

PR PROMPTS

Winter 2026

Does your firm have an Alternative Practice Structure?



An alternative practice structure (APS) is a business model in which a CPA firm separates its traditional auditing and attest services into a distinct entity from its non-attest services, such as tax, consulting, and advisory. This arrangement is most often used to allow for investment by non-CPA owners, particularly private equity (PE) firms, into the non-attest entity. CPA firms that provide attest services are subject to strict independence and professional standards. These rules prohibit ownership or control of CPA firms by individuals or entities that are not licensed CPAs, to ensure that attest services remain objective and free from outside influence. An APS structure is designed to preserve independence for the attest side of the business. A comprehensive services agreement governs the relationship between the two.

One way to tell if your CPA firm has an APS is to look for signs that it has been split into two separate entities such as an attest entity that performs

traditional audits and attest work, and an advisory entity that handles all other services, like tax and consulting. Other common arrangements seen in an APS include the leasing of assets and staff in which the non-attest entity provides administrative services, equipment, office space, and employees to the attest entity. Shared resources and operations, such as human resources, technology, and marketing, may also be stipulated by the services agreement between the two entities. Additionally, a CPA partner can be a partner of both the attest firm and the non-attest entity in an APS, allowing key personnel to retain ownership and maintain involvement in both sides of the business.

The webcast, Peer Reviews of Firms with Alternative Practice Structures, held in late January, will be archived [here](#) (under Peer Review Webcast Archives) by mid-February. This webcast covered the basics of APS. Please keep an eye out for more information regarding APS and related training in the coming months.

Alternative Practice Structures: Proposed Revisions to the AICPA Code

The AICPA Professional Ethics Executive Committee (PEEC) is seeking comment on an [exposure draft](#) (ED) related to APS, including PE. The proposed changes identify relationships and circumstances that could impair independence, address factors for evaluating threats, and suggest potential safeguards where appropriate.

Read more in the [Journal of Accountancy](#). Ethics staff will host a webcast on March 2 from 1-3pm ET. The session will be free for AICPA members, and we'll issue CPE for attendance. Register [here](#).

NEW REQUIREMENT: Annual Practice Questionnaire for Peer Review

On June 1, 2026, the AICPA will launch a new questionnaire. It will be short and simple, where you can tell them the emerging areas you may be performing in or considering, including engagement types and industries, so they can enhance quality and deliver resources that help your firm perform and thrive. The questionnaire will take fewer than 20 minutes to complete, so your daily schedule shouldn't be interrupted.

The questionnaire is required, so all firms must complete it. For more information, see the [FAQ](#).

A&A Focus Broadcast Series Continues

The AICPA's monthly, live [A&A Focus](#) broadcast continues to be a valuable resource for the latest information for your A&A practice and provides AICPA members up to 12 free CPE hours, annually.

Each month, AICPA staff and esteemed guest speakers highlight news and topics critical to accounting, auditing, and assurance practitioners. This is a great way to spend an hour getting the latest updates and discussion of areas of concern. The broadcast highlights member-only resources, and a monthly newsletter following the event provides additional curated information, analysis, and resources.

Topics range from broad accounting and auditing topics to narrow dives into topics such as revenue recognition, digital assets, not-for-profit areas, risk assessment, and quality management. Visit aicpa-cima.com/AAFocus for more information, to register, and gain access to non-CPE replays of past events and highlighted resources.

Attendance is free for AICPA members, and you only have to register for one event. Your single registration will grant you access to all events in the ongoing series.



Upcoming events:

February 4, 2026

March 4, 2026

April 1, 2026

May 6, 2026

All events begin at 1pm ET.

Quality Management Standards

The effective date of the new quality management standards was **December 15, 2025**; therefore, firms now need to have identified and understood their firm's quality objectives, their risks to those objectives, and the appropriate responses to those risks. For 2026, SQMS No. 1 requires firms to actively monitor their system and remediate identified deficiencies to continuously improve their system. Also on the horizon, the practitioner ultimately responsible for the system is required to evaluate the firm's system of quality management, concluding whether it provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved. This evaluation is required annually and within one year of implementation.

The AICPA has developed several resources to assist firms in each step of this journey. The [quality management area](#) of its website contains resources addressing both pre- and post-implementation requirements.

The November digital edition of the Journal of Accountancy, available from the magazine's [home page](#), includes a deep discussion with several practitioners whose firms early adopted the standards and provides insight into their experiences.

Properly documenting your system is a key requirement of the standard and that documentation should be appropriate to the nature and circumstances of the firm and its engagements. In the recent Journal of Accountancy article "[Right-size your quality management documentation for SQMS No. 1](#)" you can learn more about tailoring and scaling documentation to maximize the efficiency and effectiveness of the documentation.

As your focus quickly turns to monitoring your system and making timely improvements, the AICPA has released a [second practice aid](#) addressing the requirements of SQMS No. 1 regarding this ongoing improvement and remediating issues you uncover.

AICPA's Enhancing Audit Quality Initiative Update

The AICPA's *Enhancing Audit Quality Initiative* continues to work to provide practitioners additional information, resources, and discussions on its Areas of Focus. From resources to articles, webcasts to conferences and State Society presentations, the AICPA is committed to continuing to provide support for these areas as the year begins.

The 2026 Areas of Focus, identified through its data-driven process and collaboration with senior committees, include risk assessment, quality management, technology-enabled auditing, single audits, and emerging attestation engagements.

More information is available on the [EAQ website](#), including links to each of the focus areas, related accounting, auditing and assurance resources, and previous annual highlights reports.

Design & Implementation (D&I) – SAS 145 Minimum vs. Expanded Application

SAS 145 narrows the mandatory scope for D&I from “all relevant controls” to explicitly defined “identified controls.” The standard requires D&I for significant risks, certain required controls (journal entries and adjustments), controls intended for operating effectiveness testing, other controls identified through professional judgment, and certain IT general controls.

While significant audit areas without a significant risk are not automatically subject to D&I under the standard, auditors may elect to apply professional judgment to expand the scope. This broader application can provide a more robust understanding of the entity’s control environment and strengthen audit quality, though it goes beyond the minimum SAS 145 requirements.

Area	Minimum SAS 145 Requirement	Possible Expanded Application
Significant Risks	D&I required for controls addressing significant risks (e.g., revenue).	Same – D&I performed.
Journal Entries & Adjustments	D&I required for controls over journal entries and other adjustments (AU-C 240).	Same – D&I performed.
Controls Planned for Operating Effectiveness Testing	D&I required if control reliance is planned (testing operating effectiveness).	Same – D&I performed.
Other Controls Based on Professional Judgment	D&I required only if the auditor concludes it is necessary.	Applied more broadly – auditor may elect to perform D&I in additional areas based on professional judgment.
General IT Controls	D&I required when any of the four areas above address risks from the use of IT.	Same – D&I performed.
Significant Audit Areas Without Significant Risk	D&I required if area falls into one of the following categories: journal entries and adjustments, controls planned for operating effectiveness testing, other controls based on professional judgment, or general IT controls.	Auditor may choose to perform D&I to enhance understanding and evidence, even if not required.

Not-For-Profit (NFP) Resources



Measurement of Credit Losses for NFPs

Discover practical tips for not-for-profits implementing FASB ASU 2025-05 in this [ideacast](#). Learn how to navigate credit loss measurement with expert insights tailored to NFPs.

Not-for-Profit Audit Environment

Enhance your knowledge, stay informed, and discover the latest insights on the not-for-profit audit environment with this NFP Section [ideacast](#). Learn about audit disclosures, endowment cautions, and single audit implications in the current federal landscape.

Digital Assets: How to navigate crypto lending and borrowing transactions



As of September 2025, a new auditing chapter has been added to the AICPA practice aid, [Accounting for and Auditing of Digital Assets](#) (the Practice Aid), which provides practitioners with practical guidance for auditing crypto lending and borrowing transactions.

The update in the Practice Aid reflects the rapid growth of crypto markets and highlights the need for auditors to address the associated risks. Real-world examples of audit procedures are included, which are designed to help identify and respond to potential misstatements in financial reporting involving crypto lending and borrowing transactions.

The guidance covers two key lending arrangements, one involving unsecured borrowing, and another requiring the borrower to post collateral. For each of these scenarios, sample audit procedures are included from both the lender's and the borrower's perspectives, providing auditors with practical considerations they can apply to similar engagements.