



## **Auditing Standards Board (ASB) Update**

The Auditing Standards Board (ASB) met on March 9, 2022 and voted to issue one Statement on Auditing Standards (SAS) for public exposure and one SAS as a final standard.

The ASB unanimously voted to issue for public exposure proposed Statement on Auditing Standards (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 International Auditing and Assurance Standards Board's (IAASB) December 2021 meeting, unlike ISA 600, the proposed SAS would continue to allow the group auditor to choose to make reference to the report of another auditor. The proposed SAS defines such auditors as "referred-to auditors". Referred-to auditors are not component auditors and are not members of the engagement team. The exposure draft is expected to be issued by early April and will have a 90-day comment period.

The ASB members present unanimously voted to issue as a final SAS *Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations*. This SAS amends generally accepted auditing standards with respect to communication requirements between predecessor and successor auditors about 1) identified or suspected fraud and 2) matters involving noncompliance or suspected noncompliance with laws and regulations. The amendments align with revisions to the Code of Professional Conduct regarding responding to noncompliance with laws and regulations recently adopted by the Professional Ethics Executive Committee. Consistent with the effective date of the Code revisions, the new SAS will have an effective date for audits of financial statements for periods beginning on or after June 30, 2023.

The next ASB meeting will be held on May 10-12, 2022.