



AUDITING STANDARDS BOARD (ASB)

Meeting Highlights

December 2, 2020

Videoconference

MEETING ATTENDANCE

ASB Members

Tracy Harding, *Chair*

Brad Ames

Monique Booker

Patricia Bottomly

Sherry Chesser

Harry Cohen

Horace Emery

Audrey Gramling

Diane Hardesty

Robert Harris

Kathy Healy

Jon Heath

Clay Huffman

Kristen Kociolek

Sara Lord

Maria Manasses

Chris Rogers

Tania Sergott

AICPA Staff

Linda Delahanty, *Senior Technical Manager—A&A Standards*

Mike Glynn, *Senior Technical Manager—A&A Standards*

Ahava Goldman, *Associate Director—A&A Standards*

Hiram Hasty, *Associate Director—A&A Standards*

Judith Sherinsky, *Senior Technical Manager—A&A Standards*

Teighlor March, *Asst. General Counsel—General Counsel & Trial Board*

Andy Mrakovic, *Technical Manager—A&A Standards*

Note: The meeting was open to observers, whose names are not listed.

Absent

Jeanne Dee

Chair and Chief Auditor Report

Mr. Harding provided an update on recent activities.

1. Quality Management Standards

Sara Lord, chair of the QM1 Task Force, and Jon Heath, chair of the QM2/220 Task Force, led a discussion of proposed quality management standards: Proposed Statement on Quality Management Standard (SQMS) No. 1, *A Firm's System of Quality Management*, proposed

SQMS No. 2, *Engagement Quality Reviews*, and proposed Statement on Auditing Standards (SAS), *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards* (AU-C section 220).

The ASB directed that proposed SQMS 2 include a requirement for a two-year cooling-off period before a former engagement partner could serve as an engagement quality reviewer for that engagement, consistent with the requirements in the equivalent IAASB standard. The ASB also directed that the exposure draft include a robust discussion of the options considered by the ASB with regard to the cooling-off period.

The ASB directed that the following changes be made to the three standards:

- Revision to the definition of network firm in SQMS 1 and the proposed SAS
- Add application material to SQMS 2 addressing adapting requirements pertaining to audits for other engagements performed in accordance with GAAS.
- Clarify application material in the proposed SAS about communication with individuals who are not personnel (par. A25)
- Certain other editorial changes