



# ***US DESK NEWSLETTER***

**A ROUNDUP OF ACCOUNTING, AUDITING, AND  
REGULATORY MATTERS**

**July 2023**

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## GUIDE TO THE US DESK NEWSLETTER

The US Desk Newsletter is a high-level summary of key developments from the standard setters, regulators, and compliance agencies that have recently affected the accounting profession. The Newsletter is best read in electronic format due to the embedded hyperlinks to supporting information.

### EXECUTIVE SUMMARY

This edition of our US Desk Newsletter addresses relevant activities from **February 1, 2023, to June 30, 2023**. It covers accounting and auditing updates from the regulators. Most noteworthy:

#### **FASB**

The Financial Accounting Standards Board (FASB) issued account standards updates (ASU) relating to Topic 323—Investments—Equity Method and Joint Ventures and Topic 842—Leases. In addition, the FASB proposed guidance related to (1) Topic 326—Financial Instruments-Credit Losses, (2) Topic 718—Compensation-Stock Compensation, (3) Subtopic 350-60—Intangibles-Goodwill and Other-Crypto Assets, and (4) Topic 740—Income Taxes.

#### **SEC**

The SEC adopted final rules related to (1) the adoption of its updated EDGAR filers manual, (2) technical amendments to commission rules and forms, (3) the removal of references to credit ratings from Regulation M, and (4) Share repurchase disclosures. The Commission is also seeking comments on its proposal on (1) position reporting of large securities-based swap positions, and (2) Beneficial ownership reporting.

#### **AICPA**

The AICPA issued final guidance related to (1) Audits of Group Financial statements, (2) Compliance audits, (3) Inquiries of the predecessor auditor regarding fraud and noncompliance with laws and regulations, and (4) Various quality system guidance.

#### **PCAOB**

The PCAOB issued a final rule related to Rule 6100, *Board Determination*. It is seeking comments on its standards related to (1) aspects of designing and performing audit procedures that involve technology-assisted analysis of information in electronic form, (2) company noncompliance with regulations and laws, and (3) general responsibilities of the auditor in conducting.

***We welcome your feedback on our newsletters.  
Please send questions or comments to [USDesk@mazars.fr](mailto:USDesk@mazars.fr)  
Thank you.***

## Financial Accounting Standards Board (FASB)

(For current information related to FASB projects, please refer to the [FASB TECHNICAL AGENDA PAGE](#) on the FASB's website.)

### NEW STANDARDS

#### [UPDATE 2023-02—INVESTMENTS—EQUITY METHOD AND JOINT VENTURES \(TOPIC 323\): ACCOUNTING FOR INVESTMENTS IN TAX CREDIT STRUCTURES USING THE PROPORTIONAL AMORTIZATION METHOD \(A CONSENSUS OF THE EMERGING ISSUES TASK FORCE\)](#)

The amendments in this Update permit reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method (in accordance with paragraph 323-740-25-4) if certain conditions are met

The amendments in this Update require that all tax equity investments accounted for using the proportional amortization method use the delayed equity contribution guidance in paragraph 323-740-25-3 (which requires that a liability be recognized for delayed equity contributions that are unconditional and legally binding or for equity contributions that are contingent upon a future event when that contingent event becomes probable).

The amendments in this Update require specific disclosures that must be applied to all investments that generate income tax credits and other income tax benefits from a tax credit program for which the entity has elected to apply the proportional amortization method in accordance with Subtopic 323-740 (including investments within that elected program that do not meet the conditions to apply the proportional amortization method)

#### **Effective Date Transition Requirements**

For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.

For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for all entities in any interim period.

Link: [\[Update 2023-02\]](#)

#### [UPDATE 2023-01—LEASES \(TOPIC 842\): COMMON CONTROL ARRANGEMENTS](#)

The amendments in this Update respond to private company stakeholders' concerns about applying Topic 842 to related party arrangements between entities under common control.

##### **Issue 1: Terms and Conditions to Be Considered**

The amendments in this Update provide a practical expedient for private companies and not-for-profit entities that are not conduit bond obligors to use the written terms and conditions of a common control arrangement to determine:

1. Whether a lease exists and, if so,

2. The classification of and accounting for that lease.

The practical expedient may be applied on an arrangement-by-arrangement basis. If no written terms and conditions exist (including in situations in which an entity does not document existing unwritten terms and conditions in writing upon transition to the practical expedient), an entity is prohibited from applying the practical expedient and must evaluate the enforceable terms and conditions to apply Topic 842.

### **Issue 2: Accounting for Leasehold Improvements**

The amendments in this Update require that leasehold improvements associated with common control leases be:

1. Amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset (the leased asset) through a lease. However, if the lessor obtained the right to control the use of the underlying asset through a lease with another entity not within the same common control group, the amortization period may not exceed the amortization period of the common control group.
2. Accounted for as a transfer between entities under common control through an adjustment to equity (or net assets for not-for-profit entities) if, and when, the lessee no longer controls the use of the underlying asset.

Additionally, those leasehold improvements are subject to the impairment guidance in Topic 360, Property, Plant, and Equipment.

### **Effective Date Transition Requirements**

The amendments in this Update for both Issue 1 and Issue 2 are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted.

Link: [\[Update 2023-01\]](#)

## **PROPOSED STANDARDS**

The FASB issues various types of exposure documents to solicit input on its standards-setting activities, such as Exposure Drafts, Discussion Papers, Preliminary Views, and Invitations to Comment. Documents issued after 2002 are available [\[here\]](#).

[PROPOSAL NO. 2023-ED400](#) | PROPOSED ACCOUNTING STANDARDS UPDATE—FINANCIAL INSTRUMENTS—CREDIT LOSSES (TOPIC 326): PURCHASED FINANCIAL ASSETS. ISSUED JUNE 27, 2023; COMMENTS ARE DUE AUGUST 28, 2023

The amendments in this proposed Update would expand the population of financial assets subject to the gross-up approach in Topic 326 that is currently applied to purchased financial assets with credit Deterioration (PCD or PCD assets.) Specifically, an acquirer no longer would be required to determine whether an acquired financial asset is a PCD or non-PCD asset upon acquisition based on the degree of credit deterioration since origination. Instead, the gross-up approach would be applied to all financial assets that are part of a business acquired in a business combination.

For financial assets recognized through (1) an asset acquisition or (2) the consolidation of a VIE that is not a business, the acquirer would identify purchased financial assets on the basis of certain criteria that are intended to account for similar transactions in a similar manner. The criteria include a bright-line time-based threshold and a qualitative assessment by the acquirer of its involvement with the origination of the financial asset. When a financial asset is acquired after the bright-line time-based threshold and the acquirer was not involved with the origination, the acquired asset would be accounted for using the gross-up approach.

Link: [\[Exposure Draft\]](#)

[PROPOSAL NO. 2023-ED300](#) | PROPOSED ACCOUNTING STANDARDS UPDATE—COMPENSATION—STOCK COMPENSATION (TOPIC 718): SCOPE APPLICATION OF PROFITS INTEREST AWARDS. ISSUED MAY 11, 2023; COMMENTS ARE DUE JULY 10, 2023

The amendments in this proposed Update would improve GAAP by adding an illustrative example that includes four fact patterns to demonstrate how an entity would apply the scope guidance in paragraph 718-10-15-3 to determine whether a profits interest award should be accounted for in accordance with Topic 718.

The fact patterns in the proposed illustrative example focus on the scope conditions in paragraph 718-10-15-3. The proposed illustrative example is intended to reduce (1) complexity in determining whether a profits interest award is subject to the guidance in Topic 718 and (2) existing diversity in practice.

Link: [\[Exposure Draft\]](#)

[PROPOSAL NO. 2023-ED200](#) | PROPOSED ACCOUNTING STANDARDS UPDATE—INTANGIBLES—GOODWILL AND OTHER—CRYPTO ASSETS (SUBTOPIC 350-60): ACCOUNTING FOR AND DISCLOSURE OF CRYPTO ASSETS. ISSUED MARCH 23, 2023; COMMENTS WERE DUE JUNE 6, 2023

The amendments in this proposed Update would apply to crypto assets that meet all of the following criteria:

1. Meet the definition of intangible asset as defined in the Codification Master Glossary
2. Do not provide the asset holder with enforceable rights to, or claims on, underlying goods, services, or other assets
3. Are created or reside on a distributed ledger based on blockchain technology
4. Are secured through cryptography
5. Are fungible
6. Are not created or issued by the reporting entity or its related parties.

An entity would be required to subsequently measure crypto assets that meet those criteria at fair value with changes recognized in net income each reporting period. An entity would be required to recognize transaction costs to acquire a crypto asset, such as commissions and other related transaction fees, as an expense as incurred, unless applicable industry-specific guidance requires that the entity capitalize those costs

The amendments in this proposed Update also would require that an entity present (1) crypto assets measured at fair value separately from other intangible assets in the balance sheet and (2) changes in the fair value measurement of crypto assets separately from changes in the carrying amounts of other

intangible assets in the income statement (or statement of changes in net assets for not-for-profit organizations).

While the amendments in this proposed Update would not otherwise change the presentation requirements for the statement of cash flows, if crypto assets are received as noncash consideration in the ordinary course of business (for example, in exchange for the transfer of goods and services to a customer) and are converted nearly immediately into cash, an entity would be required to classify those cash receipts as cash flows from operating activities.

The proposed amendment also would require that an entity discloses specific information for interim and annual reporting periods.

Link: [\[Exposure Draft\]](#)

[PROPOSAL NO. 2023-ED100](#) | PROPOSED ACCOUNTING STANDARDS UPDATE—INCOME TAXES (TOPIC 740): IMPROVEMENTS TO INCOME TAX DISCLOSURES. ISSUED MARCH 15, 2023; COMMENTS WERE DUE MAY 30, 2023

#### **Rate Reconciliation**

The amendments in this proposed Update would require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income [or loss] by the applicable statutory tax rate).

#### **Income Taxes Paid**

The amendments in this proposed Update would require that all entities disclose the following information about income taxes paid:

The year-to-date amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes on both an interim and annual basis

The amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received), on an annual basis.

#### **Disclosures Previously Exposed for Comment**

The amendments in this proposed Update would require that all entities disclose the following information:

1. Income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign
2. Income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign.

The amendments in this proposed Update would eliminate the requirement for all entities to

1. disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or
2. make a statement that an estimate of the range cannot be made.

The amendments in this proposed Update would remove the requirement to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not

recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures.

The amendments in this proposed Update would replace the term public entity, as currently used in Topic 740, Income Taxes, with the term public business entity as defined in the Master Glossary of the Codification

Link: [\[Exposure Draft\]](#)

## OTHER UPDATES AND ACTIVITIES

### [SEC ACCEPTS 2023 GAAP FINANCIAL REPORTING TAXONOMY AND SEC REPORTING TAXONOMY](#)

March 21, 2023—The FASB announced that the SEC has accepted the 2023 GAAP Financial Reporting Taxonomy and the 2023 SEC Reporting Taxonomy (collectively referred to as the “GAAP Taxonomy”).

The 2023 GAAP Taxonomy contains updates for amendments to accounting standards and other recommended improvements, including those previously finalized in the 2022 Q3 Supplemental GAAP Taxonomy for the U.S. Securities and Exchange Commission (SEC) Release Nos. 33-10771; 34-88606; IC-33836 related to business development companies that submit financial statement information using Inline eXtensible Business Reporting Language (XBRL).

Link: [\[Full Article\]](#)

## Securities and Exchange Commission (SEC)

### FINAL RULES

#### [RELEASE NO. 33-11205 – ADOPTION OF UPDATED EDGAR FILER MANUAL](#)

On June 15, 2023, the SEC adopted revisions to the Electronic Data Gathering, Analysis, and Retrieval system (“EDGAR”) Filer Manual and related rules to reflect updates to the EDGAR system. The EDGAR system was scheduled to be upgraded on June 20, 2023.

**Effective Date:** This rule is effective June 15, 2023.

Link: [\[Release No. 33-11205\]](#)

#### [RELEASE NO. 34-97657 – REMOVAL OF REFERENCES TO CREDIT RATINGS FROM REGULATION M](#)

The SEC is adopting rule amendments to implement section 939A(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The amendments remove certain existing rule exceptions that reference credit ratings for nonconvertible debt securities, nonconvertible preferred securities, and asset-backed securities and substitute in their place new exceptions that are based on alternative standards of creditworthiness.

The Commission is also adopting an amendment to a recordkeeping rule applicable to broker-dealers in connection with their reliance on an exception involving probability of default determinations.

**Effective Date:** The amendments are effective on August 21, 2023.

Link: [\[Release No. 34-97657, Fact sheet\]](#)



[RELEASE NO. 34-11197](#) – TECHNICAL AMENDMENTS TO COMMISSION RULES AND FORMS

The SEC adopted technical amendments to various rules and forms under the Securities Act of 1933 (“Securities Act”), the Securities Exchange Act of 1934 (“Exchange Act”), and the Investment Company Act of 1940 (“Investment Company Act”), as well as to the rule setting forth undertakings that certain registrants must include in their registration statements, and to the general authority provision corresponding to Commission rules under the Investment Advisers Act of 1940 (“Investment Advisers Act”). These revisions make changes to correct errors that are technical in nature, including typographical errors and erroneous cross-references in various Commission rules and forms.

**Effective Date:** The amendments are effective on June 12, 2023, except for the amendment to 17 CFR 200.30-5 at instruction 2, which is effective July 2, 2024.

Link: [\[Release No. 33-11197\]](#)

[RELEASE NO. 34-97424](#) – SHARE REPURCHASE DISCLOSURE MODERNIZATION

The SEC adopted amendments that require additional detail regarding the structure of an issuer’s repurchase program and its share repurchases, require the filing of daily quantitative repurchase data either quarterly or semi-annually, and eliminate the requirement to file monthly repurchase data in an issuer’s periodic reports.

The amendments also revise and expand the existing periodic disclosure requirements about these repurchases.

Finally, the amendments add new quarterly disclosure in certain periodic reports related to an issuer’s adoption and termination of certain trading arrangements.

**Effective Date:** The amendments are effective on June 31, 2023.

Link: [\[Release No. 34-97424, Fact Sheet\]](#)

## PROPOSED RULES

[RELEASE NO 34.97762](#) – REOPENING OF COMMENT PERIOD FOR POSITION REPORTING OF LARGE SECURITY-BASED SWAP POSITIONS. ISSUED JUNE 20, 2023. COMMENTS ARE DUE AUGUST 21, 2023.

The SEC is reopening the comment period for its proposal, *Position Reporting of Large Security-Based Swap Positions*, Release No. 34-93784, (Dec. 15, 2021) (“Proposing Release”). In the Proposing Release, the Commission proposed for comment a new rule, which would require any person with a security-based swap position that exceeds a certain threshold to promptly file with the Commission a schedule disclosing certain information related to its security-based swap position.

Link: [\[Release No. 34-97762\]](#)

[RELEASE NO 33.11180](#) – REOPENING OF COMMENT PERIOD FOR MODERNIZATION OF BENEFICIAL OWNERSHIP REPORTING. ISSUED APRIL 28, 2023. COMMENTS WERE DUE JUNE 27, 2023.

The SEC is reopening the comment period for its proposal, *Modernization of Beneficial Ownership Reporting*, Release No. 33-11030, (Feb. 10, 2022) The Proposed Amendments would modernize the filing deadlines for initial and amended beneficial ownership reports filed on Schedules 13D and 13G. The Proposed Amendments also would deem holders of certain cash-settled derivative securities as

beneficial owners of the reference equity securities and clarify the disclosure requirements of Schedule 13D with respect to derivative securities. In addition, the Proposed Amendments would clarify and affirm the operation of the beneficial ownership reporting rules as applied to two or more persons that form a group under the Securities Exchange Act of 1934 and provide new exemptions to permit such persons to communicate and consult with each other, jointly engage issuers, and execute certain transactions without being subject to regulation as a group. Finally, the Proposed Amendments would require that Schedules 13D and 13G be filed using a structured, machine-readable data language.

Link: [\[Release No. 33-11180\]](#)

## OTHER UPDATES AND ACTIVITIES

### SEC CHARGES AUDIT FIRM MARCUM LLP FOR WIDESPREAD QUALITY CONTROL DEFICIENCIES

On June 21, 2023, the SEC charged audit firm Marcum LLP with systemic quality control failures and violations of audit standards in connection with audit work for hundreds of special purpose acquisition company (SPAC) clients beginning at the latest in 2020. The SEC's order also found that Marcum's deficiencies were not limited to SPAC clients, but they reflected systemic quality control failures throughout the firm. Marcum agreed to pay a \$10 million penalty to settle the charges.

According to the SEC's order, over a three-year period, Marcum more than tripled its number of public company clients, the majority of which were SPACs, including auditing more than 400 SPAC initial public offerings in 2020 and 2021. The strain of this growth, however, exposed substantial, widespread, and pre-existing deficiencies in the firm's underlying quality control policies, procedures, and monitoring.

Link: [\[Press Release\]](#)

## American Institute of Certified Public Accountants (AICPA)

### ISSUED STANDARDS<sup>1</sup>

#### [SAS NO. 149 - SPECIAL CONSIDERATIONS — AUDITS OF GROUP FINANCIAL STATEMENTS \(INCLUDING THE WORK OF COMPONENT AUDITORS AND AUDITS OF REFERRED-TO AUDITORS\)](#)

March, 2023 – SAS No. 149 introduces a risk-based approach to planning and performing a group audit. The existing literature on group audits in AU-C 600, Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors), focuses on identifying significant components at which to perform audit work; whereas in SAS 149 (which supersedes AU-C 600), the group auditor uses professional judgment in determining the components at which to perform procedures that respond to assessed risks. SAS 149 also better aligns the standard with other recently issued SASs and clarifies the interaction between the SAS and other AU-C sections.

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<sup>1</sup>An AICPA account is required to access the full-text version of AICPA final and proposed standards. Registration is free at [Registration | AICPA \(aicpa-cima.com\)](#)

**Effective Date:** This SAS is effective for audits of group financial statements for periods ending on or after December 15, 2026.

Link: [\[SAS N. 149\]](#)

### [SQMS NO. 3 - AMENDMENTS TO QM SECTIONS 10, A FIRM'S SYSTEM OF QUALITY MANAGEMENT, AND 20, ENGAGEMENT QUALITY REVIEWS](#)

March, 2023 – SQMS No. 3 amends QM sections 10 and 20 to conform certain terms to language used in SAS No. 149, Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors). SQMS No. 3 also provides guidance on differentiating between a resource and an information source.

**Effective Date:** The amendment to QM section 20 is effective for: (a) audits or reviews of financial statements for periods beginning on or after December 15, 2025, and (b) other engagements in the firm's accounting and auditing practice beginning on or after December 15, 2025.

The amendment to QM section 10 is effective concurrently with a firm's implementation of SQMS Nos. 1 and 2 on December 15, 2025.

Link: [\[SQMS No. 3\]](#)

### [SAS NO. 148 - AMENDMENT TO AU-C SECTION 935](#)

August, 2022 – SAS No. 148 amends AU-C section 935, Compliance Audits, in AICPA Professional Standards to (1) Update the appendix, "AU-C Sections That Are Not Applicable to Compliance Audits" and to (2) Conform the standard to reflect the issuance of SAS No. 142, *Audit Evidence* and SAS No. 145, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*.

**Effective Date:** The amendment to QM section 20 is effective for: (a) audits or reviews of financial statements for periods beginning on or after December 15, 2025, and (b) other engagements in the firm's accounting and auditing practice beginning on or after December 15, 2025.

The amendment to QM section 10 is effective concurrently with a firm's implementation of SQMS Nos. 1 and 2 on December 15, 2025.

Link: [\[SAS N. 148\]](#)

### [SAS NO. 147 - INQUIRIES OF THE PREDECESSOR AUDITOR REGARDING FRAUD AND NONCOMPLIANCE WITH LAWS AND REGULATIONS](#)

June 2022 – SAS No. 147 clarifies requirements and guidance related to the auditor's inquiries of a predecessor auditor about matters that will assist the auditor in determining whether to accept the engagement. In doing so, SAS No. 147 narrowly revises auditing standards generally accepted in the United States of America (GAAS) to require an auditor, once management authorizes the predecessor auditor to respond to inquiries from the auditor, to inquire of the predecessor auditor regarding identified or suspected fraud and matters involving NOCLAR. In addition, SAS No. 147 clarifies that once an engagement is accepted, the auditor should document the inquiries of the predecessor auditor and the results of those inquiries.

SAS No. 147 does not revise the audit requirement that the auditor request management to authorize the predecessor auditor to respond fully to the auditor's inquiries regarding matters that will assist the auditor in determining whether to accept the engagement.

**Effective Date:** This amendment is effective for audits of financial statements for periods beginning on or after June 30, 2023.

Link: [\[SAS N. 147\]](#)

### [SQMS NO. 2 - ENGAGEMENT QUALITY REVIEWS](#)

June, 2022 – SQMS No. 2 addresses the appointment and eligibility of the engagement quality reviewer and performance of engagement quality reviews.

SQMS No. 2 only applies when the firm decides that an engagement quality (EQ) review is an appropriate response to a quality risk. SQMS No. 2 addresses the appointment and eligibility of the engagement quality reviewer and performance of engagement quality reviews:

- Eligibility requirements for EQ reviewers
  - Consider threats to objectivity but no cooling-off period required
  - Sufficient time to perform EQ review
  - Permitted use of qualified external EQ reviewers and assistants
- Performance of EQ reviews
  - Focus on significant matters and significant judgements
  - Involvement of EQ reviewer at appropriate points in time throughout engagement

**Effective Date:** This SAS is effective for audits or reviews of financial statements for periods beginning on or after December 15, 2025, and other engagements in the firm's accounting and auditing practice beginning on or after December 15, 2025.

Link: [\[SQMS No. 2\]](#)

### [SQMS NO. 1 - A FIRM'S SYSTEM OF QUALITY MANAGEMENT](#)

March, 2023 – SQMS No. 1 requires a firm to design, implement and operate a system of quality management that is customized for the nature and circumstances of its accounting and auditing practice. It consists of

- Eight components that operate in an iterative and integrated manner.
- Other requirements that address the roles and responsibilities for the system, leadership's overall evaluation of the system, network requirements or network services and documentation.

SQMS No. 1 introduces a new risk-assessment process aimed at achieving quality objectives. The firm is required to establish prescribed quality objectives, assess quality risks, and design and implement responses. SQMS No. 1 also requires the firm leadership to annually evaluate and conclude whether the system of quality management is meeting its objectives.

**Effective Date:** Systems of quality management in compliance with SQMS No. 1 are required to be designed and implemented by December 15, 2025, and the evaluation of the system of quality management required by paragraphs 54 – 55 of SQMS No. 1 is required to be performed within one year following December 15, 2025.

Link: [\[SQMS No. 1\]](#)

## PROPOSED STANDARDS

NO AICPA GUIDANCE WAS PROPOSED DURING THE PERIOD COVERED BY THIS NEWSLETTER

## OTHER UPDATES AND ACTIVITIES

[CPA.COM ANNOUNCES LAUNCH OF GENERATIVE AI INITIATIVE](#)

CPA.com, the AICPA's business and technology subsidiary, plans to deliver a series of initiatives to build awareness and understanding of generative AI and its potential impact on the accounting profession.

"Generative AI is going to have a profound impact on the accounting profession," CPA.com President and CEO Erik Asgeirsson said in a news release. "While other technologies like cloud computing have transformed how firms deliver services, we believe generative AI's impact could be much more dramatic and evolve much more rapidly."

Link: [\[Full Article\]](#)

## Public Company Accounting Oversight Board (PCAOB)

### FINAL STANDARDS

[FINAL RULE NO. 2023-002](#) - AMENDMENTS TO CONFORM PCAOB RULE 6100 TO THE CONSOLIDATED. ISSUED MARCH 28, 2023.

The PCAOB is amending PCAOB Rule 6100, Board Determinations Under the Holding Foreign Companies Accountable Act, to conform the rule to an amendment of the Sarbanes-Oxley Act of 2002 set forth in the Consolidated Appropriations Act, 2023.

Link: [\[Final Rule\]](#)

### PROPOSED STANDARDS

[PROPOSED RULE NO. 2023-004](#) - PROPOSED AMENDMENTS RELATED TO ASPECTS OF DESIGNING AND PERFORMING AUDIT PROCEDURES THAT INVOLVE TECHNOLOGY-ASSISTED ANALYSIS OF INFORMATION IN ELECTRONIC FORM. ISSUED JUNE 23, 2023. COMMENT ARE DUE ON AUGUST 28, 2023.

The PCAOB is proposing to amend AS 1105, *Audit Evidence* and AS 2301, *The Auditor's Responses to the Risks of Material Misstatement*, and to make conforming amendments to other related PCAOB auditing standards. Since the standards were originally issued, auditors have expanded their use of technology-assisted analysis of information in electronic form in audits. The amendments are designed to improve audit quality and enhance investor protection by addressing aspects of designing

and performing audit procedures that involve technology-assisted analysis of information in electronic form

Link: [\[Proposed Rule\]](#)

[PROPOSED RULE NO. 2023-003](#) - PROPOSED AMENDMENTS TO PCAOB AUDITING STANDARDS RELATED TO A COMPANY'S NONCOMPLIANCE WITH LAWS AND REGULATIONS AND OTHER RELATED AMENDMENTS. ISSUED JUNE 6, 2023. COMMENT ARE DUE ON AUGUST 7, 2023.

The PCAOB is proposing amendments to its auditing standards related to an auditor's consideration of a company's noncompliance with laws and regulations in the performance of an audit. The proposal would:

(1) Replace: AS 2405, *Illegal Acts by Clients*, and retitle the standard A Company's Noncompliance with Laws and Regulations;

(2) Amend: AS 2110, *Identifying and Assessing Risks of Material Misstatement*; and Other auditing and related professional practice standards; and

(3) Rescind: AS 6110, *Compliance Auditing Considerations in Audits of Recipients of Governmental Financial Assistance*; AI 13, *Illegal Acts by Clients: Auditing Interpretations of AS 2405*; and • AI 21, *Management Representations: Auditing Interpretations of AS 2805*.

Link: [\[Proposed Rule\]](#)

[PROPOSED RULE NO. 2023-001](#) - PROPOSED AUDITING STANDARD – GENERAL RESPONSIBILITIES OF THE AUDITOR IN CONDUCTING AN AUDIT AND PROPOSED AMENDMENTS TO PCAOB STANDARDS. ISSUED MARCH 28, 2023. COMMENT WERE DUE ON MAY 30, 2023.

The PCAOB is proposing a new auditing standard, AS 1000, General Responsibilities of the Auditor in Conducting an Audit, that, together with other amendments, would reorganize and consolidate a group of interim standards adopted by the Board in April 2003. The proposed new auditing standard addresses the general responsibilities of the auditor, such as due professional care and professional skepticism, when conducting an audit in accordance with the standards of the PCAOB.

Link: [\[Proposed Rule\]](#)

## OTHER UPDATES AND ACTIVITIES

[IMPOSING \\$3 MILLION FINE AND REQUIRING FIRST-EVER CHANGES TO SUPERVISORY STRUCTURE, PCAOB SANCTIONS MARCUM LLP FOR SIGNIFICANT QUALITY CONTROL](#)

June 21, 2023 – The PCAOB announced a settled disciplinary order sanctioning Marcum LLP for violations of PCAOB rules and quality control standards.

The order imposes a \$3 million civil money penalty on the firm, which is in addition to the \$10 million penalty imposed today by the SEC against Marcum LLP in the Commission's proceeding

concerning related conduct. The PCAOB's penalty is the largest it has imposed on a "non-affiliate firm," meaning an audit firm that is not a member of a global network.

Link: [\[PCAOB Press Release\]](#)

#### PCAOB DETAILS PRIORITIES FOR AUDIT INSPECTIONS

June 23, 2023 – The PCAOB released expanded details regarding its list of priorities for 2023 audit inspections, most notably risk of fraud, risk assessment and internal controls, and auditing and accounting risks.

The Spotlight: Audit Committee Resource is a series of questions "that may be of interest to audit committee members to consider amongst themselves or in discussions with their independent auditors."

Link: [\[PCAOB Spotlight\]](#)

## Other

### CENTER FOR AUDIT QUALITY

#### CAQ - PUBLIC POLICY AND TECHNICAL ALERT

As part of the Center for Audit Quality's ongoing effort to keep members and stakeholders informed on significant public policy and accounting matters, please see below the latest [Public Policy and Technical Alerts \(PPTA\)](#):

- [PPTA- May 2023](#)
- [PPTA- April 2023](#)
- [PPTA- March 2023](#)
- [PPTA- February 2023](#)
- [PPTA- January 2023](#)

### OTHER INDUSTRY NEWS

#### HISTORIC GLOBAL STANDARDS FOR SUSTAINABILITY REPORTING RELEASED

In a milestone moment for the creation of a global common language for sustainability reporting, the International Sustainability Standards Board (ISSB) on Monday issued its first two standards.

IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2, Climate-related Disclosures have an effective date of Jan. 1 for some portions, pending adoption in more than 140 jurisdictions worldwide.

IFRS S1 features a global baseline for reporting requirements on the disclosure of sustainability-related risks and opportunities. IFRS S2 features reporting requirements specific to climate-related disclosures, in concert with the reporting framework established by IFRS S1.

Standards issued by the IFRS Foundation – which oversees the ISSB – aren't formally adopted in the United States. The new standards, however, establish a guideline that can support sustainability reporting on a voluntary basis now and can assist with any SEC-issued reporting requirements in the future.

Link: [\[Full article\]](#)



## CONTACT US

For all inquiries regarding this alert and/or PCAOB/SEC/US GAAP and US GAAS matters, please contact us via the US Desk Mailbox at: [usdesk@mazars.fr](mailto:usdesk@mazars.fr) or via our contact information below.



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