

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

In the second quarter of 2019, the Auditing Standards Board (ASB) issued two final standards and two exposure drafts, and met in Nashville, Tennessee, on May 20-23, 2019.

Final Standards Issued

The ASB issued SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements* and SAS No. 135, *Omnibus Statement on Auditing Standards—2019*, in May 2019. Visit our hub site, [Auditing Standards Issued in 2019: Information and Resources](#), for the latest information on these standards.

Exposure Drafts Issued

Audit Evidence

The ASB issued for exposure a proposed SAS [Audit Evidence](#), which would supersede AU-C section 500, *Audit Evidence*. The proposed SAS would revise the AU-C section to address the evolving nature of business and issues such as use of emerging technologies, audit data analytics (ADA), the application of Professional Skepticism, the expanding use of external information sources as audit evidence, and more broadly the accuracy, completeness, and reliability of audit evidence. If approved, the proposed SAS would be effective for audits of financial statements for periods beginning on or after June 15, 2021. Comments are requested by September 18, 2019.

Definition of Materiality

The ASB issued an [exposure draft](#) of a proposed SAS and a proposed SSAE, both titled *Amendments to the Description of the Concept of Materiality*, for exposure. 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. Comments are requested by August 5, 2019.

ASB Meeting

The ASB met on May 20-23, 2019. As part of the ASB's ongoing liaisons with other professional bodies, Jim Kaiser, PCAOB board member, joined the meeting to enhance the communication and interaction between the ASB and PCAOB. Mr. Kaiser discussed various aspects of the PCAOB's new strategy, including stakeholder engagement, technology, and the use of guidance to help enhance their standard-setting efforts.

Below is a summary of the topics discussed at the ASB May Meeting.

Other Information

The ASB voted to issue as final SAS *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. The standard will be effective for audits of financial statements for periods ending on or after December 15, 2020 and will supersede AU-C section 720, *Other Information in Documents Containing Audited Financial Statements*. This standard will benefit users of audited financial statements and other information by:

- Improving audit quality by bringing greater consistency regarding auditors' consideration of other information and reducing diversity in practice with respect to documents that are considered to be within the scope of the SAS;
- Increasing the value of the audit, without changing its scope, in a cost-beneficial manner, through enhancing the auditor's responsibility with respect to the other information; and
- Narrowing potential or existing expectation gaps through requiring auditors to articulate in their reports their responsibilities under the SAS, and the outcome of their work relative to the other information when, at the date of the auditor's report, the auditor has obtained all of the other information

The standard includes conforming amendments to SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, and certain other AU-C sections that address other information.

Estimates

The ASB discussed proposed SAS *Auditing Accounting Estimates and Related Disclosures*, which would supersede AU-C section 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*. The ASB discussed issues and reviewed requirements and application material to be included in the proposed SAS.

The ASB agreed to the following approach for developing the proposed SAS:

- Converge with ISA 540 (Revised)

- Include the requirements and application material from ISA 540 (Revised) relating to risk assessment, rather than including it in AU-C section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*. Further consideration of including this content in AU-C section 315 may be made as part of the ASB's risk assessment project.
- Do not include the requirements and application material relating to written representations from ISA 540 (Revised); instead, amend AU-C section 580, *Written Representations*, to converge with that content.
- Propose limited amendments to AU-C section 501, *Audit Evidence — Specific Considerations for Selected Items*, to address any conflicts with the proposed SAS.

The ASB supported consideration of a future project that would take a holistic approach to the auditing guidance relating to investments when the valuations are based on the investee's financial results and for investments in derivative investments and securities measured or disclosed at fair value.

The ASB will discuss the proposed SAS at the July 2019 ASB meeting with the objective of voting to ballot as an exposure draft.

EBP Auditor Reporting

The ASB approved amendments to conform the final balloted SAS *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA* (EBP SAS) to SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*. The EBP SAS is expected to be issued in final form early in the third quarter of 2019.

Attestation Standards

The ASB discussed proposed Statement on Standards on Attestation Engagements (SSAE), *Revisions to Statement on Standards for Attestation Engagements No. 18*, Attestation Standards: Clarification and Recodification and provided input and direction to the Attestation Standards Task Force as the Task Force continues to work towards developing a final standard that provides flexibility and is in the public interest.

Other Items Discussed

The ASB discussed issues related to proposed revisions to the AU-C 800 series sections, including amendments to conform with SAS No. 134, and consideration of introducing the concept of a compliance framework. The ASB also discussed issues related to the International Audit and Assurance Standard Board's exposure draft that included a proposal to revise ISA 315, *Identifying and Assessing the Risks of Material Misstatements*.

The next meeting of the ASB will be July 22-25, 2019, in Dallas, Texas.

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 May 7-8, 2019 at the AICPA's offices in Washington, DC. At the meeting, the ARSC considered:

- proposed SSARs, *Materiality in a Review of Financial Statements, Adverse Conclusions, and Special Purpose Frameworks* and voted to expose the proposed SSARs for public comment; and
- revisions and issues related to the proposed AT-C sections 210, *Review Engagements* and 215, *Agreed-Upon Procedures Engagements* included in the July 2018 exposure draft, *Revisions to Statement on Standards for Attestation Standards No. 18*, Attestation Standards: Clarification and Recodification; and

Exposure Draft of Proposed Revisions to SSARs – Materiality/Adverse Conclusions/Special Purpose Frameworks

The ARSC has been considering proposed revisions to AR-C section 90, *Review of Financial Statements*, that, if issued as a final SSARs would:

- Explicitly require the accountant to determine materiality for the financial statements as a whole, and apply this materiality in designing the procedures and in evaluating the results obtained from those procedures

- Permit the accountant to express an adverse conclusion when he or she determines, or otherwise becomes aware, that the financial statements are materially misstated, and the effects of the matter(s) are both material and pervasive to the financial statements.

The aforementioned proposed revisions, as well as other proposed revisions, would further converge AR-C section 90 with International Standard for Review Engagements 2400 (Revised), *Engagements to Review Historical Financial Statements*. The ARSC's goal in converging the SSARSs review literature with ISRE 2400 (Revised) is to facilitate an accountant's ability to perform and report on engagements and lessen any confusion about the level of assurance obtained in accordance with either set of standards.

Additionally, the ARSC also considered revisions to SSARSs for consistency with proposed revisions to AU-C section 800, *Special Considerations—Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks* that the Auditing Standards Board had been considering. Initially, those proposed revisions would have introduced the concept of a compliance framework, which is included in ISA 800 (Revised) *Special Considerations—Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks* and ISRE 2400 (Revised). However, the ASB's Auditor Reporting Task Force proposed that the ASB not make any revisions that would incorporate the concept of a compliance framework at the ASB's meeting in May 2019. Therefore, the proposed revisions to SSARSs have excluded any revisions to incorporate the concept of a compliance framework but does include certain other revisions for consistency with the proposed revisions to AU-C section 800 as well as Statement on Auditing Standards No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements* (issued April 2019).

The proposed SSARS also aligns certain concepts with the auditing standards. While there are important differences between an audit engagement and an engagement performed in accordance with SSARSs, certain concepts, such as materiality, are consistent regardless as to the level of service that is performed on the financial statements.

After discussion, the ARSC voted to expose the proposed revisions for public comment. The exposure draft of the proposed SSARS is available at <https://www.aicpa.org/content/dam/aicpa/research/exposedrafts/compilationreview/20190619a/20190619a-ed-ssars-materiality.pdf>. Comments are due by September 20, 2019 and should be submitted via e-mail to mike.glynn@aicpa-cima.com.

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

The ARSC discussed the revisions and issues related to the proposed AT-C sections 210, *Review Engagements* and 215, *Agreed-Upon Procedures Engagements* included in the July 2018 exposure draft, *Revisions to Statement on Standards for Attestation Standards No. 18, Attestation Standards: Clarification and Recodification* and provided feedback to the Attestation Standards Task Force.

Subsequent Meetings

The ARSC is not scheduled to hold any additional in-person meetings in 2019. However, the Committee will hold a public meeting via Zoom conferencing in October 2019 with the primary purpose of considering comments received on the exposure draft of the proposed SSARS *Materiality in a Review of Financial Statements, Adverse Conclusions, and Special Purpose Frameworks*. Information with respect to that meeting will be communicated to the public as the meeting date gets closer.

The next in-person meeting of the ARSC is scheduled for January 8-9, 2020 in San Diego. At that meeting, the ARSC is expected to consider voting to issue the proposed SSARS *Materiality in a Review of Financial Statements, Adverse Conclusions, and Special Purpose Frameworks* as a final standard.

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 anticipate, identify, assess and address significant developments and opportunities relating to emerging assurance and advisory needs, and to determine and develop relevant thought leadership, guidance and criteria, tools, or other member support.

Accordingly, the primary objectives of ASEC are to:

1. Anticipate, identify and assess new service opportunities related to market needs and demands and emerging technologies
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 and evolve existing guidance and criteria developed by ASEC

Future In-person Meetings and Conference Call of ASEC

January 14-15, 2020 Joint meeting with ASB – Location TBD (West Coast)

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. The focus of ASEC's July 19th meeting will be to identify and prioritizing new projects for ASEC project pipeline. To ensure ASEC projects represents the needs of firm of different sizes, ASEC's project pipeline is vetted with interested stakeholders (e.g. leadership, committees, and staff).

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 compiled reviewer comments on the guide and is in the process of discussing revisions that might be needed to address reviewers' comments. The guide is expected to be issued in 4th QTR 2019.
 - *Description Criteria* -- The Working Group has compiled reviewer comments on the exposure draft and is making revisions as considered necessary. The description criteria are expected to be issued in the 4th QTR 2019.
 - *Backgrounder* – The Working Group has also developed a 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. Once the guide and description criteria have been completed, the backgrounder will be revised as necessary 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 revised based on reviewers' comments 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 and second call held 5-3-19; 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 and training courses on the new service
 - 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 June 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 and 2020 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, published in a separate free member resource on aicpa.org, and potentially discussed on a dedicated webcast on the topic at end of 3rd qtr/beginning of 4th qtr 2019.
 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 (next call scheduled for June 27) 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. The working group has been reconstituted to discuss if any issues are arising in practice that require updates to or development of new resources related to these engagements. Initial call is scheduled for June 3rd.
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, 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 3Q 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:

1. [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](#).
 - a. **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.
 - b. **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”.
 - c. **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.
2. [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.
3. [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 AICPA/SASB working group:
 - Developed and co-hosted an event with SASB on May 2, 2019 - the event, aimed at preparers, highlighted investor demand and use of SASB metrics and also highlighted the importance of sustainability assurance services and the profession as a key provider of such services. The event was well attended and well received. The date for a similar event in the fall is being explored.
 - Is in the process of developing a longer-term work plan which will include providing an assurance perspective into the SASB standard setting process (suitable criteria) as well as developing joint awareness building materials for key audiences – details to follow.
- Engaging in discussions with the CAQ regarding possibly developing a position paper exploring how to include/reference the assurance report when ESG information is reported in SEC filings
- Staff and task force members moderated and participated in an <IR> Assurance webinar “*Integrated Reporting Conversation on Assurance*” on May 22, 2019
- Task force is collaborating with the Conference Board regarding research into the current U.S. sustainability assurance landscape. Survey is expected to be released in June with publication of results by the Conference Board in the fall.
- 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)
- Released a 4-hr sustainability attestation CPE course in Q2 2019

[ASEC Materiality Working Group](#)

The ASEC Materiality Working Group staff prepared a 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. The paper was distributed to “friends and family” for review, and those comments have been received. An in-person meeting will be held in June to discuss revisions that might be needed to address reviewers' comments. A revised paper will be submitted to ASEC, which will determine how to proceed with the project.

In addition, the staff submitted a request for a research proposal for the Assurance Research Advisory Group (ARAG)'s consideration. The proposal, which outlines the need for research to determine how practitioners consider materiality in attestation engagements in which aspects of the subject matters cannot be quantitatively measured, was accepted. The formal request for proposal will be sent out to interested parties in June 2019.

[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 has been discontinued and will not be updated. The 10 Fundamental modules will continue to be sold as a bundle.
- 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. XBRL US runs the DQC rules for all company filings and has developed a webpage that provides a list of all companies with details of DQC rule violations.

Blockchain Initiative

- The AICPA (through cpa.com) has formed a collaboration with the Wall Street Blockchain Alliance (WSBA). AICPA staff is participating in the WSBA accounting working group.
- A joint Digital Assets Working Group under the ASEC, ASB and FinREC committees has been established to develop accounting and auditing content on cryptocurrencies and digital assets. An outline of initial topics has been developed and shared with the FASB, SEC, and ASEC for further input. Content is currently being drafted, based on those outlines, and will be shared with the FASB, SEC and PCAOB in addition to some industry specific expert panels for review. Output will be in the form of an interactive whitepaper that will be posted to the emerging technology page of .org. Additional topics will be developed in the future.
- A joint working group with the Information Systems Audit and Control Association (ISACA) has been established to articulate the risks associated with use of private blockchains and distributive ledger technology. Currently, as a first step, the working group is documenting the unique processes of a blockchain lifecycle.

Artificial Intelligence

The AAI staff team is working with CPA Canada to co-publish two whitepapers on artificial intelligence. PWC is lead author on both papers. 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, *The Data Driven Audit: How Automation and AI are Impacting the Assurance Profession*, will explore the benefits and challenges of AI on the Profession. This paper is expected to be published Q4 2019. A draft of the paper was sent the ASEC's AI working group comprised of Jim Burton GT, Mary Grace Davenport PWC, Hrishikesh Bhagwat PWC, Chris Halterman, EY and Bob Dohrer, AICPA Chief Auditor providing technical support for the project. The paper will be sent to ASEC for review after working group's comments are addressed.

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