GAQC Web Event: 2019 State and Local Government Audit Planning Considerations

May 14, 2019

2019 State and Local Government Audit Planning Considerations
A Governmental Audit Quality Center Web Event
May 14, 2019

Presenters

Joel Black, CPA
Mauldin and Jenkins

Michelle Watterworth, CPA
Plante Moran

What we will cover

Current auditing and accounting developments affecting state and local government financial statement audits
Emerging practice issues and risky areas
GAQC and AICPA resources
Terminology & Abbreviations

<table>
<thead>
<tr>
<th>ASB</th>
<th>AICPA Auditing Standards Board</th>
<th>MSRB</th>
<th>Municipal Securities Rule Board</th>
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<tbody>
<tr>
<td>CU</td>
<td>Component Unit</td>
<td>OPEB</td>
<td>Other post-employment benefits</td>
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<tr>
<td>DC</td>
<td>Defined contribution plans</td>
<td>PPACA</td>
<td>Patient Protection and Affordable Care Act</td>
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<td>DR</td>
<td>Deferred inflows of resources</td>
<td>QCR</td>
<td>Quality control review</td>
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<tr>
<td>DOR</td>
<td>Deferred outflows of resources</td>
<td>RMM</td>
<td>Risk of material misstatement</td>
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<td>EAQ</td>
<td>AICPA Enhancing Audit Quality Initiative</td>
<td>SAS</td>
<td>ASB Statement on Auditing Standard</td>
</tr>
<tr>
<td>FNP</td>
<td>Fiduciary net position</td>
<td>SEC</td>
<td>U.S. Securities &amp; Exchange Commission</td>
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<td></td>
<td></td>
<td>OMS</td>
<td>Office of Municipal Securities</td>
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<td>GAO</td>
<td>U.S. Government Accountability Office</td>
<td>SLG</td>
<td>State or local government</td>
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<tr>
<td>IG</td>
<td>GASB Implementation Guide</td>
<td>TCJA</td>
<td>Tax Cuts &amp; Jobs Act of 2017</td>
</tr>
</tbody>
</table>

Developments

Economic & Industry
Legislative & Regulatory

Economic & industry developments

General economic indicators
Tax reform/law changes:

TCJA
PPACA
Wayfair Decision
State Marijuana Regulations
Economic & industry developments

State & local government fiscal outlook
- Fiscal sustainability
- GAO report “State and Local Governments’ Fiscal Outlook; 2018 Update”
- Operating balance indicator
- Declining fiscal outlook

Job Market and Talent Pool
- High demand/low supply of qualified candidates
- Risks:
  - Lack of ability to maintain basic financial systems
  - Understaffed departments – potential segregation of duties issues, other internal control concerns
  - Mismatch of competency of staff versus complexity of organization

Impact of TCJA
Credit Quality
Pension and OPEB funding

Disparity in Funding Ratios
Managing Obligations
Economic & industry developments

- Blockchain
- Crypto-currencies
- Data Analytics
- Dynamic Audit Solutions
- Artificial Intelligence
- Cyber-security
- Rapid Technology Changes

Legislative & regulatory developments

SEC

Municipal securities disclosure rule 15c2-12

- Rule 15c2-12 requires underwriters in primary offerings of municipal securities to determine, among other things, that the issuer or obligated person has agreed to provide to the MSRB a timely notice of certain events.

Amendments adopted August 2018

- Rule 15c2-12: amended the list of events for which notice is to be provided to the MSRB

Advising clients to develop policies & procedures to comply with disclosure requirements

- Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.
Legislative & regulatory developments
SEC

Reminder: SAS No. 133, Auditor Involvement with Exempt Offering Documents

Legislative & regulatory developments

Single Audit
- Significant changes to the 2019 Compliance Supplement expected
- Fewer federal resources and pressure to reduce regulation
- Government shutdown - some backlogs
- Federal QCRs have been on the rise and continued potential for future quality study
- AICPA EAQ initiative continues; increased peer review scrutiny
- President’s Management Agenda continues to impact policy; in particular the cross-agency priority goal on grants along with a related strategy document

Panel discussion – How are the emerging technologies impacting your audit planning and execution?
Audit Developments
Standards Impacting 2019 Engagements

Audit developments: SLG Guide

Effect of newly effective GASB standards, including:
• GASB 83, Certain Asset Retirement Obligations
• GASB 84, Fiduciary Activities – dual guidance
• GASB 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

Authoritative status:
• GAAS: Interpretative Publication
• GAAP: Category B (applicable guidance in orange font)

Audit developments - EAQ - 2019 areas of focus

Risk assessment
Documentation
Auditing estimates (including fair value and revenue recognition)
Internal control
SOC Reports (including cyber and vendor supply chain)
Audit developments – EAQ - risk assessment

Non-conformity persists

How is “non-conforming engagement” defined?

- An engagement where the auditor did not obtain sufficient appropriate audit evidence to support the opinion

Peer review impact:

- Matter for Further Consideration
- Possible “pass with deficiencies” or “fail” report

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Audit developments – EAQ - risk assessment is fundamental

Misconception driving non-conformity

Auditors can perform a quality audit without properly considering their client’s risk of material misstatement.
Audit Developments – EAQ - audit risk model

RMM

Audit risk

Inherent risk

Control risk

Detection risk

Understanding your client and their environment

What’s the point?

• To assess and respond to RMM, you should:
  • Understand the nature of the client’s inherent risks, which means you should
  • Understand the client and their environment

Also need to understand the client’s internal controls

Identifying "significant risks"

• Risks that require special audit consideration
• Based on inherent risk only
• Not always a fraud risk
• Often nonroutine transactions that require significant professional judgment
  – Complex calculations
  – Application of new/complex accounting principles
  – Nonroutine related party transactions
Identifying “significant audit areas”

- Relative materiality of the account balance
- Relative significance of the transaction class
- Susceptibility to fraud or error
- Audit areas that for other reasons have a high assessed level of inherent risk
- Audit areas that have traditionally required significant adjustments

Considerations

- Extent of understanding
  - Use judgement
  - Sufficient to assess RMM and designed further audit procedures
  - Continuous, dynamic process
- Understand industry, regulatory, and other external factors
- Understand nature of the entity
- Understand strategies and related risks
- How does management measure itself

SLG considerations

- Budgetary pressures
- New regulations
- Changes in programs or services
- New GASB standards
- Significant estimates (including pension/OPEB)
Objective of assessing risk

- Provide a basis for response
  - Nature
  - Timing
  - Extent
- Linked at the assertion (not account) level
- Assess risk at
  - Relevant assertion level
  - Financial statement level (affecting many assertions)

Synthesis questions

**What Can Go Wrong at the Assertion level**

- What can go wrong in the financial statements
- What account balance, transaction class, or disclosure in the financial statements?
- What assertion?
- What direction?

Risk assessment process

- Identify any general risk factors
- Determine those audit area that are significant
- Describe the specific significant risks of material misstatement
- Assess the RMM at the relevant assertion level
Calculating RMM

Reducing inherent risk

Inherent risk cannot be reduced based on competency of accounting staff
- Inherent risk: risk of a material misstatement assuming no related controls
- Control risk: risk that a misstatement would not be prevented or detected and corrected by an entity’s internal control
- Staff competency = part of control environment

Documenting risk assessment

Auditor must document basis of risk assessment set at any level (AU-C 315.33)

<table>
<thead>
<tr>
<th>RMM Assessment</th>
<th>Required to document basis of risk assessment?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. High</td>
<td>YES</td>
</tr>
<tr>
<td>2. Medium</td>
<td>YES</td>
</tr>
<tr>
<td>3. Low</td>
<td>YES</td>
</tr>
</tbody>
</table>
Control Risk < Maximum
Must test controls

Responding to risk

No linkage between risk and planned responses
No two audits are exactly the same.

Audit approach

- All audit assertions with a significant audit risk should be linked to a substantive audit procedure.
- Steps in audit programs should be linked, by assertion, to the overall risk assessment.
- Audit procedures:
  - Internal control tests – if tested for operating effectiveness
  - Substantive analytic procedures
  - Substantive test of details

Responding to significant risks

- Special audit consideration – beyond the norm
- Often requires:
  - Modifying standardized procedures or
  - Adding additional procedures
- One or more arise on most audits

KEY POINT
If you aren’t tailoring your practice aids to address significant risks, you’re probably not complying with AU-C 330.
Audit developments – EAQ - risk assessment toolkit

Free resources available at https://www.aicpa.org/eaq/aicpa-risk-assessment-resources.html, including:

- Audit risk assessment tool
- Staff training workshop
- Internal inspection aid
- Aid for identifying and testing controls at smaller entities

Audit developments: ASB

For 2019 Audits – no new ASB standards required to be implemented

See On the Horizon section of this presentation for coming changes

Audit developments: Ethics

Interpretations issued

- Hosting (ET 1.295) – effective 7/1/19
- Leases (ET 1.260.040)
- Client affiliates (ET 1.224.010)
- Disclosing information in connection with quality review (ET 1.700.001)

FAQs issued

- Long association
- Hosting services – pages 21-23 of the FAQ
Audit developments - GAO - 2018 Yellow Book

Access 2018 Yellow Book

Listen to two archived GAQC Web events (4 hours worth of detail on this topic!)
- The 2018 Yellow Book: What You Need to Know
- Understanding the Changes to Yellow Book Independence

Access April 2019 Journal of Accountancy article titled, Yellow Book Revisions Update Independence Guidance

Summary of key change areas from 2011 YB

New format and organization
Independence requirements related to nonaudit services
CPE
Peer review requirements
Finding guidance
Waste and abuse
Standards for reviews of financial statements
Performance audits
Other

GAO YB Technical Assistance
Hotline: Call (202) 512-9535; yellowbook@gao.gov.

Panel discussion – What are you doing during planning (and the entire audit) to better execute risk assessment?
Accounting Developments

Statements Impacting 2019 Financial Statements

<table>
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<tr>
<th>GASB Statements to consider</th>
<th>First Fiscal Year Affected</th>
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<td>G.A.S.B. 83, Certain Asset Retirement Obligations</td>
<td>2019 2019</td>
</tr>
<tr>
<td>G.A.S.B. 84, Fiduciary Activities</td>
<td>2020 2019</td>
</tr>
<tr>
<td>G.A.S.B. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</td>
<td>2019 2019</td>
</tr>
<tr>
<td>G.A.S.B. 90, Certain Equity Interests</td>
<td>2020 2019</td>
</tr>
</tbody>
</table>

G.A.S.B. 83, Certain Asset Retirement Obligations

First effective for June 30, 2019 year ends

Entities with legal obligations associated with tangible capital assets will recognize a liability and corresponding deferred outflow on their full accrual financial statements

Items to consider:
- Is there a legal obligation?
- What are the potential costs related to the retirement obligation?
**GAQC Web Event: 2019 State and Local Government Audit Planning Considerations**

**GASB 84, Fiduciary Activities**

First effective for December 31, 2019 year ends
Establishes criteria for identifying fiduciary activities and guidance on reporting those activities
Clarifies that stand-alone business-type activities should report fiduciary activities
Requires flows statements for all types of fiduciary funds

Listen to archive of GAQC Web event addressing fiduciary activities

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**Path of fiduciary activities**

Fiduciary activities

1. Fiduciary CUs
2. Pension and OPEB arrangements
3. Pension and OPEB arrangements that are NOT CUs
4. Other fiduciary activities

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**Identifying fiduciary activities**

**Fiduciary CUs – pension/OPEB plans**

- Pension/OPEB plans administered through trusts:
  - Irrevocable contributions
  - Plan assets are dedicated to providing benefits
  - Plan assets are legally protected from creditors
- Resources accumulated for pension/OPEB benefits for other governments
### Identifying fiduciary activities

**Fiduciary CUs – pension/OPEB plans**

**Decision Points:**

<table>
<thead>
<tr>
<th>Legally Separate</th>
<th>Board Composition</th>
<th>Financial Burden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 4.1 through 4.3</td>
<td>Q 4.4 through 4.6</td>
<td>Q 4.7</td>
</tr>
</tbody>
</table>

**Fiduciary CUs – Other CUs**

Other CUs are fiduciary activities if they met one of the following characteristics:

1. Assets are administered through a trust
   - a) Government itself is not a beneficiary
   - b) Assets are dedicated to providing benefits
   - c) Assets are legally protected from creditors
2. Assets are for the benefit of individuals
   - a) Government does not have administrative or direct financial involvement with the assets
   - b) Assets are not derived from the government's provision of goods or services to those individuals
3. Assets are for the benefit of organizations or other governments
   - a) Beneficiary is not part of the reporting entity
   - b) Assets are not derived from the government's provision of goods or services to those organizations or governments

**Pension/OPEB plans not considered CUs**

Non CU pension and OPEB plans are considered fiduciary activities if:

1. Government entity controls the assets
2. Administered through a qualifying trust or held for entities that are not part of your reporting entity for pensions or OPEB outside of a trust
Control is defined as EITHER:

- Holding the asset
- Ability to direct use, exchange or employment of assets, providing benefits to specified recipients

Identifying fiduciary activities

**Other Fiduciary Activities**

Must meet **ALL** of the following criteria:

- Assets controlled by government
- Assets not derived from own source revenues
- Assets not derived from government mandated or voluntary nonexchange transactions

PLUS any of the following:

- Assets held in a qualifying trust in which government is not beneficiary, legally protected and dedicated to providing benefits to recipients
- Assets held for the benefit of individuals without the government having administrative or direct financial involvement
- Assets held for the benefit of outside organizations not part of the government’s reporting entity

Identifying fiduciary activities

**Own-source revenue**

- Defined as revenue generated by the government entity itself.
  - Includes changes or services, interest earnings, income taxes, property taxes, etc.
Administrative or direct financial involvement

- Monitoring secondary recipients for compliance with program-specific requirements
- Determining eligible secondary recipients or projects, even if using grantor-established criteria
- Having the ability to exercise discretion in how the funds are allocated.
- Financing direct program costs or providing matching resources

<table>
<thead>
<tr>
<th>Identifying fiduciary activities</th>
<th>Fiduciary</th>
<th>NOT Fiduciary</th>
</tr>
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<tbody>
<tr>
<td>Payroll clearing accounts</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Performance deposits</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Single ER DB pension plans</td>
<td>X X</td>
<td></td>
</tr>
<tr>
<td>Retainages</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Seized cash/assets prior to adjudication</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Inmate commissary accounts</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Property taxes collected for other LUGs</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Property tax administration fees</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

Do not ignore the potential inclusion of:
- Defined contribution plans
- Section 403b plans
- Section 401(a) plans
- Others.....
Fiduciary funds - four types

- Pension and other employee benefit trust funds
- Investment trust funds
- Private-purpose trust funds
- Custodial funds

GASB 84 – required financial statements

<table>
<thead>
<tr>
<th>Statement of FNP</th>
<th>Pension and OPEB Trust Funds</th>
<th>Investment Trust Funds</th>
<th>Private purpose Trust Funds</th>
<th>Custodial Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>Assets</td>
<td>Assets</td>
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<td>DOR</td>
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<td>Liabilities</td>
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<td>FNP</td>
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<table>
<thead>
<tr>
<th>Statement of Changes in FNP</th>
<th>Additions</th>
<th>Deductions</th>
<th>Additions</th>
<th>Deductions</th>
<th>Additions</th>
<th>Deductions</th>
</tr>
</thead>
</table>

GASB 84: reporting nuances

<table>
<thead>
<tr>
<th>Custodial Funds</th>
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<tbody>
<tr>
<td>• Liabilities no longer always automatically equal assets</td>
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<tr>
<td>• Liabilities to beneficiaries – when event occurs to compel the govt to disburse resources</td>
</tr>
<tr>
<td>• Demand made DOR</td>
</tr>
<tr>
<td>• No further action, approval or condition required by beneficiary</td>
</tr>
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<table>
<thead>
<tr>
<th>Business Type Activities</th>
<th>Flows statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 3 month exception</td>
<td>• Aggregation for transactions held &lt;3 months</td>
</tr>
</tbody>
</table>
GASB 88, Certain Disclosures Related to Debt

New items to be disclosed:
- Distinguish all debt disclosures between
  - Direct borrowings and direct placements
  - Other debt
- Unused lines of credit
- Assets pledged as collateral
- Significant terms related to default or termination with finance-related consequences or subjective acceleration clauses

Changes:
- New definition of debt
- Footnote disclosure changes for all debt
- First effective for June 30, 2019 year ends

GASB 90, Majority Equity Interests

First effective for December 31, 2019 year ends
Improves consistency of reporting a government’s majority equity interest in a legally separate entity
Governments will need to analyze the holdings of legally separate organizations
- Does it meet the definition of an investment per GASB 72?
  - Yes – Record the equity interest as an investment
  - No – Report the organization as a CU. In addition, the majority equity interest should be reported as an asset of the government or fund that holds the equity interest

GASB IGs

Comprehensive Implementation Guide
Guidance in IGs is considered Category B GAAP
- All IGs are posted on www.gasb.org
Critical to read and understand
Emerging Practice Issues
Planning Considerations
Risky Accounts/Transactions to Audit

Preventing for your planning meeting
Risk assessment
Cybersecurity
Auditing actuarial information
New standards – this year or coming years

Cybersecurity
Continued and more advanced attacks on SLG entities
Increased regulations here and on the horizon
Transparency of government information makes them more vulnerable
Should be discussing with your clients
Financial statement risk?
Control risk?
What is financial statement audit requirement?
Auditing total pension/OPEB liability

<table>
<thead>
<tr>
<th>Design Audit Procedures to Address the Risk of Material Misstatement</th>
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<tbody>
<tr>
<td>Understand the Plan (plan amendments, changes in benefit terms)</td>
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<tr>
<td>Evaluate the Professional Qualifications of the Actuary &amp; Objectivity</td>
</tr>
<tr>
<td>Test Census Data (reliability and completeness)</td>
</tr>
<tr>
<td>Review Rollforward, if applicable</td>
</tr>
<tr>
<td>Evaluate Appropriateness of Accounting and Financial Statement Balances</td>
</tr>
</tbody>
</table>

Auditing pension/OPEB liabilities

What is happening in the environment

- Discount rate
  - OPEB – more blending and use of Muni Bond Rate
- Changes in assumptions
- New mortality tables
  - Recently issued tables focused on public plans
    - Teachers, public safety, and general employees
  - Discuss tables with actuaries – consider documenting any lack of use of these tables

Auditing pension/OPEB liabilities

What peer review is finding

- Lack of testing of census data
  - In particular for cost-sharing plans with no documentation for consideration
- Lack of documenting the consideration of the actuary’s work
  - Should not just include the report and agree in amounts.
Upcoming accounting standards – Discuss with your clients

Fiduciary Activities

- Appropriately considered fiduciary activities which should be included but have not been in the past?
  - In particular DC plans
- Is information that has not been included before auditable?
  - DC plans
  - Custodial fund flows statement

Leases

- Clients should not wait to start
- Inventory leases
- Obtain necessary information – including information on components
- Consider control process to ensure all leases, including new ones, are captured
- Focus on new leases and accumulated necessary information as they are entered

AICPA - joint SLGEP-GFOA - audit contract issues document

Joint effort of the AICPA State and Local Government Expert Panel and the Government Finance Officers Association

Access Contact Issues for Governmental Audits

Discusses problematic clauses in contracts and engagement letters that may cause independence concerns such as:

- Indemnification
- Intellectual Property & Ownership of Records
- Approvals of Work Products or Staffing
- Warranties
- Insurance

Also includes recommendations for governments and encourages collaboration
Panel discussion – What underlying assumption of pension or OPEB valuations have you often had issues/concerns?

On the Horizon

GASB
AICPA

GASB Statements Affecting Future Years

<table>
<thead>
<tr>
<th>Statement</th>
<th>First Fiscal Year Affected</th>
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<tbody>
<tr>
<td>GASB 87, Leases</td>
<td>June 30th 2021, December 31st 2020</td>
</tr>
<tr>
<td>GASB 89, Accounting for Interest Cost during the Period of Construction</td>
<td>2021, 2020</td>
</tr>
<tr>
<td>Conduit Debt *</td>
<td>2021, 2020</td>
</tr>
</tbody>
</table>

* As proposed
**GASB 87, Leases**

First effective for December 31, 2020 year ends

- Single model: underlying assumption that leases are financings
- Exceptions (lessors and lessees)
  - Short-term leases
  - Leases that transfer ownership and do not contain termination options
- Exceptions for lessors
  - Leases of assets that are investments
  - Certain regulated leases (e.g., airport-airline agreements)

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**START EARLY!**

- Start reviewing existing leases as soon as possible
- Implement IC to identify leases & lease modifications
- Update accounting systems for new information needs
- Consider impact on capitalization policy
- Consider impact on reporting lease liabilities on:
  - Debt limitations
  - Bond covenants
  - Grant agreements

Listen to archive of GAQC Web event addressing leases

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**GASB Projects**

**Major Projects**
- Financial Reporting Model
- Public-Private Partnerships
- Revenue & Expense Recognition
- Note Disclosures

**Practice Issues**
- Deferred Comp Plans (457)
- Secured Overnight Financing Rate
- Subscription-Based IT Arrangements
ASB: Auditor Reporting – AU-C 700 Series
SAS No. 134, Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements

- New section
  - AU-C 701, Communicating Key Audit Matters in the Independent Auditor’s Report
- Supersedes
  - AU-C 700, Forming an Opinion and Reporting on Financial Statements
  - AU-C 705, Modifications to the Opinion in the Independent Auditor’s Report

Effective for audits of financial statements for periods ending on or after December 15, 2020.
Early adoption not permitted.

ASB: Omnibus
SAS 135, Omnibus Statement on Auditing Standards—2019
- Intended to more closely align ASB guidance with the PCAOB’s standards by primarily amending AU-C section 260, Communications With Those Charged With Governance, AU-C section 550, Related Parties, and AU-C section 240, Consideration of Fraud in a Financial Statement Audit
- Effective for audits of financial statements for periods ending on or after December 15, 2020.

What should you be doing now with regard to the new reporting standards?
- Review and update firm methodologies and guidance
- Review and consider changes to engagement letters
- Consider training needs for engagement teams
- Educate identified users about new form and content of the auditor’s report

Webcast: New Auditor Reporting Standard
Numerous offerings between May and September
1 CPE credit (Discount to GAQC members)
Other ASB Projects

- AU-C 720 (Other information)
- AU-C 800 (Special purpose frameworks)
- AU-C 805 (Single f/s & specific elements, accounts or items)
- AU-C 810 (Summary financial statements)
- AU-C 930 (Interim financial information)
- AU-C 935 (Compliance audits)
- AU-C 940 (Integrated audits)
- Audit Evidence
- Materiality
- Estimates

AICPA - Professional Ethics - SLG Affiliates (ET. 1.224.020)

Interpretation, State and Local Government Client Affiliates to replace, Entities included in State and Local Government Financial Statements

Key impact - more evaluation:
- Certain material funds and Cus when making reference to another auditor’s report
- Material excluded entities
- Investments
- Upstream entity considerations

AICPA - Professional Ethics - ET. 1.224.020, as proposed

1. Entity included in client’s f/s and no reference to another auditor’s report
2. Entity included in the client’s f/s; making reference; material to the client; and client has MTMI over
3. Entity not included in the client’s f/s; material to the client; and the client has MTMI over
4. Investment that the client can control or has significance influence over and is material

Upstream entities may use conceptual framework
Panel discussion - What do you think is the most important takeaway from today's Web Event?

Resources

GASB
AICPA

“Summer Fun” CPE rebroadcast week (all times Eastern)

Watch for registration GAQC Alert

Monday, June 24th
• 1-3pm - The 2018 Yellow Book: What You Need to Know

Tuesday, June 25th
• 11am to 1pm - Fiduciary Activities: Understanding the Impacts of the GASB 84
• 1-3pm - Understanding the 2018 Yellow Book Independence Rules

Wednesday, June 26th
• 11am to 1pm - GASB Leases: What Preparers & Auditors Need to Know to be Ready for Implementation
• 1-3pm - Tackling Internal Control Over Compliance in a Single Audit

Thursday, June 27th
• 11am to 1pm - Navigating Indirect Costs in Your Single Audit
• 1-3pm - Smart Sampling in a Single Audit

Friday, June 28th
• 11am to 1pm - 2019 State and Local Government Audit Planning Considerations
• 1-3pm - 2019 GAQC Annual Update Webcast

Open only to GAQC members
GAQC Web Event: 2019 State and Local Government Audit Planning Considerations

GAQC resources - web site (www.aicpa.org/GAQC)

Key areas to check out and/or bookmark:

- Access archived GAQC Alerts in chronological order
- Access archived GAQC Web events (see next slide)
- Yellow Book tools and resources
- GASB Matters
- Auditee Resource Center (Updated!)
  - Auditee Single Audit Resources Web page

Other GAQC resources

Illustrative Auditors Reports
- Single Audit, Yellow Book, SLG, HUD

2018 Compliance Supplement Tool

SEFA Practice Aids (for both auditors and auditees)

Quality Control Tools
- Tips for Getting Through a Quality Control Review
- Peer Review Checklists
- Practice Aid: Establishing and Maintaining a System of Quality Control

Marketing information for members
- Includes logos and usage guidelines

Other AICPA resources

Audit and Attest Section of AICPA Web site
AICPA Accounting and Auditing Technical Hotline (877) 242-7212 -
  techinquiry@aicpa.org

AICPA Professional Ethics Division Web Page (includes link to AICPA Code)

FAQ: Nonattest Services, as of Feb 25, 2019
Other AICPA resources

AICPA Enhancing Audit Quality Web site
Peer Review Section of AICPA Web Site
Ethics Hotline - ethics@aicpa.org or 888.777.7077

AICPA - Peer Review - governmental checklists

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<td>Governmental Audit Engagement Checklist</td>
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<td>Supplemental Checklist for Review of Audit Engagements Performed in Accordance with Government Auditing Standards (Yellow Book) December 2011 Revision</td>
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<td>Supplemental Checklist for Review of Audit Engagements of State and Local Governments Participating in Defined Benefit Pension Plans Subject to GASB Statement No. 68</td>
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AICPA 2019 conferences

AICPA National Governmental Accounting and Auditing Update Conference,
• August 12-13, 2019, The Washington Hilton, Washington, DC
AICPA National Governmental and Not-for-Profit Training Program,
• October 28-30, 2019, Las Vegas, NV

All conferences have extensive session offerings on governmental and auditing topics, some of which were developed with assistance from the GAQC

All conferences have online options!
SLG Guide

Key resource for auditors of SLGs; you should be using this Guide!

New edition available in June 2019

Key changes made:

Effect of newly effective GASB standards, including dual guidance for GASB 84, Fiduciary Activities

Order now at:  http://www.aicpastore.com/

The GASB Technical Inquiries service can be a resource!

How do I get my CPE certificate?

Access your CPE certificate by clicking the orange “CPE” icon

• If at the end of this presentation you are eligible for but unable to print your CPE certificate, please log back in to this webcast in 24 hours and click the orange “Get CPE” button. Your certificate will still be available.

• If you need assistance with locating your certificate, please contact the AICPA Service Center at 888.777.7077 or service@aicpa.org.

Thank you