February 2017 Update of the AICPA Professional Literature

ALERTS AND GUIDES

The following guides contain minor editorial changes:

- Airlines (aag-air)
- Analytical Procedures (aag-anp)
- Gaming (aag-cas)
- Construction Contractors (aag-con)
- Government Auditing Standards and Single Audits (aag-gas)
- Investment Companies (aag-inv)
- Entities With Oil and Gas Producing Activities (aag-ogp)
- Audit Sampling (aag-sam)

The following alert contains minor editorial changes:

- General Accounting and Auditing Developments—2016/17 (ara-gen)

The following alert is being discontinued:

- Independence and Ethics Developments—2014/15 (ara-iet)

BEST PRACTICES IN PRESENTATION AND DISCLOSURE

The following product contains minor editorial changes:

- Not-for-Profit Entities — Best Practices in Presentation and Disclosure (att-nfp)

CHECKLISTS AND ILLUSTRATIVE FINANCIAL STATEMENTS

The following checklist contains minor editorial changes:

- Defined Contribution Retirement Plans (chk-dcp)

PEER REVIEW PROGRAM MANUAL

The following sections are being revised:

Resulting From Recent Peer Review Board Meetings

Updates from recent Peer Review Board (PRB) meetings, which are effective for reviews commencing on or after March 1, 2017, are:

- Updates to 2000’s Interpretation 31b-6 Related to Peer Reviewer Qualifications

   PRPM section 2000, Peer Review Standards’ Interpretations, Interpretation 31b-6 will be updated as discussed at the PRB’s January 3, 2017 open session (Agenda Item 1.3). Specifically, a new paragraph
will be added to address when a peer reviewer does not meet the qualifications in the interpretation but believes they possess current knowledge of professional standards applicable to the kind of practice to be reviewed.

- **Updates to 3100, 4100, and 4200 for Illustrations of Peer Review Reports and Firm Representation Letters When Peer Review Includes Audits Subject to GAS & Single Audit Act**

Illustrations of peer review reports and firm representation letters when a firm’s system review includes engagements subject to *Government Auditing Standards* (GAS) and the Single Audit Act were provided in the November 2016 Reviewers Alert and discussed at the PRB’s November 14, 2016 Open Session. At the January 2017 PRB meetings, final illustrations were approved. Although the primary source for peer review report and firm representation letter templates is still in PRP Section 1000, *AICPA Standards for Performing and Reporting on Peer Reviews*, appendixes B–Q, these specialized illustrations will be available in the Peer Review Program Manual (PRPM) Sections:

- 3100, *Supplemental Guidance*, under “Impact on Peer Review Results and Reporting”
- 4100, *Instructions to Firms Having a System Review*, paragraph 30, and new Appendix D
- 4200, *Instructions to Reviewers Performing System Reviews*, paragraphs 50 and 60, and new Appendix D

**Conforming Updates**

Various updates to clarify or correct guidance or practice aids are effective immediately and were incorporated into PRPM Sections:

- 2000, *Peer Review Standards’ Interpretations*
- 3300, *Report Acceptance Body Handbook*
- 4800, *Summary Review Memorandum* (PDF & Excel versions) (due to production delays, the PDF version will still indicate “December 2016” on top however also indicate “Updated February 2017”)
- 24000’s in OPL (the Toolkits)

**Which Version of the PRPM Guidance & Practice Aids Should I Use?**

Consider the following when determining which version of the PRPM guidance (including peer review reports and representation letters) and practice aids (including engagement checklists) to use when performing a peer review:

- New or revised guidance or practice aids are ordinarily effective for reviews commencing on or after a certain date.
  
  — For instance, if a review commenced on January 15, 2017, the team/review captain would use guidance and practice aids effective as of that date for all aspects of the peer review.
  
  — Alternatively, if a review commenced on December 15, 2016, the team/review captain would use guidance and practice aids effective as of that date, including the peer review report and representation letters. The PRPM update that was effective for reviews commencing on or after January 1, 2017 would not yet have been effective as of the commencement date of the review.

- New or revised guidance or practice aids are posted on our peer review webpages and in OPL for subscribers, in the month prior to the effective date, with the “month/year” they were posted on the top of each PDF or excel document.
  
  — For instance, the PRPM update which was posted on our peer review webpages and in OPL by the end of December is effective for reviews commencing on or after January 1, 2017 and each PDF or excel document that was updated has a “December 2016” date on the top. Guidance or practice aids which were not updated at that time, would continue to have an
older date on the top of the document, but would still be effective.

- Exceptions to this ‘dating’ approach were the PRPM Sections:
  
  - 4500 and 4550, Guidelines for Review of, and Testing Compliance with, Quality Control Policies and Procedures for a Sole Practitioner with No Personnel
  
  - 4600 and 4650, Guidelines for Review of, and Testing Compliance with, Quality Control Policies and Procedures for Firms with Two or More Personnel
  
  - 4700, Staff Interview Questionnaire

These sections were issued in mid-2016 for early implementation and dated “January 2017,” however they are effective for reviews commencing on or after January 1, 2017. Since they had already been in circulation, their dates were not changed from “January 2017” to “December 2016”.

— On the peer review webpages and in OPL, the tables of PRPM Sections (a/k/a “Tables of Effective Dates”) provide the current and previous effective dates of each PRPM section. For instance, they indicate “12/2016 (prev. 6/2016)” for PRPM Section 1000, AICPA Standards for Performing and Reporting on Peer Reviews as the “Month Last Modified (Effective for Reviews Commencing on or After the 1st of the Next Month),” which means that PRPM Section 1000 was last updated in December 2016 and is effective for reviews commencing on or after January 1, 2017.

- Guidance and practice aids for reviews commencing prior to 1/1/17 are available only in the “Archives” section on our peer review webpages (and not also available in OPL).

Reviewers are expected to consider communications in Reviewer Alerts about new or revised guidance or practice aids, and consult either the peer review webpages or OPL, as applicable, for updates prior to commencing a review.

**PRACTICE AIDS**

No updates for February 2017.

**PRINCIPLES AND CRITERIA FOR XBRL-FORMATTED INFORMATION**

No updates for February 2017.

**PROFESSIONAL STANDARDS**

**U.S. Auditing Standards—AICPA (Clarified) [AU-C]**

This update issues Statement on Auditing Standards (SAS) No. 132, The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern (AU-C sec. 570), which is effective for audits of financial statements for periods ending on or after December 15, 2017.

SAS No. 132 addresses the auditor’s responsibilities in the audit of financial statements relating to the entity’s ability to continue as a going concern and the implications for the auditor’s report. It applies to all audits of a complete set of financial statements, regardless of whether the financial statements are prepared in accordance with a general purpose or a special purpose framework.

This update also adds AU-C section 570A, The Auditor’s Consideration of an Entity’s Ability to Continue as a
**Various Sections**

This update also revises *Applicability of AICPA Professional Standards*, various AU-C sections, and various AT-C sections to better reflect the AICPA Council Resolution designating the PCAOB to promulgate technical standards.

**Peer Review [PR]**

This update also revises PR section 9100, *Standards for Performing and Reporting on Peer Review—Interpretations of Section 100*, for various conforming and editorial changes.

**TECHNICAL QUESTIONS AND ANSWERS**

No updates for February 2017.

**TRUST SERVICES PRINCIPLES AND CRITERIA**

No updates for February 2017.

**SUPPORTING DOCUMENT COLLECTION**

No updates for February 2017.