

Memorandum

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To: GAO's Financial Management and Assurance Team (FMA)
Council of the Inspectors General on Integrity and Efficiency
Financial Audit Community

From: James R. Dalkin, Director, FMA
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Subject: *Professional Standards Update No. 83*, October through December 2021

To alert you to changes in professional standards, we periodically issue *Professional Standards Updates* (PSU).¹ These updates highlight the effective dates and issuance of recent standards and guidance related to engagements conducted in accordance with *Government Auditing Standards*.² PSUs contain summary information only, and those affected by a change should refer to the respective standard or guidance for details.

This PSU has two sections:

- Section I identifies select standards and guidance with their respective effective dates. Section I contains standards effective for
 - audits of financial statements for periods ending after September 30, 2021;
 - attestation reports dated after September 30, 2021; and
 - accounting for reporting periods beginning after July 15, 2020.
- Section II identifies select standards and guidance that were issued from October 2021 through December 2021.

¹Previous PSUs can be found in the Related Publications section of <https://www.gao.gov/yellowbook>.

²GAO, *Government Auditing Standards: 2018 Revision Technical Update April 2021*, [GAO-21-368G](#) (Washington, D.C.: April 2021).

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Professional Standards Update No. 83

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Section I: Effective Dates for Select Standards and Guidance

This section identifies select standards and guidance that are effective for (1) audits of financial statements for periods ending after September 30, 2021; (2) attestation reports dated after September 30, 2021; and (3) accounting for reporting periods beginning after July 15, 2020. In general, the standard setters mentioned in this section are those with relevant standards and guidance that relate to auditing government entities. Table 1 is an overview. Detailed information follows the table. Those affected should refer to the respective standard or guidance for more information.

Table 1: Effective Dates for Select Standards and Guidance

Standard setter	Standard or guidance	Standards and guidance issued
Government Accountability Office	Government Auditing Standards	Effective upon issuance: Government Auditing Standards : 2018 Revision Technical Update April 2021
American Institute of Certified Public Accountants	Statements on Auditing Standards (SAS), Statements on Standards for Attestation Engagements (SSAE), and other guidance	Effective for audits of financial statements for periods ending on or after December 15, 2021: SAS No. 134 , Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements SAS No. 135 , Omnibus Statement on Auditing Standards—2019 SAS No. 136 , Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA SAS No. 137 , The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports SAS No. 138 , Amendments to the Description of the Concept of Materiality SAS No. 139 , Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes from SAS No. 134 SAS No. 140 , Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137 Effective for audits of financial statements for periods ending on or after December 15, 2022: SAS No. 142 , Audit Evidence Effective for audits of financial statements for periods ending on or after December 15, 2023: SAS No. 143 , Auditing Accounting Estimates and Related Disclosures SAS No. 144 , Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained From External Information Sources SAS No. 145 , Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement Effective for attestation reports dated on or after June 15, 2022: SSAE No. 21 , Direct Examination Engagements SSAE No. 22 , Review Engagements
Federal Accounting Standards Advisory Board	Statement of Federal Financial Accounting Concepts (SFFAC), Statement of Federal Financial Accounting Standards (SFFAS), and other guidance	Effective upon issuance: Interpretation 10 , Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31 Interpretation 11 , Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313 Effective for reporting periods beginning after September 30, 2021: SFFAS 59 , ^a Accounting and Reporting of Government Land Effective for reporting periods beginning after September 30, 2023: SFFAS 54 , Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment Federal Financial Accounting Technical Release 20 , Implementation Guidance for Leases SFFAS 57 , Omnibus Amendments 2019 (paras. 3–8, 11, and 12) SFFAS 60 , Omnibus Amendments 2021: Leases-Related Topics
Financial Accounting Standards Board	Accounting Standards Updates (ASU)	A number of ASUs came into effect. To view the details and effective dates of ASUs, click here .
Governmental Accounting Standards Board (GASB)	Accounting standards and implementation guides	Effective upon issuance: GASB Statement No. 95 , Postponement of the Effective Dates of Certain Authoritative Guidance Effective for fiscal years or reporting periods beginning after December 15, 2020, or ending after December 15, 2021:

Standard setter	Standard or guidance	Standards and guidance issued
		<p>GASB Statement No. 89, <i>Accounting for Interest Cost Incurred before the End of a Construction Period</i></p> <p>GASB Statement No. 98, <i>The Annual Comprehensive Financial Report</i></p> <p>Effective for fiscal years or reporting periods ending after December 31, 2021:</p> <p>GASB Statement No. 93, <i>Replacement of Interbank Offered Rates</i> (para. 11b)</p> <p>Effective for fiscal years or reporting periods beginning after June 15, 2021:</p> <p>GASB Statement No. 87, <i>Leases</i></p> <p>GASB Implementation Guide No. 2019-3, <i>Leases</i></p> <p>GASB Statement No. 92, <i>Omnibus 2020</i> (paras. 6–10 and 12)</p> <p>GASB Statement No. 93, <i>Replacement of Interbank Offered Rates</i> (paras. 13–14)</p> <p>GASB Statement No. 97, <i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i> (all paragraphs other than paras. 4–5)</p> <p>GASB Implementation Guide No. 2020-1, <i>Implementation Guidance Update—2020</i> (questions 4.1–4.5, 4.18, and 5.1–5.5)</p> <p>GASB Implementation Guide No. 2021-1, <i>Implementation Guidance Update—2021</i> (question 4.22)</p> <p>Effective for fiscal years or reporting periods beginning after December 15, 2021:</p> <p>GASB Statement No. 91, <i>Conduit Debt Obligations</i></p> <p>GASB Implementation Guide No. 2020-1, <i>Implementation Guidance Update—2020</i> (questions 4.6–4.17 and 4.19–4.21)</p> <p>Effective for fiscal years or reporting periods beginning after June 15, 2022:</p> <p>GASB Statement No. 94, <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i></p> <p>GASB Statement No. 96, <i>Subscription-Based Information Technology Arrangements</i></p> <p>GASB Implementation Guide No. 2021-1, <i>Implementation Guidance Update—2021</i> (questions 4.1–4.21, 4.23, and 5.2–5.4)</p> <p>Effective for fiscal years or reporting periods beginning after June 15, 2023:</p> <p>GASB Implementation Guide No. 2021-1, <i>Implementation Guidance Update—2021</i> (question 5.1)</p>

Source: GAO analysis of standards setters' effective dates.

^a SFFAS 59 requires certain paragraphs to be presented as required supplementary information (RSI) for fiscal years 2022 through 2025. In fiscal year 2026, the statement requires such RSI to transition to note disclosures.

A. AUDITING AND ATTESTATION STANDARDS AND GUIDANCE

Government Accountability Office

Government Auditing Standards ([Click here for link](#))

- **Government Auditing Standards: 2018 Revision Technical Update April 2021** (April 2021). This update provides certain limited technical updates to the 2018 revision of Government Auditing Standards. These include restoring the concept of equity in chapter 1 and clarifying language in certain internal control paragraphs. A full list of updates can be found on pages i through ii of the April 2021 technical update.

American Institute of Certified Public Accountants

Statements on Auditing Standards (SAS) ([Click here for link](#))

Effective for audits of financial statements for periods ending on or after December 15, 2021:

- **SAS No. 134**, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements* (May 2019). Provisions of this statement (1) supersede and amend sections of SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, and (2) amend SAS No. 132, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*. Early adoption is permitted.

- **SAS No. 135**, *Omnibus Statement on Auditing Standards—2019* (May 2019). Provisions of this statement amend sections of (1) SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, and (2) SAS No. 130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*. Early adoption is permitted.
- **SAS No. 136**, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA* (July 2019). This statement addresses the auditor's responsibility to form an opinion on the financial statements of employee benefit plans subject to the Employee Retirement Income Security Act of 1974 (ERISA). It also addresses the form and content of the auditor's report issued based on the ERISA plan financial statements. Early adoption is permitted.
- **SAS No. 137**, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports* (July 2019). This statement addresses the auditor's responsibilities relating to other information, whether financial or nonfinancial (other than financial statements and the related auditor's report), included in an entity's annual report. Early adoption is permitted.
- **SAS No. 138**, *Amendments to the Description of the Concept of Materiality* (December 2019). Provisions of this statement amend sections of (1) SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended; (2) SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, as amended; and (3) SAS No. 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*. Early adoption is permitted.
- **SAS No. 139**, *Amendments to AU-C Sections 800, 805, and 810 to Incorporate Auditor Reporting Changes from SAS No. 134* (March 2020). Provisions of this statement amend sections of SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended. Early adoption is permitted.
- **SAS No. 140**, *Amendments to AU-C Sections 725, 730, 930, 935, and 940 to Incorporate Auditor Reporting Changes From SAS Nos. 134 and 137* (April 2020). SAS No. 140 conforms the reporting provisions of SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, and other SASs to generally accepted auditing standards. In addition, AU-C section 935, *Compliance Audits*, was amended to be consistent with current governmental requirements. Early adoption is permitted.

SAS Nos. 134 and 136 through 140 are interrelated because the Auditing Standards Board (ASB) amended the auditor reporting model adopted in SAS No. 134 by issuing SAS Nos. 136 through 140. Accordingly, ASB recommends that all of these statements be implemented concurrently.

Effective for audits of financial statements for periods ending on or after December 15, 2022:

- **SAS No. 142**, *Audit Evidence* (July 2020). This statement provides guidance on what constitutes audit evidence in an audit of financial statements and sets out attributes of information that the auditor takes into account when evaluating information to be used as audit evidence. Taking these attributes into account assists the auditor in maintaining professional skepticism.

Effective for audits of financial statements for periods ending on or after December 15, 2023:

- **SAS No. 143**, *Auditing Accounting Estimates and Related Disclosures* (July 2020). This statement addresses the auditor's responsibilities relating to accounting estimates, including fair value accounting estimates and related disclosures, in an audit of financial statements. It also includes requirements and guidance related to evaluating misstatements of accounting estimates and related disclosures and indicators of possible management bias.
- **SAS No. 144**, *Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained From External Information Sources* (June 2021). The

statement amended these sections by incorporating related Public Company Accounting Oversight Board (PCAOB) guidance as follows:

- AU-C section 501, *Audit Evidence — Special Considerations for Selected Items*. This amendment adds application material from appendix A, “Using the Work of a Company’s Specialist as Audit Evidence,” of PCAOB Auditing Standard (AS) 1105, *Audit Evidence*, to enhance the quality of audits of nonissuers’ financial statements.
- AU-C section 540, *Auditing Accounting Estimates and Related Disclosures*. This amendment to AU-C section 540 adds a new appendix, “Use of Pricing Information From Third Parties as Audit Evidence,” that provides guidance on using pricing information obtained from external information sources as audit evidence for estimates related to the fair value of financial instruments. This appendix takes into account PCAOB AS 2501, *Auditing Accounting Estimates, Including Fair Value Measurements*, appendix A, “Special Topics, Identifying and Assessing Risks of Material Misstatement Related to the Fair Value of Financial Instruments.”
- AU-C section 620, *Using the Work of an Auditor’s Specialist*. This amendment adds material from PCAOB Release No. 2018-006, *Amendments to Auditing Standards for Auditor’s Use of the Work of Specialists*, to various application paragraphs to enhance the quality of audits of nonissuers’ financial statements.
- **SAS No. 145, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*** (October 2021). This statement supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, and amends various AU-C sections in AICPA Professional Standards. This statement enhances:
 - the requirements and guidance on identifying and assessing the risks of material misstatement, particularly in the areas of obtaining an understanding the entity’s system of internal control and assessing control risk, and
 - guidance that addresses the economic, technological, and regulatory aspects of the markets and environment in which entities and audit firms operate.

Statements on Standards for Attestation Engagements (SSAE) ([Click here for link](#))

Effective for reports dated on or after June 15, 2022:

- **SSAE No. 21, *Direct Examination Engagements*** (September 2020). This statement adds AT-C section 206, *Direct Examination Engagements*, to the attestation standards and enables practitioners to perform an examination engagement in which the practitioner obtains reasonable assurance by measuring or evaluating underlying subject matter against criteria and expressing an opinion that conveys the results of that measurement or evaluation.
- **SSAE No. 22, *Review Engagements*** (December 2020). This statement:
 - revises AT-C section 210, *Review Engagements*, for consistency with AT-C section 205, *Assertion-Based Examination Engagements* (pursuant to SSAE No. 21, *Direct Examination Engagements*);
 - describes the types of procedures a practitioner may perform in a review engagement;
 - revises the reporting requirements for an attestation review for additional transparency; and
 - permits the expression of an adverse conclusion, consistent with Statement on Standards for Accounting and Review Services No. 25, *Materiality in a Review of Financial Statements and Adverse Conclusions*.

Early implementation is permitted only if a practitioner also implements early the amendments to AT-C section 105, *Concepts Common to All Attestation Engagements*, included in SSAE No. 21, *Direct Examination Engagements*.

B. ACCOUNTING STANDARDS AND GUIDANCE

Federal Accounting Standards Advisory Board

Concepts, Statements, Technical Bulletins, Interpretations, and Technical Releases ([Click here for link](#))

- **Interpretation of Federal Financial Accounting Standards 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31** (May 2021). This interpretation clarifies the classification and presentation of non-federal non-entity Fund Balance with Treasury (FBWT) in paragraph 31 of SFFAS 1, *Accounting for Selected Assets and Liabilities*. This guidance provides that amounts received in deposit funds from non-federal sources in anticipation of an order (that is, an advance) should be classified as intragovernmental on component reporting entity financial statements.
- **Interpretation of Federal Financial Accounting Standards 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313** (November 2021). This interpretation clarifies that the standards provide that debt cancellation is a nonexchange activity that should be reported on the Statement of Changes in Net Position (SCNP). Interpretation 11 also clarifies that paragraph 313 of SFFAS 7 should not be interpreted to require that a particular line item “gain” or “loss” be displayed on the SCNP.

Effective for reporting periods beginning after September 30, 2021:

- **SFFAS 59, Accounting and Reporting of Government Land** (July 2021). This statement
 - requires reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset for periods beginning after September 30, 2025;
 - clarifies the definition for the stewardship land category;
 - requires the reporting of acreage of G-PP&E land and stewardship land using three predominant use subcategories: conservation and preservation land, operational land, and commercial use land; and
 - requires consistent and comparable disclosures of information for land.

SFFAS 59 has a 4-year implementation period. Acreage information by predominant use will be reported in required supplementary information for fiscal years 2022 through 2025. This information will transition to basic information within note disclosures in fiscal year 2026, when the asset dollar amounts for G-PP&E land and permanent land rights are removed from the balance sheet. Early adoption is not permitted.

Effective for reporting periods beginning after September 30, 2023:

- **SFFAS 54, Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment** (April 2018). This statement revises the financial reporting standards for federal lease accounting. It provides a comprehensive set of lease accounting standards to recognize federal lease activities in the reporting entity’s general purpose federal financial reports and includes appropriate disclosures. Early adoption is not permitted.
- **Federal Financial Accounting Technical Release 20, Implementation Guidance for Leases** (November 2021). This technical release assists reporting entities in implementing SFFAS 54, *Leases*.

- **SFFAS 57, *Omnibus Amendments 2019***, paragraphs 3–8, 11, and 12 (September 2019). This statement addresses consistency issues and other improvements identified during implementation and application of certain federal accounting standards. Early adoption is not permitted.
- **SFFAS 60, *Omnibus Amendments 2021: Leases-Related Topics*** (November 2021). This statement amends paragraphs in SFFAS 54, *Leases*; SFFAS 57, *Omnibus Amendments 2019*; SFFAS 5, *Accounting for Liabilities of the Federal Government*; and SFFAS 6, *Accounting for Property, Plant, and Equipment*. These changes are necessary technical corrections and clarifications and other omnibus changes to address areas of concern with implementing these statements' standards.

Financial Accounting Standards Board

Accounting Standards Updates (ASU)

- The Financial Accounting Standards Board (FASB) Accounting Standards Codification® (FASB Codification) is the sole source of authoritative generally accepted accounting principles other than Securities and Exchange Commission (SEC) issued rules and regulations that apply only to SEC registrants. FASB issues ASUs to communicate changes to the FASB Codification, including changes to nonauthoritative SEC content. ASUs are not authoritative standards. To view details and the effective dates of ASUs, [click here](#).

Governmental Accounting Standards Board

Statements and Implementation Guides ([Click here for link](#))

- **Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** (May 2020). This statement primarily provides temporary relief to governments and other stakeholders in light of the Coronavirus Disease 2019 (COVID-19) pandemic by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018.

Effective for fiscal years or reporting periods beginning after December 15, 2020, or ending after December 15, 2021:

- **GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*** (June 2018). The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest cost incurred before the end of a construction period. Earlier application is encouraged.
- **GASB Statement No. 98, *The Annual Comprehensive Financial Report*** (October 2021). This statement establishes the term *annual comprehensive financial report* and its acronym, *ACFR*. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. Earlier application is encouraged.

Effective for fiscal years or reporting periods ending after December 31, 2021:

- **GASB Statement No. 93, *Replacement of Interbank Offered Rates***, paragraph 11b (March 2020). This statement addresses accounting and financial reporting implications that result from replacing an IBOR as the basis for variable payment agreements. Paragraph 11b removes the London Interbank Offered Rate as an appropriate benchmark interest rate for a derivative instrument. Earlier application is encouraged.

Effective for fiscal years or reporting periods beginning after June 15, 2021:

- **GASB Statement No. 87, *Leases*** (June 2017). The objective of this statement is to improve governments' accounting and financial reporting for leases to better meet the information needs of financial statement users. Earlier application is encouraged.
- **GASB Implementation Guide No. 2019-3, *Leases*** (August 2019). This guide clarifies, explains, or elaborates on the requirements of GASB Statement No. 87. Earlier application is encouraged if GASB Statement No. 87 has been implemented.
- **GASB Statement No. 92, *Omnibus 2020***, paragraphs 6–10 and 12 (January 2020). This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature. Specifically, it addresses practice issues identified during implementation and application of certain other statements. Earlier application is encouraged.
- **GASB Statement No. 93, *Replacement of Interbank Offered Rates***, paragraphs 13–14 (March 2020). This statement addresses accounting and financial reporting implications that result from replacing an IBOR as the basis for variable payment agreements. Paragraphs 13 through 14 redefine what is considered a lease modification such that an amendment of a lease contract solely to replace the IBOR as the basis for variable payment agreements is not considered a lease modification. Earlier application is encouraged.
- **GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans***, all paragraphs except paragraphs 4 and 5 (June 2020). These portions of this statement enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the pension plan definition and for benefits provided through those plans. Earlier application is encouraged.
- **GASB Implementation Guide No. 2020-1, *Implementation Guidance Update—2020*** (April 2020). Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented.

New questions and answers (questions 4.1–4.5 and 4.18) relate to The Financial Reporting Entity; Accounting and Financial Reporting for Certain Investments and for External Investment Pools; Fiduciary Activities; and GASB Statement No. 83, *Certain Asset Retirement Obligations*.

Revised questions and answers (questions 5.1–5.5) relate to Pensions—Plan and Employer Accounting and Reporting; Accounting and Financial Reporting for Certain Investments and for External Investment Pools; and Postemployment Benefits Other Than Pensions—Plan and Employer Accounting and Reporting.

- **GASB Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*** (May 2021). Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented. The new question and answer (question 4.22) coming into effect for the referenced time period relate to Effective Date and Transition of GASB No. Statement 87, *Leases*.

Effective for fiscal years or reporting periods beginning after December 15, 2021:

- **GASB Statement No. 91, *Conduit Debt Obligations*** (May 2019). This statement has two objectives: (1) to provide a single method by which issuers report conduit debt obligations and (2) to eliminate diversity in practice associated with (a) commitments that issuers extended, (b) arrangements associated with conduit debt obligations, and (c) related note disclosures. Earlier application is encouraged.
- **GASB Implementation Guide No. 2020-1, *Implementation Guidance Update—2020*** (April 2020). Earlier application is encouraged if the pronouncement addressed by the question and answer has

been implemented. New questions and answers (questions 4.6–4.17 and 4.19–4.21) coming into effect for the referenced time period relate to Leases and GASB Statement No. 91, *Conduit Debt Obligations*.

Effective for fiscal years or reporting periods beginning after June 15, 2022:

- **GASB Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (March 2020). This statement addresses issues related to public-private and public-public partnership arrangements. This statement provides accounting and financial reporting requirements for these partnership arrangements that do not meet the definition of a lease as defined in GASB Statement No. 87, *Leases*, as amended and clarified by this statement, and that also do not meet the definition of a service concession arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements. Earlier application is encouraged.
- **GASB Statement No. 96**, *Subscription-Based Information Technology Arrangements* (May 2020). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users. This statement
 - defines an SBITA;
 - establishes that an SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability;
 - provides the capitalization criteria for outlays other than subscription payments, including implementation costs of an SBITA; and
 - requires note disclosures regarding a SBITA.

To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Earlier application is encouraged.

- **GASB Implementation Guide No. 2021-1**, *Implementation Guidance Update—2021* (May 2021). Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented.

New questions and answers (questions 4.1–4.21 and 4.23) relate to Accounting and Financial Reporting for Derivative Instruments; Fiduciary Activities; Leases; and GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Revised questions and answers (questions 5.2–5.4) from Implementation Guide 2015-1 relate to Basic Financial Statements and Management’s Discussion and Analysis Pensions—Plan and Employer Accounting and Reporting; and GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

Effective for fiscal years or reporting periods beginning after June 15, 2023:

- **GASB Implementation Guide No. 2021-1**, *Implementation Guidance Update—2021* (May 2021). Earlier application is encouraged if the pronouncement addressed by the question and answer has been implemented.

Revised question and answer (question 5.1) coming into effect for the referenced time period relate to the following topic in Implementation Guide 2015-1: Basic Financial Statements and Management’s Discussion and Analysis Pensions—Plan and Employer Accounting and Reporting.

Section II: Select Standards and Guidance Issued October 2021 through December 2021

This section includes select standards and related guidance issued during the period covered by this *Professional Standards Update (PSU)*—October 2021 through December 2021—to the extent that such materials were publicly available as of December 31, 2021. The section also identifies the standard setters whose publications and updates we review to prepare PSUs. These updates highlight the recent issuance and key points of standards and related guidance. This PSU only summarizes the standards or guidance. Those affected by these changes should refer to the respective standard or guidance for details.

A. AUDITING AND ATTESTATION STANDARDS AND GUIDANCE

Government Accountability Office

Government Auditing Standards ([Click here for link](#))

- Government Auditing Standards were not updated during the period covered by this PSU.

American Institute of Certified Public Accountants

Statements on Auditing Standards (SAS) ([Click here for link](#))

- **SAS No. 145**, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* (October 2021). This statement supersedes SAS No. 122, *Statements on Auditing Standards: Clarification and Reconciliation*, as amended, section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, and amends various AU-C sections in AICPA Professional Standards. This statement enhances
 - the requirements and guidance on identifying and assessing the risks of material misstatement, particularly in the areas of obtaining an understanding the entity’s system of internal control and assessing control risk, and
 - guidance that addresses the economic, technological, and regulatory aspects of the markets and environment in which entities and audit firms operate.

Statements on Standards for Attestation Engagements (SSAE) ([Click here for link](#))

- There were no new or updated SSAEs issued during the period covered by this PSU.

Technical Questions and Answers ([Click here for link](#))

Auditor’s Reports (October 2021)

The AICPA Professional Literature Update Technical Questions and Answers section 9160.36, “Reporting on the Provider Relief Fund in the Schedule of Expenditures of Federal Awards in Relation to the Financial Statements in a Single Audit”

B. ACCOUNTING STANDARDS AND GUIDANCE

Federal Accounting Standards Advisory Board

Concepts, Statements, Technical Bulletins, Interpretations, and Technical Releases ([Click here for link](#))

- **Statement of Federal Financial Accounting Standards (SFFAS) 60**, *Omnibus Amendments 2021: Leases-Related Topics* (November 2021). This statement amends paragraphs in SFFAS 54, *Leases*;

SFFAS 57, *Omnibus Amendments 2019*; SFFAS 5, *Accounting for Liabilities of the Federal Government*; and SFFAS 6, *Accounting for Property, Plant, and Equipment*. The changes are necessary technical corrections and clarifications and other omnibus changes to address areas of concern with implementation of the standards in these statements. The requirements of this statement are effective for reporting periods beginning after September 30, 2023.

- **Federal Financial Accounting Technical Release 20, *Implementation Guidance for Leases*** (November 2021). This technical release assists reporting entities in implementing SFFAS 54, *Leases*. This Technical Release is effective for reporting periods beginning after September 30, 2023.
- **Interpretation of Federal Financial Accounting Standards 11, *Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313*** (November 2021). This interpretation clarifies that the standards provide that debt cancellation is a nonexchange activity that should be reported on the Statement of Changes in Net Position (SCNP). Interpretation 11 also clarifies that paragraph 313 of SFFAS 7 should not be interpreted to require that a particular line item “gain” or “loss” be displayed on the SCNP. This interpretation is effective upon issuance.

Financial Accounting Standards Board

Accounting Standards Updates (ASU) (listed only) ([Click here for link](#))

- [ASU No. 2021-07](#), *Compensation—Stock Compensation (Topic 718): Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards* (October 2021)
- [ASU No. 2021-08](#), *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* (October 2021)
- [ASU No. 2021-09](#), *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities* (November 2021)
- [ASU No. 2021-10](#), *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance* (November 2021)

Governmental Accounting Standards Board

Concepts, Statements, Technical Bulletins, Interpretations, and Implementation Guides ([Click here for link](#))

- **GASB Statement No. 98, *The Annual Comprehensive Financial Report*** (October 2021). This statement establishes the term *annual comprehensive financial report* and its acronym, *ACFR*. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

C. REGULATORY GUIDANCE

Office of Management and Budget

Circulars ([Click here for link](#))

- There were no relevant new or updated OMB circulars issued during the period covered by this PSU.

Memoranda (listed only) ([Click here for link](#))

- **M-22-02, *New Financial Assistance Transparency Reporting Requirements*** (October 26, 2021).

- **M-22-04**, *Promoting Accountability through Cooperation among Agencies and Inspectors General* (December 3, 2021)
- **M-22-05**, *Fiscal Year 2021-2022 Guidance on Federal Information Security and Privacy Management Requirements* (December 6, 2021)

Department of the Treasury

Treasury Financial Manual (TFM) ([Click here for link](#))

- **TFM, Volume I, Part 2, Chapter 5100**, *Fund Balance with Treasury Accounts* (December 7, 2021), prescribes policies and procedures for agencies' Fund Balance with Treasury accounts.

Treasury Bulletins ([Click here for link](#))

- **TFM, Volume I, Bulletin No. 2022-03**, *G-Invoicing Implementation Updates* (December 14, 2021), announces revisions to the Government Invoicing system and related requirements for its use as mandated in TFM Volume 1, Part 2, Chapter 4700, *Federal Entity Reporting Requirements for the Financial Report of the United States Government*.
- **TFM, Volume I, Bulletin No. 2022-04**, *Changes to U.S. Standard General Ledger (USSGL) — A Treasury Financial Manual (TFM) Supplement* (December 16, 2021), notifies agencies that Part 1 and Part 2 of the USSGL Supplement have been revised for fiscal years 2021 and 2022, respectively. The revised requirements are effective immediately.
- **TFM, Volume I, Bulletin No. 2022-05**, *Current Value of Funds Rate (CVFR)* (December 7, 2021), publishes the presiding CVFR used for Federal debt collection, cash discounts, and rebate evaluation because the annual average investment rate for the 12-month period ending on September 30 changed by 2 percent per quarter.

D. INTERNATIONAL AUDITING STANDARDS AND GUIDANCE

International Auditing and Assurance Standards Board

The International Auditing and Assurance Standards Board (IAASB) sets international standards for auditing, quality control, review, other assurance, and related services and facilitates the convergence of international and national standards. To review recently issued IAASB guidance, [click here](#).

E. INTERNAL AUDIT GUIDANCE

Institute of Internal Auditors

The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance that the Institute of Internal Auditors (IIA) promulgates. The IIA provides internal audit professionals with authoritative guidance organized in the IPPF. IIA implementation guides assist internal auditors in applying the IPPF and the IIA's Code of Ethics. They collectively address internal auditing's approach, methodologies, and consideration but do not detail processes or procedures. IIA supplemental guidance provides detailed guidance for conducting internal audit activities. To review recently issued IIA guidance, [click here](#).