



Auditing Standards Board (ASB) Update

The Auditing Standards Board (ASB) met on January 25-27, 2022.

The ASB discussed a draft of a proposed SAS, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors)* (proposed SAS). While the proposed SAS is based on the draft of International Standard on Auditing (ISA) 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)* that was discussed and approved at the December 2021 International Auditing and Assurance Standards Board's (IAASB) meeting, the proposed SAS would continue to allow the group auditor to choose to make reference to the report of another auditor. The ASB agreed with the approach taken in the proposed SAS, which defines such auditors as "referred-to auditors". Referred-to auditors are not component auditors and are not members of the engagement team. A revised draft will be brought to the ASB at its meeting on March 9, 2022, for a vote to issue an exposure draft of the proposed SAS.

The ASB discussed and voted to issue an exposure draft of proposed SAS *Amendment to AU-C Section 935* to amend AU-C section 935, *Compliance Audits*, to update the appendix and conform AU-C section 935 to reflect the issuance of the following SASs:

- SAS No. 142, [Audit Evidence](#) (AU-C section 500)
- SAS No. 145, [Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement](#) (AU-C section 315)

The comment period will end on May 15, 2022.

The ASB reviewed drafts of the *Proposed Quality Management Standards*, which comprise three interrelated proposed standards:

- Proposed Statement on Quality Management Standards (SQMS) *A Firm's System of Quality Management*
- Proposed SQMS *Engagement Quality Reviews*
- Proposed Statement on Auditing Standards (SAS) *Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards*

The ASB will continue to review drafts at its March and May meetings, with the aim of voting to issue the proposed standards as final at its May 2022 meeting.

The next ASB meeting will be held on March 9, 2022.