TIC Update with ARSC

As part of its ongoing outreach to standard setters, TIC met with members of the AICPA Accounting and Review Services Committee, including chair Denny Ard, as well as AICPA chief auditor Bob Dohrer and ARSC staff liaison Mike Glynn. Several of the ARSC members are former TIC members. Issues discussed included:

- Statement on Standards for Accounting and Review Services No. 25, Materiality in a Review of Financial Statements and Adverse Conclusions. This standard, issued in February:
  - Explicitly established that determining materiality for a review engagement is required.
  - Removed the prohibition on issuing an adverse conclusion in a review.
  - Required review reports to state that the accountant must be independent of the entity and adhere to other ethical requirements.

COVID-19-Related Guidance

- AICPA Technical Question and Answer (TQA) 3200.18, Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program. Questions have arisen on whether the loan should be accounted for as debt or a government grant. The TQA establishes that nongovernmental entities—business entities and not-for-profits—may account for a Paycheck Protection Program loan as a financial liability in accordance with Financial Accounting Standards Board Accounting Standards Codification 470, Debt. Alternatively, if the borrower concludes that the PPP loan is in substance a grant, it may analogize to IAS 20 or ASC Subtopic 958-605. Turn to the AICPA's SBA Paycheck Protection Program Resources for CPAs for more resources on the program.
- Governmental Accounting Standards Board Proposed Technical Bulletin No. 2020-a, Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and...
AICPA COVID-19 Resources

- AICPA Coronavirus (COVID-19) Resource Center. This site includes a wealth of tools and information, including topics related to the Small Business Administration Paycheck Protection Program, the CARES Act, accounting and reporting, audit and assurance, government and small firm concerns.
- AICPA Center for Plain English Accounting. Subscribers have access to a variety of reports on topics related to the pandemic, including “Pandemic Lease Concessions: Treatment Options Under FASB ASC 840,” “Accounting in the Fog of War: Treatment of PPP Loans,” and a planned report on Accounting for Termination Benefits: Other Accounting Impacts of COVID-19.

AICPA Engage Online

Online sections of the AICPA Engage conference, including advanced accounting and auditing presentations, will be presented from July 20 through 24. TIC chair Danielle Supkis Cheek and staff liaison Kristy Illuzzi led a discussion on hosting independence under a recent AICPA Professional Ethics Executive Committee standard in a June section of the conference.

PEEC Proposal on Records Requests

An exposure draft from the AICPA Professional Ethics Executive Committee on Records Requests would clarify requirements when responding to requests for client provided or member prepared records, offering details on when it is appropriate. Issues that TIC discussed in an initial review of the proposal included possible clarification of the term “make available,” the need to establish that some guidance refers to initial requests for records, and how the guidance would apply to spreadsheet formulas developed by firms. James Brackens, AICPA vice-president, ethics and practice quality, joined TIC for the discussion. Comments are due by September 30 and TIC plans to submit a comment letter once its comments are finalized.