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 Partners Staff Managers File

## LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

### *PPC's Guide to Management Letter Comments: Operations and Controls*

#### Fifteenth Edition (July 2015)

The following are some of the important new features in the 2015 Edition of *PPC's Guide to Management Letter Comments: Operations and Controls*.

**Revised Comments.** Various comments throughout your *Guide* have been updated with the most recent information. For example, illustrative comments relating to employee benefit plans have been revised to reflect current rules and regulations. In addition, comments containing survey results have been updated to reflect the results reported in the most recent surveys.

**New Section on New/Proposed Auditing or Accounting Literature.** Your *Guide* contains a new section that provides an overview of certain new/proposed auditing or accounting literature that might affect the content of specific illustrative comments included in this *Guide*. The new section also clarifies whether such guidance is reflected in the comments appearing in the current edition of the *Guide* or whether it will be included in future editions.

**Recent Changes to the AICPA's Ethics Guidance.** In May 2014, the AICPA issued a revised *Code of Professional Conduct* (revised Code), which was effective on December 15, 2014. (The two broad conceptual frameworks included in the revised Code—one for members in public practice and one for members in business—will not become effective until December 15, 2015.) Your *Guide* contains an overview of the revised Code and incorporates references to it.

**New Chapter with Comments for Clients in Specialized Industries—Employee Benefit Plan Audits.** To provide you with a broader range of comments than ever before, we have added a new chapter containing a variety of comments that may be used to communicate internal control deficiencies and/or other matters identified during an audit of clients in specialized industries. This year's edition includes comments relevant to audits of employee benefit plans. Ranging from deficiencies in controls over participant contributions to controls over the financial statement preparation process, these illustrative comments will make preparing communications for your employee benefit plan clients easier than ever. Illustrative comments specific to other specialized industries will be included in future editions of this *Guide*.

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 1 Communication of Management Comments	<ol style="list-style-type: none"> <li>Added reference to the new section on new/proposed auditing or accounting literature.</li> <li>Updated the discussion of the AICPA's revised <i>Code of Professional Conduct</i> and noted that all references in the <i>Guide</i> have been updated to reflect the revised Code.</li> <li>Added a new section discussing certain new or proposed auditing or accounting literature that might affect the content of specific illustrative comments included in the <i>Guide</i>. The new section also clarifies whether such guidance is reflected in the comments appearing in the current edition of the <i>Guide</i>, or whether it will be included in future editions.</li> </ol>	<p>Paragraphs 100.10 and 100.16</p> <p>Paragraph 102.6</p> <p>Section 106</p>

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 2 Cash	1. Expanded upon the recommendation to improve cash receipts procedures.	Paragraph 202.6
CHAPTER 4 Sales	1. Added footnote to refer users to discussion of the FASB's new accounting standard on revenue recognition in section 106. 2. Updated the comments on the FASB's new accounting standard on revenue recognition to reflect the requirements of the final standard.	Chapter heading Paragraphs 400.88, 401.16
CHAPTER 5 Inventory	1. Updated the comment for the change in Section 481 rules.	Paragraph 502.21
CHAPTER 7 Property	1. Updated the comments for the current status of the FASB's proposed standard on accounting for leases. 2. Added a footnote to refer users to discussion of the FASB's proposed standards on accounting for leases.	Paragraphs 700.57, 702.13 Section 702
CHAPTER 8 Investments	1. Added a comment on improving the safekeeping of securities investment certificates.	Paragraph 800.21
CHAPTER 12 Accruals/Expenses	1. Added a footnote to refer users to discussion of the FASB's proposed standards on accounting for leases.	Paragraphs 1200.30, 1200.31
CHAPTER 13 Payroll/Personnel	1. Added a footnote discussing the exposure draft of a Proposed Statement on Standards for Attestation Engagements, <i>Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting: Clarification and Recodification</i> , which would supersede AT 801. The proposed standard, which is expected to be effective in May 2017, is expected to be issued by the end of the year. 2. Updated the 2015 contribution limits for a Roth 401(k) plan. 3. Updated the 2015 contribution limits for 412(i) plans. 4. Updated the 2015 contribution limits for flexible spending plans. 5. Updated for changes to flexible spending account carry-over rules. 6. Updated the 2015 contribution limits for health savings accounts.	Paragraph 1300.21 Paragraph 1307.23 Paragraph 1307.28 Paragraph 1307.31 Paragraph 1307.33 Paragraph 1307.35
CHAPTER 16 General Company Administrative	1. Updated the comment about rising financial department demands with the most recent information from the 2015 survey conducted by Financial Executives International and Robert Half. 2. Updated the comment by including information about the use of cloud storage. 3. Updated the comment about the top technology priorities with the most recent information from the AICPA's survey of accountants and industry experts. 4. Updated the comment about fraud risk assessment with the most recent information from the 2014 survey conducted by the Association of Certified Fraud Examiners.	Paragraph 1601.15 Paragraphs 1607.30, 1611.46 Paragraph 1609.82 Paragraph 1613.21

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 18 Other Areas	1. Updated the comment about fraud risk assessment with the most recent information from the 2014 survey conducted by the Association of Certified Fraud Examiners.	Paragraph 1803.50
CHAPTER 19 Specialized Industries	1. Added a new chapter that contains illustrative comments commonly encountered during employee benefit plan audits. Within the section, the illustrative comments are further grouped according to areas relevant to that industry.	Sections 1900, 1901