

REVIEWER ALERT



January 2017

This alert contains three articles:

1. [Peer Review Implications for Firms Reporting on Tribal Entity Financial Statements](#)
2. [Reminder: Allowing Firms with No AICPA Members to Enroll in the AICPA Peer Review Program Guidance Changes Effective This Spring](#)
3. [Free PRIMA Training and PRISM Downtime](#)

Peer Review Implications for Firms Reporting on Tribal Entity Financial Statements

Overview

When a peer reviewer selects a tribal entity engagement, it is critical that the peer reviewer understand that this engagement will generally meet the definition of a government, as written in the AICPA Audit and Accounting Guide, *State and Local Governments (AAG-SLG 1.01)* and GASB Codification Section 1000, paragraph .801. Organizations are governmental or nongovernmental for accounting financial reporting and auditing purposes based solely on the application of this GASB Codification criteria. As a government, GASB standards would generally be expected as the appropriate financial reporting framework for an Indian Tribe's financial statements prepared in accordance with US GAAP.

When an Indian Tribe conducts business-type activities through entities similar to those that may operate in the private or commercial sector, the financial statements are still those of a government and require the use of GASB GAAP. Examples of such entities may include tribal casinos, financial institutions and benefit plans. A firm may be even more likely to consider GASB GAAP financial statements as being prepared under an appropriate financial reporting framework when it is a tribal entity's business-type activities that trigger regulatory compliance and reporting requirements.

Depending upon the nature and operations of the tribal entity, differences between GASB and FASB financial reporting and disclosure requirements may be significant. Use of the Governmental Audit Engagement Checklist, any applicable supplemental checklists as well as the materials referenced within the instructions will assist the reviewer in identifying and evaluating the significance of any GASB GAAP departures.

Further Considerations for Certain Tribal Entity Employee Benefit Plan Financial Statement Audits

The Pension Protection Act of 2006 amended both the Internal Revenue Code and Employee Retirement Income Security Act (ERISA) definitions of *governmental plan* by adding language to

limit such plans to those established and maintained by an Indian tribal entity, where the plan's participants are employed to perform essential government functions, rather than commercial activities. Therefore, it is important to understand that certain tribal entity employee benefit plans are subject to ERISA reporting and compliance requirements. ERISA requires GAAP financial statements, but does not specify FASB standards. GASB GAAP is the appropriate financial reporting framework for tribal entities, including the plans sponsored or administered by such governmental entities.

Due to the additional regulatory reporting requirements applicable to tribal plans subject to ERISA, firms should supplement their consideration of GASB standards and the AICPA AAG-SLG with the ERISA specific guidance contained in the AICPA Audit and Accounting Guide – *Employee Benefit Plans* when performing such plan audits. Likewise, a reviewer would also consider the ERISA specific questions within the Employee Benefit Plan Audit Engagement Checklist in order to evaluate the engagement performed and audit report issued for an ERISA tribal plan.

The Bottom Line

When a tribal entity's financial statements have been prepared under an inappropriate financial reporting framework, and the firm failed to modify its report accordingly, the peer reviewer will need to determine whether the engagement was performed and reported on in accordance with professional standards in all material respects. The significance of the differences between GASB and FASB financial reporting and disclosure requirements for the specific entity will determine whether or not an engagement is deemed nonconforming.

For additional assistance in navigating the complexities associated with tribal entity engagements, reviewers may reach out to the AICPA A&A Technical Team by email at aahotline@aicpa.org or phone (877) 242-7212.

[Back to Top](#)

Reminder: Allowing Firms with No AICPA Members to Enroll in the AICPA Peer Review Program Guidance Changes Effective This Spring

The Peer Review Board (PRB) approved changes to the Standards and Interpretations at the September 27, 2016 PRB Open Session, see the related [web page](#), that are effective for reviews commencing after the implementation of PRIMA, which is anticipated to be spring 2017. Final changes to the Standards and Interpretations are included as Agenda Item 1.4A. Conforming changes to the Report Acceptance Body Handbook are in Agenda Item 1.4B and other related Peer Review Program Manual (Manual) sections are included in Agenda Item 1.4C. Key aspects of the final guidance include:

- Allowing firms with no AICPA members to enroll in the Program
- Expanding the availability of administration by the National Peer Review Committee to firms with no AICPA members and
- Making other changes throughout the Manual to conform to the approved changes within the Standards and Interpretations.

[Back to Top](#)

Free PRIMA Training and PRISM Downtime

We plan to launch the Peer Review Integrated Management Application (PRIMA) this spring. PRIMA will provide better functionality and streamlined processes to improve the experience for all users. We'll host a training session with free CPE for peer reviewers on Monday, February 13, 2017 from 2:00 – 3:30pm EST, followed by a session for enrolled firms on Wednesday, February 15, 2017 from 2:00 – 3:30pm EST. The sessions will be archived with links posted to the [PRIMA web page](#) 24 hours after each event.

Immediately prior to PRIMA's launch, we will take PRISM down for approximately one week. Please check the [PRIMA web page](#) for updates on the go-live date and PRISM downtime.

PRIMA Reviewer Training with 1.5 FREE CPE Credits:

<http://event.on24.com/r.htm?e=1356154&s=1&k=DE09C4A6B05E2C710B2383B0C02D7A9A>

PRIMA Firm Training:

<http://event.on24.com/r.htm?e=1354293&s=1&k=31522A34F78CCE5F5E17240CFBD27A0D>

[Back to Top](#)