



**AUDITING STANDARDS BOARD (ASB)  
Meeting Highlights  
May 11-12, 2022  
Las Vegas, NV and Videoconference**

**MEETING ATTENDANCE**

ASB Members

Tracy Harding, *Chair*  
Brad Ames  
Maxene Bardwell  
Patricia Bottomly  
Samantha Bowling  
Sherry Chesser  
Harry Cohen  
Jeanne Dee  
Horace Emery  
Diane Hardesty  
Robert Harris  
Kathy Healy  
Jon Heath  
Clay Huffman  
Greg Jenkins  
Maria Manasses  
Andrew Prather  
Tania Sergott

Absent

Chris Rogers

AICPA Staff

Jennifer Burns, *Chief Auditor*  
Linda Delahanty, *Senior Technical Manager—A&A Standards*  
Mike Glynn, *Senior Technical Manager—A&A Standards*  
Ahava Goldman, *Associate Director—A&A Standards*  
Judith Sherinsky, *Senior Technical Manager—A&A Standards*  
Andy Mrakovic, *Technical Manager—A&A Standards*  
Brian Wilson, *Director—A&A Standards*  
Sherry Hazel, *Administrative Assistant—A&A Standards*  
Ellen Gorla, *Associate Director-Global Professional Ethics*  
Ami Beers, *Senior Director—Assurance & Advisory Innovation*  
Seth Narr, *Intern—A&A Standards*  
Jordyn Joseph, *Intern—A&A Standards*

Other Attendees

Sara Lord, *RSM*  
Wendy Stevens, *Mazars*

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

**1. Chair’s Update**

Mr. Harding provided an update to the ASB on his recent activities related to the ASB and other matters of interest.

**2. Quality Management**

Ms. Lord and Mr. Heath, chairs of the Quality Management Task Forces, led a discussion of the proposed Quality Management Standards, which comprise the following:

- [proposed] Statement on Quality Management Standards (SQMS) *A Firm’s System of Quality Control* (“SQMS No. 1”)
- [proposed] SQMS *Engagement Quality Reviews* (“SQMS No. 2”); and
- [Proposed] Statement on Auditing Standards (SAS) *Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards*, (“QM SAS”).

The ASB discussed the issue highlighted in the discussion memo about concerns that paragraph 30 of SQMS No. 2 may be interpreted to require more detailed documentation of engagement quality reviews than the current standards do. The ASB deleted the word “also” from paragraph 30 to convey that the

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first sentence is intended to be the general principles of documentation, consistent with AU-C section 230, and the second sentence addresses the specific matters to be documented. The ASB also directed that certain editorial changes be made. After the edits were completed, the ASB unanimously voted to issue the proposed standards.

Systems of quality management in compliance with SQMS No. 1 will be required to be designed and implemented by December 15, 2025.

SQMS No. 2 will be effective for audits or reviews of financial statements for periods beginning on or after December 15, 2025, and for other engagements in the firm's accounting and auditing practice beginning on or after December 15, 2025.

The QM SAS will be effective for engagements conducted in accordance with generally accepted auditing standards for periods beginning on or after December 15, 2025.

**3. IAASB Update**

Ms. Stevens provided an update on the current projects of the International Audit and Assurance Standards Board (IAASB).

**4. Fraud**

Ms. Sergott, chair of the Fraud Task Force, led a discussion on the IAASB's fraud project and provided the ASB with an update on certain topics discussed at the March 2022 IAASB meeting, from the IAASB's project proposal, *Revision of ISA 240 and the Conforming and Consequential Amendments to Other Relevant ISAs to Enhance or Clarify the Auditor's Responsibilities on Fraud in an Audit of Financial Statements*. The ASB Fraud Task Force will continue to monitor the IAASB fraud project and provide thoughts and recommendations at future ASB/IASTF meetings.

**5. Definition of Public Interest Entities (PIEs)**

Mr. Prather, chair of the PIE Task Force, led a discussion regarding the International Ethics Standards Board for Accountants' (IESBA) changes to their definition of PIEs, along with additional independence and transparency requirements for such entities. The IAASB launched a project to address the IESBA's revisions. The ASB will continue to monitor the activities of the IAASB and the AICPA Professional Ethics Executive Committee (PEEC) in this regard to determine if changes to generally accepted auditing standards to converge with the standards of the IAASB are appropriate in the US jurisdiction.

**6. Audit Evidence**

Ms. Healy, chair of the Audit Evidence Task Force, led a discussion regarding IAASB's project to revise ISA 500, *Audit Evidence*. Overall, the Task Force had no pervasive objections to the IAASB's proposal, and it is expected that the revised ISA will be materially converged with SAS No. 142, *Audit Evidence*, which the ASB revised in advance of the IAASB project.

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The IAASB plans to issue an exposure draft in September 2022. The Task Force and ASB will continue to monitor the IAASB's revisions to ISA 500, and keep the ASB updated so that it may consider whether additional action is necessary.