

**California Society of CPA's**  
**Accounting Principles and Assurance Standards Committee**  
**Meeting Minutes**  
**February 15, 2018**

**Audit Update – Gary Krausz/Matt Lombardi**

- Reporting on Other Information in Annual Reports
  1. Discussion re definition of the Annual Report. Stu Harden pointed out that Annual Report could come in a digital form with many links to the other information including the financial statements. This by proposed definition could make the Annual Report overly long by adding in the information incorporated by reference. This presents challenges with the proposed definition. (Committee discussed paragraphs A.12 and A.23 in particular).
  2. Discussion ensued with Howard Sibelman pointing out that the proposed language does not belong in the Auditors' Report (we do not say what we did/did not do in the report).
  3. Additionally Committee noted that certain other information does not belong in the Annual Report and that greater clarity is needed about situations when other information is issued after the Annual Report.
- Selected Procedures Engagements
  1. Gary Krausz reported that the ED is in the deliberations. He reminded the Committee that with AUP's the CPAs had to have a direction and a Representations Letter from management. An option for Selected Procedures is to present as SSAE or carve out the Selected Procedures into a separate guidance.
    - Howard Sibelman inquired about and the Committee discussed the Sufficiency of procedures vs. the Scope of Work.
    - Matt Lombardi noted that he will ask Jeremy Dillard to talk about this during the May'2018 meeting and touched on possible liability issues.

**PCAOB Update – Michael Feinstein**

- Changes in the White House administration influenced PCAOB as there is a few open seats have not been filled. There are 3 appointed members and two potential candidates have been selected, but not yet vetted.
- Therefore the four on-going projects are currently on hold:
  1. Auditing Accounting Estimates, Including Fair Value Measurements
  2. The Auditor's Use of the Work of Specialists
  3. Supervision of Audits Involving Other Auditors
  4. Going Concern
- Currently there are no agenda items for exposure. Possible agenda items include
  1. Data & Tech
  2. Non-GAAP measures
- Michael Feinstein will retire from the committee in May'18 and as the Chair of the PCAOB sub-committee. Paul Peterson will replace Michael Feinstein as the PCAOB Chair.

## **SSARS Update – Gail Anikouchine and Sue Hudgens**

- Gail Anikouchine reported that there are no current agenda items and the next meeting is expected in May 2018.
- Sue Hudgens reported that on the old comment letter issued by the Committee there appeared to be a significant redline added to the ED regarding the going concern, particularly regarding foreign or other redline reporting systems.
  - Howard Sibelman commented that the approach should be emphasis of the matter paragraph.

## **Communications Update – Nancy Rix**

- Sub-Committees
  - Nancy Rix reported that sub-committee assignments are complete with an exception of the International A&A sub-committee. Nancy Rix raised a question if the International subcommittee is needed in the permanent form? To-date it has been created on as-needed bases to comment on ED internationally.
  - Howard Sibelman noted that he has seen the need for a permanent international sub-committee. Matt Lombardi noted that from IFRS perspective it is a “maybe.” Historically, Committee had commented on the joint projects.
  - Committee noted that commenting on EDs internationally is beneficial as similar EDs with time trickle down to the US (as part of the general convergence efforts).
- A&A Conference
  - It is scheduled after Memorial Day (per Vinit Shrawagi the tentative dates are October 25-26, 2018) with a planning meeting in the first week of June’2018.
  - Volunteers are needed on the Planning Committee
    - Howard Sibelman will be in the East Coast but can present an Update on Employee Benefits ED if the dates work out or the remote presentation option is available.
    - Mark Willie will volunteer.
    - Gillian Phan (LA) will volunteer.
    - Gary Krausz will volunteer.
    - James Dougherty (LA) will volunteer.
    - Paul Peterson will volunteer.
- Open Forum Update
  - sub-committee
    - The web-site content sub-committee met providing direction to the technical staff at CalCPA regarding the types of technology that exists for the AP&AS page, if there is a possibility for recording the meetings, and if there can be a live stream in May’18.
  - Mark Dauberman volunteered to provide a GAAP update.

## **Chapter Chairs Update – Doug DeBoer**

- Doug DeBoer reported that the Bakersfield Chapter Chair noted trouble with attendance.
  - Gary Krausz announced that he has a slide deck on RevRec and Leases. Doug DeBoer and Mark Willie will take it.
- Doug DeBoer would reach out and report more at the May'2018 meeting.

## Other Matters

- Bitcoin and Blockchain
  - Committee discussed in the AM session.
- CA Department of Business Oversight Request for Comment – Changes to Escrow Law
  - Currently financial statements they require to file include requests that CPA's took an exception to as these requests are contradicted by the CPA's professional standards
  - Volunteers are needed to though this proposal:
    - Dave Wilson
    - Bob Owens (to contact CA Dept. of Bus. Oversight)
  - Committee members inquired as to how the CA Dept. of Bus. Oversight decided to contact the AP&AS Committee at CalCPA. Matt Lombardi reported that it was based on a letter he as a Chair had received and is based on the work done by AJ Major and other previous Committee chairs over the years (possibly with help of Linda McCrone and Jason Fox).
- May'18 Meeting
  - Gary Krausz suggested committee members attend a Padres/Cardinals game in lieu of usual dinner on Thursday evening. Committee members responded positively and suggested Committee look into the tickets.
- Articles
  - Mark Willie reminded the Committee about the need for Articles generally appearing in the October issue of the CalCPA Magazine, specifically on:
    - not-for-profits
    - leases
    - credit losses
    - about the AP&AS Committee
  - Matt Lombardi agreed to work on the credit losses article.
  - Paul Peterson agreed to work on the leases article with Howard Sibelman agreeing to edit it.
- Location of Nov'18 Meeting
  - In preparation of the Hilton hotel agreements by Martha Amador for the future Committee meetings, it was proposed to the Committee members to hold the November 2018 meeting at the CalCPA Office Building near the San Francisco Airport and the LA meetings in the CalCPA SoCal Offices in Glendale. After a discussion, the Glendale option was deemed not suitable and the Committee members discussed the ability to fly into SFO rather than OAK airport for the northern CA meeting. Based on the reliability, cost and weather considerations Committee members preferred to continue traveling to the OAK airport.
- May'2019 Meeting
  - Matt Lombardi announced that the May'2019 meeting date due to the Valentine's Day considerations would be moved one week forward from February 14, 2019 to February 7, 2019.

14:09 Meeting adjourned.