Treasury Financial Manual (TFM) Supplement* (August 1, 2019)

This bulletin notifies agencies that part 1 and part 2 of the USSGL have been revised for fiscal years 2019 and 2020.

TFM Volume I, Bulletin No. 2019-15: *2019 Year-end Closing* (August 23, 2019)

This bulletin provides agencies with guidance for preparing year-end closing reports and other financial reports. It includes required deadlines for agencies to submit fiscal year 2019 financial data to Fiscal Service for timely certification and reporting.



## **Accounting Standards and Guidance**

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

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

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

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.

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

The objective of this statement is to address consistency issues and other improvements that have been identified during implementation and application of certain FASAB statements. This statement

- eliminates the required supplementary stewardship information category by rescinding Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*;
- updates references to leases in SFFAS 5, *Accounting for Liabilities of the Federal Government*, SFFAS 6, *Accounting for Property, Plant, and Equipment*, and SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*; and
- makes a minor change to SFFAS 6.

### **Financial Accounting Standards Board (FASB)**

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

Accounting Standards Update No. 2019-07: *Codification Updates to SEC Sections – Amendments to SEC Paragraphs Pursuant to SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization, and Miscellaneous Updates* (July 2019)

### **Government Accounting Standards Board (GASB)**

#### **Statements ([Click here for link](#))**

GASB did not issue statements or other relevant material during the period covered by this *Professional Standards Update*.

## Internal Audit Guidance

### Institute of Internal Auditors (IIA)

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

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

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

*Demonstrating the Core Principles for the Professional Practice of Internal Auditing* (August 2019)

This practice guide explains how conforming with the Mandatory Guidance of the International Professional Practices Framework (IPPF) supports realizing broader, more encompassing Core Principles. This guidance will enable chief audit executives and internal auditors to

- understand how the Core Principles link to the work of internal audit—developing and improving work deliverables,
- explore measurable criteria for assessing achievement of Core Principles in the context of the IPPF,
- improve communications with stakeholders by using practical and easy-to-understand examples that resonate, and
- realize potential consequences of failure to achieve Core Principle behaviors.

*Foundations of Internal Auditing in Financial Services Firms* (August 2019)

This guidance will enable internal auditors to

- understand the financial sector environment, including key objectives, business areas, and related risks as well as the effect of globally accepted principles that provide the foundation for laws and regulations within the industry;
- identify industry-specific risks relevant for the jurisdiction in which a company operates and commonly used frameworks;
- identify the roles and assurance activities of the second line of defense functions within financial services that provide coverage of sector-specific risks;
- understand the relationship internal audit has with its external regulator/supervisor and how to effectively manage expectations of the regulator while maintaining a reporting relationship to the board; and
- understand how the second-line functions can integrate activities such as risk assessment, planning, leveraging engagement work and conclusions, and reporting results.