

Committee, Task Force, and Expert Panel Updates from the Financial Reporting Center



AICPA committees and expert panels comprise members who volunteer their time to work with AICPA staff to achieve the AICPA's objectives. Committees and expert panels help present the interests, needs, and attitudes of the membership. They also assist the AICPA in maintaining high standards of professional practice, promoting the interest of CPAs, serving as spokespeople for the profession, and providing appropriate services to members. Finally, they deliberate and come to agreement on key issues to serve the profession.

The content of this expanded Financial Reporting Center newsletter highlight some of the recent activities by the following AICPA senior committees:

- Auditing Standards Board
- Accounting and Review Services Committee
- Assurance Services Executive Committee and Task Forces

Auditing Standards Board

The [Auditing Standards Board](#) (ASB) is the AICPA's senior committee for auditing, attestation, and quality control applicable to the performance and issuance of audit and attestation reports for nonissuers. Its mission is to develop and communicate comprehensive performance, reporting, and quality control standards and practice guidance to enable auditors of nonissuers to provide high quality, objective audit and attestation services at a reasonable cost and in the best interests of the profession and the beneficiaries of those services, with the ultimate purpose of serving the public interest by improving, existing, and enabling new audit and attestation services.

ASB Update

The ASB held two public meetings in the first quarter of 2019; a physical meeting on January 14-17, 2019 in La Jolla, California, and a video conference on March 8, 2019. The ASB discussed the following projects at those meetings:

Auditor Reporting

At the January meeting, the ASB voted to ballot for issuance as final the proposed Statement on Auditing Standards (SAS) *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in Audits of Financial Statements*. One member dissented to balloting because the final SAS would not include a requirement for the city and state of the addressee to be included in the auditor's report. The SAS is expected to be issued in early spring and will contain the following sections:

- *Forming an Opinion and Reporting on Financial Statements*
- *Communicating Key Audit Matters in the Independent Auditor's Report*
- *Modifications to the Opinion in the Independent Auditor's Report*
- *Emphasis-of-Matter Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report*
- *Proposed amendments to various AU-C sections to focus auditor attention on disclosures throughout an audit of financial statements*

Before voting to ballot, the ASB made minimal changes to the [drafts of the proposed standards that were reviewed](#).

The new standard will be effective for audits of financial statements for periods ending on or after December 15, 2020. Early adoption is not permitted.

At both the January and March meetings, the ASB also reviewed conforming amendments to the final balloted [SAS Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA](#), to conform to the new auditor reporting standards. The ASB plans on finalizing the conforming amendments at its May 20-24, 2019, meeting, thereby finalizing this SAS for issuance.

Audit Evidence

At both the January and March meetings, the ASB discussed a draft of the proposed SAS *Audit Evidence*, which would supersede AU-C section 500, *Audit Evidence*. The objective of this project is to revise the AU-C section to address the evolving nature of business and issues such as use of emerging technologies, the expanding use of externally generated information as audit evidence, and more broadly the accuracy, completeness, and reliability of audit evidence. The application of Professional Skepticism by auditors in evaluating audit evidence is also being considered.

A revised draft will be brought to the ASB at its May meeting with the intent of asking the ASB to vote the proposed standard for exposure.

The ASB decided to obtain feedback about where to locate content related to management's specialists currently in AU-C section 500 by including a question in the exposure draft of proposed SAS *Audit Evidence*.

Other Information

At the January meeting, the ASB discussed a draft of the proposed SAS *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*, which would supersede AU-C section 720, *Other Information in Documents Containing Audited Financial Statements*. A revised draft will be brought to the ASB at its May 2019 meeting with the intent of asking the ASB to vote to issue the proposed SAS as a final standard.

Materiality

At its March meeting, the ASB discussed a draft of a proposed SAS and a proposed SSAE, each titled *Amendments to the Description of the Concept of Materiality*. The proposed standards contain amendments intended to eliminate inconsistencies between the description of materiality in AICPA *Professional Standards* and the definition of materiality used by the U.S. judicial system and other U.S. standard setters and regulators. A revised draft will be brought to the ASB at its May meeting with the intent of asking the ASB to vote the proposed standards for exposure.

Other Items – January Meeting

The ASB discussed comments received on the public exposure of the proposed Statement on Standards for Attestation Engagements, *Revisions to Statement on Standards for Attestation Engagements No. 18*, Attestation Standards: Clarification and Recodification (ED), and provided guidance on the direction of potential revisions to the proposed standard. A draft of a revised standard will be brought to the ASB for consideration at its meeting in May 2019.

The ASB discussed proposed revisions to standards included in AU-C sections 800-899, *Special Considerations* in light of the revisions to the AU-C sections included in AU-C sections 700-799, *Audit Conclusions and Reporting*, and with regard to the issue of whether all special-purpose frameworks are fair presentation frameworks.

In addition, the ASB met with the AICPA Technical Issues Committee and with the AICPA Assurance Services Executive Committee, to discuss and obtain feedback on projects of mutual interest.

Accounting and Review Services Committee

The Accounting and Review Services Committee (ARSC) is the senior committee of the AICPA that is designated by Council to issue pronouncements in connection with the unaudited financial statements or other unaudited financial information of a nonpublic entity that are to be observed by members of the AICPA in accordance with the AICPA's Code of Professional Conduct and Bylaws. The mission of ARSC is to serve the public interest by developing, updating and communicating comprehensive performance and reporting standards and practice guidance that enable accountants of nonissuers to provide high quality, objective compilation, review, and preparation services in the best interests of the profession and users of financial statements, with the ultimate purpose of serving the public interest. ARSC accomplishes its mission by (1) developing SSARs that inspire public trust and (2) responding in a timely manner to the need for guidance and communicating it clearly to the profession and to users.

ARSC promulgates SSARs and, as a part of its due process, releases Exposure Drafts of proposed SSARs. The AICPA also issues interpretive and other publications to assist practitioners in understanding and applying the standards.

ARSC Update

The ARSC met January 8-9, 2019 in La Jolla, CA. At the meeting, the ARSC considered:

- proposed revisions to SSARs to incorporate the concept of a *compliance framework*; and
- the Auditing Standards Board's (ASB) Attestation Standards Task Force's preliminary thoughts on potential revisions to AT-C section 210, *Review Engagements* and AT-C section 215, *Agreed-Upon Procedures Engagements*.

Agenda item #1 – Proposed Revisions to SSARs – Compliance Frameworks

In August 2018, the ARSC considered an ASB project to revise AU-C section 800 to introduce the concept of a *compliance framework*. The ARSC decided that revisions to the SSARs should be developed to be consistent with the ASB's proposals and to include such proposed revisions in an Exposure Draft (ED) that included a proposed requirement to determine materiality in a review engagement and to allow an adverse review conclusion. The proposed ED would be issued concurrently with ASB exposure of any proposed revisions to AU-C section 800.

The ARSC continued its discussions and consideration of revisions to SSARs to incorporate a *compliance framework* at its meetings in November 2018 and January 2019. The ARSC was concerned that practice issues may develop if the proposed standards are not clear as to whether a financial reporting framework would be a *fair presentation framework* or a *compliance framework*. The ARSC tentatively decided that any proposed revisions include specific criteria that would be used to assess whether a framework was a *fair presentation framework*. A proposed clarification as to what constitutes a *fair presentation framework* will be communicated to the ASB's Auditor Reporting Task Force for consideration.

The ARSC also considered complaints from practitioners and the Center for Plain English Accounting regarding the use of the title "Omnibus" in standards. The concern is that the resulting standard is difficult to reference as practitioners do not readily recall what revisions were included in a particular Omnibus standard. To address this concern, the ARSC decided that the title of the proposed Omnibus SSARs should be revised. For example, the proposed SSARs could be titled *Materiality in a Review Engagement, Special Purpose Frameworks, and Adverse Review Conclusions*.

Consideration of Project to Revise AT-C sections 210 and 215

The ARSC discussed the ASB's Attestation Standards Task Force's preliminary thoughts on potential revisions to AT-C section 210, *Review Engagements* and AT-C section 215, *Agreed-Upon Procedures Engagements*.

The following represents the significant feedback that the ARSC provided to the ASB task force with respect to proposed revisions to AT-C section 215:

- The concept of *criteria* should be eliminated from AT-C section 215 because the agreed-upon procedures constitute the criteria under which the engagement is performed.
- There should be no prohibition on appropriate parties, in addition to the engaging party, acknowledging that the procedures performed are *appropriate*.
- The ARSC disagreed with continuing the prohibition on the practitioner taking responsibility for the appropriateness of the procedures. Because it is proposed that the practitioner be permitted to design procedures, the ARSC's position was that the practitioner should then be permitted to take responsibility for the procedures being appropriate for the intended purpose of the engagement. If the practitioner does not accept responsibility for the appropriateness of the procedures, the practitioner's agreed-upon procedures report should be clear that the practitioner does not accept such responsibility.
- In situations in which parties in addition to the engaging party acknowledge the appropriateness of the procedures performed, the engaging party may acknowledge that it received such agreement in the representation letter. The practitioner would not be required to obtain the acknowledgment directly from such parties.
- When the engaging party is also the party responsible for the subject matter (responsible party), the representation letter requirements in extant AT-C section 215 should be retained. *A should consider requesting* requirement should be adopted with respect to written representations from the responsible party when the engaging party is not the responsible party (the practitioner would still be required to request written representations from the engaging party).

With respect to AT-C section 210, the ARSC continues to support:

- The change of the term *review engagement* to *limited assurance engagement*.
- The inclusion of a description of the procedures performed in the practitioner's report in an engagement performed in accordance with AT-C section 210.
- The proposal to permit the expression of an adverse conclusion in an engagement performed in accordance with AT-C section 210.

Next Meeting

The ARSC is scheduled to meet May 7-8, 2019 at the AICPA offices in Washington, DC.

At that meeting, the ARSC is expected to further consider and possibly vote to ballot to expose the proposed revisions to SSARs described above. The ARSC is also expected to continue its consideration of the proposed revisions to AT-C sections 210 and 215.

Assurance Services Executive Committee and Task Forces

Revised (January, 2016) Vision, Mission, and Objectives

Vision: A dynamic CPA Profession that continuously evolves to provide high quality, value-added, innovative assurance and advisory services for its stakeholders.

Mission: To support the ongoing relevance of the CPA Profession by continuously exploring and addressing emerging market needs and demand for assurance and advisory services.

Objectives:

ASEC's focus is to continuously identify and assess significant developments and opportunities relating to emerging assurance and advisory needs, and to determine the approach that is most responsive, including identifying needed thought leadership, guidance and criteria, tools, or other support in furtherance of the public interest.

Accordingly, the primary objectives of ASEC are to:

1. Identify and assess new service opportunities related to market needs and demands
2. Where needed, develop and communicate assurance and advisory guidance (including, where necessary, underlying suitable criteria)

3. Support the innovation of traditional services (e.g. the financial statement audit and existing attestation services) to enhance quality and meet evolving market needs
4. Collaborate with industry, government and other specialized groups to enhance members' ability to efficiently and effectively meet market needs related to new and existing services
5. Maintain existing guidance and criteria developed by ASEC

ASEC Update

Future In-person Meetings and Conference Call of ASEC

June 19-20, 2019 Grant Thornton New York Office (757 3rd Avenue 19th Floor)

October 1, 2019 Conference Call 1:00-2:00pm ET

January 14-15, 2020 Joint meeting with ASB - Location TBD

ASEC Working Group:

ASEC Strategic Direction Working Group (SDWG)

The mission of the SDWG is *to support the Profession in serving the public interest by continuously anticipating, identifying, assessing and addressing evolving market needs and demand for assurance and advisory solutions.* The working group focuses on anticipating, identifying, and assessing existing and emerging high-level issues/trends, articulating their impact on the Profession, and identifying new service opportunities/actions that should be undertaken by ASEC or other appropriate groups. The working group is responsible for ASEC's project pipeline. See *ASEC completed, in-process and planned (short term and long term) Project Schedule* for complete listing of ASEC's projects. To ensure ASEC projects represents the needs of firm of different sizes, staff and committee members vet the project pipeline with interested stakeholders.

Task Forces and Working Groups Reporting to ASEC:

ASEC Trust Information Integrity Task Force

This task force is responsible for the technical accuracy of the Trust Service Criteria (TSC), including expanding its scope for entity-wide engagements and developing related services leveraging the TSC.

1. The ASEC Supply Chain Working Group has developed guidance for practitioners engaged to examine and report on system-level controls in the supply chain. The purpose of a SOC for Supply Chain examination is to enable entities to better understand and manage external risks, including cybersecurity risk, related to their vendor and distribution networks. To date, the Working Group has prepared the following guidance:
 - *SOC for Supply Chain Guide* – The Working Group has sent the proposed guide to the ASB for its review and clearance. The ASB has been asked to provide its comments by March 20, 2019. The guide is expected to be issued in 2nd QTR 2019. ASEC also received a copy of guide for courtesy review.
 - *Description Criteria* -- The Working Group has issued, as an exposure draft, proposed description criteria intended to be used by management in describing the system used to produce, manufacture or distribute products and by practitioners when evaluating and reporting on management's description in connection with the SOC for Supply Chain examination. The description criteria were exposed in December 2018, and the exposure period ended February 28th. The description criteria are expected to be issued in 2nd QTR 2019.
 - *Backgrounder* – The Working Group has also developed and document that provides an overview of the SOC for Supply Chain examination, the framework that supports it, and why CPAs are uniquely positioned to provide the examination. The backgrounder will be provided to focus group participants and posted on the AICPA website.
 - *Illustrative SOC for Supply Chain report* – The Working Group has developed an illustrative report that contains management's assertion, practitioner's examination report, and a description of the practitioner's tests and results of those tests. The report will be provided to focus group participants and included as an appendix to the new guide.

The Working Group is also:

- Leading focus group calls with interested parties to obtain feedback on the SOC for Supply Chain examination and report (first call held 3-11-19; participants believe that examination and report will be useful to a wide range of organizations)
 - Working with other teams within the AICPA to develop communications about the new service, training classes, etc.
 - Revising points of focus included in the processing integrity category of the trust services criteria for use in a SOC for Supply Chain examination
2. In August 2018, a new working group was formed that is developing practitioner guidance regarding the impact blockchain may have on SOC 1 and SOC 2 engagements. The working group anticipates completing the initial draft in April 2019 to share

with ASEC and ASB for review. The document will initially be published as a free member resource (estimated Q3 2019) and will later be incorporated as an appendix to the SOC 1 and SOC 2 guides.

3. SOC has been selected as an area of focus for the 2019 Enhancing Audit Quality Initiative. AAI staff will be supporting efforts related to this initiative. AAI staff are researching the most common issues noted in SOC 1 and SOC 2 peer reviews. Feedback from this research will be incorporated into 2019 SOC School materials and the development of a dedicated webcast on the topic in August or September 2019. AAI staff are also summarizing the feedback to determine if edits are needed to existing standards and guidance or if nonauthoritative guidance such as an FAQ would be beneficial to practitioners.
4. The ASEC Cybersecurity Working Group continues to meet periodically to discuss status of adoption of the new SOC for Cybersecurity service by the marketplace and the AICPA's communications team and AAI staff are continuing to perform outreach in connection with the new service. AAI staff are also working with the AICPA's learning team to develop a new intermediate-level cybersecurity learning program as a response to the success of and feedback received from the 3 cybersecurity certificate programs that launched in 2018.
5. The Cloud Security Alliance (CSA) and the CSA STAR Attestation Working Group collaborated on the development of a SOC 2 report that also incorporates the criteria in the CSA Cloud Controls Matrix as additional suitable criteria. The AICPA also helped collaborate on the structure of CSA's STAR Attestation program whereby CSA members can obtain 3rd party assurance and obtain SOC 2 reports covering the additional criteria from the Cloud Controls Matrix. Efforts are in progress to update the underlying mapping for the 2017 TSC and to update the illustrative report for the clarified attestation standards and the 2017 TSC. The AICPA is also exploring opportunities to participate in CSA workshops at the RSA conference and developing additional training materials for CPAs performing CSA STAR attestation engagements. This working group does not meet regularly, but roster is maintained for questions or project updates.
6. The HITRUST working group developed a SOC 2 report that incorporates HITRUST's Common Security Framework (CSF) as additional suitable criteria and practitioner guidance. A mapping between the TSC and HITRUST CSF version 7 was posted to the AICPA SOC website. Effective November 2017, HITRUST is managing any activities related to SOC 2 + HITRUST; Updates to the mapping (for 2017 TSC), the illustrative report, and FAQs for practitioners interested in performing SOC 2 + HITRUST engagements were posted by HITRUST in October 2018. This working group does not meet regularly, but roster is maintained for questions or project updates.
7. A mapping of the 2017 TSC to the requirements of the EU General Data Protection Regulation (GDPR) is in development. Currently, the IMTA Privacy Task Force is reviewing the mapping and providing comments by the end of March, including any feedback on whether additional points of focus or edits to existing points of focus in the TSC may be needed (there are no planned changes to the actual criteria, just potentially the points of focus). Changes to the points of focus will be incorporated into the TSC in conjunction with any proposed changes related to the development of the SOC for Supply Chain service. The mapping of the TSC to GDPR will be posted to aicpa.org when finalized.
8. Data Integrity Criteria - a subgroup of the Trust Information Integrity Task Force exposed for public comment criteria to evaluate the integrity of a set of data. The criteria can be used to assist senior management, boards of directors, internal auditors and other stakeholders in assessing the quality of data used in decision making. The criteria can also be used by a CPA in attestation or consulting engagements on the integrity of a set of data. The subgroup revised the criteria to address comments from public exposure. Additionally, to address comments on how the criteria can be used, a wrapper document has been developed to provide illustrating examples of usage. The wrapper document will be published as a free member resource. Both the criteria and the wrapper document are expected to be published 2Q 2019.

ASEC Emerging Assurance Technologies Task Force

This task force is responsible for developing a conceptual framework and guidance to capitalize on emerging technologies affecting the business information supply chain, covering both internal and external reporting, including:

1. Data access (creating Audit Data Standards and guidance for implementing them)
2. Data analysis (developing a framework that maps audit objectives to innovative, automated data analytic procedures).

Below are the main projects that have been developed by the working group of the Emerging Assurance Technologies Task Force:

Joint Audit Data Standards and Audit Data Analytics working group (Inactive and not meeting regularly, but roster maintained for questions or project updates): This working group has completed the following projects and is now inactive. All documents can be accessed on the Audit Data Standards [webpage](#).

ADS - The working group has halted development of additional audit data standards to focus on developing implementation guidance (see bullet c below). The AICPA also continues to participate on the US Technical Advisory group of the ISO Audit

Data Collection Effort, which is developing an international data standard. A draft of the standard is currently being reviewed by the participating technical advisory groups.

Audit Data Analytics to Traditional Procedures Mapping document – This document links traditional audit procedures to audit assertions, audit objectives, the audit data standards, and analytical tools and “apps” that are available today. The document has been updated to reflect additional audit data analytic information. The updated document can be accessed on the [Audit Data Analytics webpage](#) under “What’s New”.

ADS Implementation Guidance – The working group has developed the following micro-learning videos discussing the ADS:

- a. [Audit Data Standards and the Financial Statement Audit](#) - This video introduces the audit data standards and some of the other projects that have been completed (e.g. mapping document, RADAR, etc.).
- b. [Update the Financial Statement Audit with Audit Data Analytics](#) – This example illustrates how Python can be used to map the ADS general ledger document to a data set, and then apply data analytics to further analyze the data. Along with this video is a detailed [instructional paper](#) that walks through the process step-by-step.

Continuous Assurance Working Group (Inactive and not meeting regularly, but roster maintained for questions or project updates) developed a series of essays and case studies on various topics related to the future of audit. The full series, entitled “[Audit Analytics and Continuous Audit: Looking toward the Future](#)” has been published. Major themes include continuous assurance, continuous control monitoring, and continuous risk monitoring, automation and audit analytics. A future compendium covering advanced analytics covering topics like text mining, natural language processing, process mining, blockchain, and artificial intelligence/machine learning/cognitive computing is currently in the planning stages.

ASEC / ASB Audit Analytics Guide Task Force (Inactive and not meeting regularly, but roster maintained for questions or project updates). A joint ASEC and ASB task force was formed to work with an author to develop a new audit data analytics guide. This publication complements the *Analytical Procedures* guide and expands to include discussions on how audit data analytics can be applied to the financial statement audit. For additional information on the guide, please visit the [Audit Data Analytics webpage](#).

ASEC Sustainability Assurance and Advisory Task Force

This task force is responsible for positioning the CPA Profession as the provider of sustainability assurance and related advisory services.

The ASEC Sustainability Task Force is focusing its efforts on communications, targeted advocacy efforts and the development of educational materials. Some recent/specific projects that the task force has worked on or are working on include:

- The development of an AICPA/SASB working group, which is:
 - Developing and co-hosting an event with SASB on May 2, 2019 - the event, aimed at preparers, will highlight the importance of sustainability assurance and the profession as a key provider of such services. The event will also highlight the release of the codified SASB standards.
 - In the process of exploring opportunities to develop joint awareness building materials for key audiences as well as other opportunities to collaborate – details to follow
- Engaging in discussions with the CAQ to determine if or how to engage with the SEC regarding how to include/reference the assurance report when SASB metrics are reported in the 10-K
- Don Pallais is serving as the AICPA representative on the IAASB's Emerging Forms of External Reporting (EER) Assurance Project Advisory Panel. Given the release of part 1 of the consultation paper (see next bullet), the Project Advisory Panel is now working on the development of the 2nd and final part of the consultation paper
- An AICPA EER Task Force has been formed (under the Audit and Attest Standards team) to respond to the IAASB's EER Assurance Consultation Paper that was released in February 2019. Comments are due by June 21, 2019.
- Staff is in discussions with the WBCSD to determine how best to leverage the WBCSD's upcoming “Sustainability Assurance Buyer's Guide”
- Staff is currently in discussions with Sustainable Brands to explore how we might highlight sustainability reporting and assurance at their New Metrics Conference (November 18-20, 2019)
- Developing a 4-hr sustainability attestation CPE course for release in Q1/Q2 2019

ASEC Materiality Working Group

The ASEC Materiality Working Group staff is in the process of revising the paper discussing how practitioners consider materiality when performing attestation engagements of various nonfinancial subject matters, particularly when aspects of those subject matters cannot be quantitatively measured. After clearance of the revised paper by the ASEC chair, the document will be distributed to “friends and

family” for review and comment. Once those comments are received, ASEC will determine how to publish the nonauthoritative staff guidance in the paper.

The staff is also developing a research proposal for the Assurance Research Advisory Group (ARAG)’s consideration. The proposal will outline the need for research to determine how practitioners consider materiality in attestation engagements in which aspects of the subject matters cannot be quantitatively measured, and whether they believe additional standards or application guidance on materiality considerations would be helpful when performing such examinations.

ASEC Risk Assurance & Advisory Services Task Force (inactive)

This task force is responsible for identifying best practices and processes in implementing on-going enterprise risk management programs within organizations and develop guidance used to evaluate, advise or report on such programs, or elements thereof.

The task force published, Enterprise Risk Management: Guidance for Practical Implementation and Assessment, which includes guidance for anyone responsible for or advising on an enterprise risk management process, whether the process is in its early stages or is already well established. AICPA staff, along with a working group volunteer, updated this guide to align it to the new COSO Enterprise Risk Management framework. The updated guide can be accessed [here](#).

ASEC XBRL Assurance Task Force (inactive)

This task force is responsible for developing practitioner guidance (i.e. criteria) for XBRL-related services.

Inline XBRL working group (inactive)

This working group addresses potential scenarios and related issues pertaining to the adoption of Inline XBRL financial statements for submissions of XBRL-formatted information to the SEC (XBRL is embedded in the official filing, not filed separately as an exhibit). The working group consists of various members from the XBRL Assurance Task Force, Auditing Standards Board, and the CAQ SEC Regulations Committee.

On June 28, 2018, the SEC adopted a final rule for Inline XBRL for operating companies and funds. Starting in 2019, companies will be required to use Inline XBRL and embed tags in their financial statements and their risk/return summaries, respectively, rather than provide this data in separate XBRL exhibits. The requirement would be phased in over three years for operating companies based on their filing status and over two years for mutual funds based on net assets. There is no change to the positions pertaining to the exclusion of the Interactive Data File from the officer certification and assurance requirements. AICPA partnered with XBRL US to provide a webcast series that offered information and guidance for filers to comply with the SEC requirements.

Additional Assurance & Advisory Innovation Team Projects of Interest to ASEC:

The Rutgers AICPA Data Analytics Research (RADAR) Initiative

The Mission of RADAR is to facilitate the further integration of data analytics into the audit process, and to demonstrate through research how this can effectively lead to advancements in the public accounting profession. The RADAR research teams are currently focusing on the following research projects:

1. Multidimensional Audit Data Selection seeks to articulate a process for filtering large populations of data, identifying items that may be more likely to contain or result in material misstatement(s).
2. Process Mining leverages process mining techniques to analyze business processes and help form a view of the effectiveness of internal controls.

In order to further test the frameworks developed, RADAR representatives will be applying them alongside audits to validate the inputs used and to compare against traditional sampling techniques. Final results will be shared in 2019, and will facilitate conversations with auditing standards setters and others around the use of data analytic techniques as audit procedures employed to gather audit evidence.

XBRL Initiative

- The XBRL US GAAP Certificate Program includes approximately 40 hours of online CPE. This program is in the process of being updated for new content. The 10 Fundamental modules were revised for new content and are available as a bundle. Footnote modules will follow with timing coordinated with the release of new guidance issued by the XBRL US Data Quality Committee.
- The XBRL Center for Data Quality has been established to develop freely available validation rules and guidance for the public to use to help preparers of XBRL financial statements create accurate and consistent XBRL files. The AICPA joined the Center and is represented on the Committee that creates the guidance and rules, in addition to providing staff support to the

Committee. The Committee has issued 8 sets of validation rules which are aimed to help reduce common input errors by filers. The rules include application guidance for the cash flow statement as well as updates to DQC rules for IFRS filings and the use of the SEC Reporting Taxonomy.

Blockchain Initiative

- The AAI staff coordinated with CPA Canada and co-published a thought leadership paper on the implications of Blockchain to the Profession in March 2018.
- The AICPA (through cpa.com) has formed a collaboration with the Wall Street Blockchain Alliance (WSBA). AICPA staff will participate in the WSBA accounting working group to be established.
- AICPA is developing blockchain learning programs covering different aspects of blockchain for the profession. Members of ASEC provided technical review of the initial programs which include a 16 hour Foundational Certificate Program and an 8 hour course on the Audit/Assurance Implications on Blockchain.
- A joint Digital Assets Working Group under the ASEC, ASB and FinREC committees has been established to develop accounting and auditing guidance on cryptocurrencies and digital assets. An outline of initial topics has been developed and will be shared with the FASB, SEC and PCAOB for further input. Additional topics will be developed in the future.
- A joint working group with the Information Systems Audit and Control Association (ISACA) will be established to articulate the risks associated with use of private blockchains and distributive ledger technology.

Artificial Intelligence

The AAI staff team is working with CPA Canada to co-publish two whitepapers on artificial intelligence. The first paper, [A CPA's Guide to AI: From Algorithms to Deep Learning, What You Need to Know](#) is a primer for the Profession on AI, was published Q1 2019. The second paper, *Artificial Intelligence's Impact on the Assurance Profession*, will explore the benefits and challenges of AI on the Profession. This paper is expected to be published Q3 2019. The paper will be sent to ASEC for review late March/ early April. Technical support from ASEC is being provided by Mary Grace Davenport PWC, Hrishikesh Bhagwat PWC, and Chris Halterman, EY

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