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## SEC Chief Accountant at the 2017 ICPA Conference on Current SEC and PCAOB Developments

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On December 4, 2017, the SEC's Chief Accountant, Wesley Bricker spoke at the 2017 AICPA Conference on Current SEC and PCAOB Developments. Highlights of Mr. Bricker's comments include the following:

- Ongoing Priorities. Bricker identified the following priorities: (1) supporting the successful implementation of the new GAAP standards (i.e., revenue recognition, leases, and current expected credit losses); (2) conducting oversight of the FASB; (3) conducting oversight of the PCAOB; (4) consulting on accounting issues and auditor independence rules; (5) monitoring internal control over financial reporting ("ICFR"); (6) advancing the effectiveness of audit committees in financial reporting; (7) contributing to international accounting, audit, and disclosure work; and (8) identifying innovations and emerging issues and evaluating their implications for financial reporting.
- New GAAP Standards. Bricker called attention to the following general observations previously made by OCA representatives regarding the implementation of the new GAAP standards:
  - *Keep going/get going; role of audit committee; importance of reasonable judgment*. The OCA believes that companies need to prioritize the new GAAP standards in order to achieve a high quality implementation, which may require changes to existing business processes and related ICFR. Audit committees can contribute to an effective implementation. Application of the new GAAP standards will require companies to develop and apply reasonable judgments in certain areas.

- *Transition disclosures:* The SAB 74 transition disclosures provide information to investors about the anticipated effect of the standards. Preparers should appropriately disclose the state of the company's implementation efforts.
- *Disclosures within the new GAAP standards:* Important disclosures are required by the new GAAP standards that should be addressed within the implementation plan. Companies should anticipate the effort required to prepare the disclosures.
- Interactions with Other SEC Divisions and Offices. The OCA has been working with the SEC's Division of Corporation Finance to evaluate commenters' feedback on proposed amendments to update and simplify disclosure requirements, particularly where provisions of SEC rules and accounting guidance may be redundant, overlapping, outdated, or superseded. Bricker also noted that the OCA expects to work in the coming year with the staff of the Division of Investment Management to identify recommendations for updates to staff guidance on the valuation of portfolio securities and other assets held by registered investment companies and the related audit guidance.
- PCAOB Matters. Bricker noted that the PCAOB will conduct a timely and effective post-implementation review on the requirements of the new standard. During the phased effective dates (audit reports with communication of critical audit matters will be required for large accelerated filers 18 months before being required for all others), the SEC staff will review carefully the results of the post-implementation procedures and work with the PCAOB as it considers whether additional changes to the requirements are needed, including to the implementation date for non-large accelerated filers.
- ICFR. Bricker noted that it is important for audit committees, auditors, and management to continue to have appropriately detailed discussions of ICFR in all areas (from risk assessment to design and testing of controls, as well as the appropriate level of documentation).

A copy of Mr. Bricker's statement is available at:

<https://www.sec.gov/news/speech/bricker-2017-12-04>.