Exhibit E: Cooling-off period

Number	Position	Coded Text
021	Yes	The proposed EQCR being done by those not involved in the engagements reviewed is also a good idea when it comes to quality.
058	Yes	My two cents worth – I hear a lot of people complaining about the outside inspection requirement and the EQCR issues. These are things we've been doing for over ten years now. We have two to three CPAs in our firm. So, its doable. It has to be managed. We as a profession need to concern ourselves with the appearance of professionalism. Watering these requirements down won't help us look more professional.
074	Yes	We agree with the ASB requiring a two-year cooling-off period, consistent with ISQM 2. However, we suggest the ASB consider allowing an exemption similar to the PCAOB's for firms with fewer than 5 audit clients and 10 partners.
077	Yes	We agree with a 2-year cooling-off period before an engagement partner can serve as an engagement quality reviewer for the same engagement. This provision will align SQMS 1 with ISQM 2, SEC and PCAOB requirements. We recommend the ASB include additional guidance for smaller firms regarding EQR assignments when resources are limited, as well as provide explanations as to why exceptions, similar to those allowed by the PCAOB, are not allowed under SQMS 2.
138	Yes	We believe that the cooling off period should be the period covered by the financial statements. For example, if they are single year financial statements, the cooling off period would be one year and if they are comparative financial statements, the cooling off period would be two years.
143	Yes	D&T is supportive of the new requirement of a two-year cooling-off period for an individual who previously served as engagement partner to be eligible to be appointed as engagement quality reviewer. Further, D&T agrees with the ASB's decision to converge with ISQM 2 regarding the length of the required cooling-off period. As indicated in the exposure draft, involving an engagement quality review is one response a firm may deploy to address quality risks, and is not mandatory. D&T believes that, when a firm has determined an engagement quality review is the appropriate response to a quality risk for an engagement, the requirement of a two-year cooling-off period appropriately addresses the threat to the objectivity of the engagement partner stepping into the role of an engagement quality reviewer. Separation by the engagement partner from their previous involvement in making significant judgments on the engagement is critical to provide a basis for an objective evaluation of the current significant judgments. We recognize that, especially for smaller firms, requiring a two-year cooling-off period may mean that the firm would need to engage engagement quality reviewers from outside the firm. The cooling-off period may also be viewed by some as a disincentive for firms to "determine" that an appropriate response to a quality risk is the performance of an engagement quality

		review. We believe that it is always helpful to have an outside perspective on work performed for an engagement, especially related to significant findings or issues, items to be communicated to those charged with governance or management, and conclusions reached. In this regard, we recommend the ASB add application material to proposed SQMS No. 2 or develop implementation guidance for scalability or "less complex entity" purposes that (1) suggests firms may use a risk-based approach in determining which engagements need a formal engagement quality review to address quality risks and (2) encourages firms to identify engagements that could benefit from a less formalized process that would still provide input and insight to the engagement team and improve quality overall.
161	Yes	We agree with the principle that ordinarily, in the case of an audit of financial statements, an engagement partner would not be able to act as the engagement quality reviewer until two subsequent audits have been conducted. However, we recognize the potential challenges to smaller firms if the ASB converges with the IAASB as described in the Explanatory Memorandum, and believe a careful consideration of feedback from respondents will be necessary. In deciding the best way forward, we consider it important to reflect on whether there are circumstances, in particular in the context of smaller practitioners, when there may be potential risks to quality from mandating a minimum specific period. For example, we are concerned that taking a very prescriptive approach in SQMS No. 1 could dissuade firms from requiring EQRs as a quality response when it would otherwise be appropriate to do so. While we anticipate this situation to be rare, it would not seem to be in the public interest that there may be circumstances when a compliant audit could not be performed because it is not possible to identify an engagement quality reviewer who could meet this criterion. Additionally, the PEEC has historically been charged with addressing partner rotation requirements set out by the IESBA, rather than the ASB. We suggest that the PEEC be asked to consider whether there are additional safeguards that can be put in place in these rare circumstances. Additionally, we believe the ASB should carefully consider the exemption within the PCAOB's standards and the role the AICPA Peer Review Program plays in mitigating any self-review threats.
164	Yes	The cooling off period should be at least two years to provide a safeguard for a possible self- review or objectivity threat resulting from previous decisions made by the reviewer while acting as the engagement partner.
081	Yes\1 year	We generally believe that the engagement quality reviewer should not be an individual on the engagement team or the engagement partner. We believe a required one year cooling-off period would be appropriate for a former engagement partner. Larger firms would be able to comply with this standard; however, this requirement is not scalable and could disadvantage the accounting and auditing practice of smaller firms creating a financial burden to outsource this service. This standard could be made scalable by providing an exemption from this requirement for small firms with a limited number of partners
092	Yes\1 year	One year.
095	Yes\1 year	Both committees would support a cooling-off period before a former engagement partner can serve as an engagement quality reviewer. However, we realize that the IAASB requires a two-year cooling-off period, so we would support a similar requirement. The committees believe that a one-year period, at most, would be sufficient. A longer period would increase the risk that a reviewer unfamiliar with the client might miss important details during the EQR and that some familiarity with client operations provides the necessary experience to notice discrepancies.

146	Yes\1 year	We understand the need for a "cooling off" period for serving as EQR partner. However, the two-year requirement may be burdensome for smaller firms. If the "cooling off" period is retained, we would highly recommend a one-year period.
152	Yes\1 year	This seems to be an attempt to converge with international standards with little or no thought about the cost to small firms and their clients. I think two years is excessive. I believe the year following the year they were involved in the engagement is adequate. I am against both proposals as written.
159	Yes\1 year	We believe a cooling-off period should be required for a period of one year. For example, the engagement partner for the 2021 audit could not serve as engagement quality reviewer for the 2022 audit but could for the 2023 audit or any interim period during 2023.
168	Yes\1 year	We understand the need for a "cooling off" period for serving as EQR partner. However, the two (2) year requirement may be burdensome for smaller firms. If the "cooling off" period is retained, we would highly recommend a one (1) year period.
047	Yes\2 years	NASBA believes that it is in the public interest to require a cooling-off period before a former engagement partner can perform an engagement quality review of that engagement. We believe that a two-year cooling off period, which is consistent with international standards, is a reasonable timeframe.
061	Yes\2 years	View 2 – Maintain Provision for Cooling-Off Period in SQMS No. 2 In this view, CRI suggests that paragraphs 19, A16, and A17 remain as provided in SQMS No. 2 with no change. The primary factors supporting this view are as follows: As indicated in Issue 2, matters on which significant judgments are made in recurring engagements often do not vary and, therefore, significant judgments made in prior periods may continue to affect judgments of the engagement team in subsequent periods. Thus, the ability of an engagement quality reviewer to perform an objective evaluation of significant judgments is affected when the individual was previously involved with those judgments as the engagement partner. In such circumstances, it is important that appropriate safeguards are put in place to reduce threats to objectivity, in particular, the self-review threat, to an acceptable level. As further provided in Issue 2, a cooling-off period may be the only safeguard to the self-review threat to objectivity. Maintaining objectivity is of critical importance to the performance of an engagement quality review, which is intended to provide an objective evaluation of the significant judgments made by the engagement team. The benefits of convergence of the quality management standards of the ASB, the IAASB, and the PCAOB are significant to firms

		that operate under all three sets of standards. Complying with fundamentally different quality management standards is not feasible, and performing an audit in accordance with multiple sets of auditing and quality management standards (for example, those of the ASB and the IAASB or the ASB and the PCAOB) would be impracticable. As part of View 2, CRI suggests that if the cooling-off period is believed to result in the unintended consequence of fewer engagement quality reviews being performed by smaller firms that an exception for smaller firms with fewer than 10 partners from the cooling-off period may be appropriate.
065	Yes\2 years	Two years
121	Yes\2 years	8a. Yes, in our view a cooling-off period should be required before a former engagement partner can serve as an engagement quality reviewer on that engagement. 8b. We believe a two-year cooling off period is appropriate. Switching partners helps identify issues that may have been missed in the past, having the same person involved albeit in a different role would sacrifice this purpose. Therefore, we believe the former engagement partner should not have any involvement in the engagement during the cooling off period, except for providing an understanding of the engagement history to the new engagement team.
128	Yes\2 years	We believe the importance of maintaining objectivity in performing an evaluation of the significant judgments made by the engagement team warrants a required cooling-off period before a former engagement partner can serve as an engagement quality reviewer on that engagement. We do not believe there are safeguards that would lower the objectivity threat to an acceptable level. In addition, we do not believe the burden to meet this requirement is so onerous that it supports divergence from ISQM 2, and therefore we support a two-year cooling off period.
156	Yes\2 years	We support a cooling-off period that aligns with PCAOB standards to promote consistency. With limited exceptions, the PCAOB prohibits the person who served as the engagement partner during either of the two audits preceding the audit subject to the engagement quality review from serving as the engagement quality reviewer.
164	Yes\2 years	The cooling off period should be at least two years to provide a safeguard for a possible self- review or objectivity threat resulting from previous decisions made by the reviewer while acting as the engagement partner.
170	Yes\2 years	We also support the enhanced requirements relating to the nature, timing and extent of the engagement quality reviewer's procedures because they would help improve the robustness of the engagement quality review and the consistency in the depth of the review.
040	Yes\Other	In general, we believe that the engagement quality reviewer should be an individual who was not previously assigned to the engagement. If the engagement quality reviewer is a former engagement partner, we believe that a cooling-off period should be required. However, there are challenges with determining an appropriate period, as we believe that threats to objectivity are a function of both time and the extent of the former engagement partner's familiarity with and role in developing key decisions and audit approaches.

103	Yes\Other	In theory, a cooling-off period makes sense provided the ASB does not now or ever require engagement partner rotation. Mandatory engagement partner rotation in addition to the cooling-off period would create an untenable situation for many firms. The cooling-off period requirement alone, however, appears to be an appropriate response to the self-review threat. Although a one-year cooling-off period would be more reasonable, we agree that the additional inconvenience created by a two-year period is not significant enough to warrant a divergence from international standards. We believe that the impact of this requirement will be greatest on smaller firms with limited resources that may be forced to hire an outside party to perform the EQR function. While hiring an outside party is not in and of itself a negative, it will increase the firm's costs and add to the perception that the AICPA is in effect encouraging small firms to exit the auditing business. The impact is not solely driven by firm size. The cooling-off period could present issues for medium size firms in addition to small firms. For example, even medium size firms often do not have three employee benefit plan experts. In addition, requiring firms to outsource the EQR function could create bottlenecks within the profession. For some high-risk engagements (the ones that should be subject to EQR), the pool of professionals with the needed expertise may not be particularly deep. Firms may have difficulty finding an outside party with both the experience and the time to perform the EQR. Assuming the two-year cooling-off period is required, we would suggest providing an example to ensure that the application of the time period is done consistently. For example, if Mary serves as the engagement partner for the 12/31/20 audit, will she be eligible to serve as the EQ Reviewer for the 12/31/22 audit (two years after the audit date) or 12/31/23 (two full years of audits with no involvement)? We believe the answer would be 12/31/23 but the requirement could be interpreted differently without clear guidance.
134	Yes\Other	We support requiring a cooling-off period for former engagement partners. However, we are concerned about requiring a specific two-year cooling-off period without considering the scalability of this requirement or flexibility for smaller firms. We note that in AS 1220, Engagement Quality Reviews, the PCAOB provides an accommodation for smaller firms based on the exemption under Rule 2-01(c)(6)(ii) of Regulation S-X, which states the following: Any accounting firm with less than five audit clients that are issuers (as defined in section 10A(f) of the Securities Exchange Act of 1934 (15 U.S.C. 78j-1(f))) and less than ten partners shall be exempt from paragraph (c)(6)(i) of this section provided the Public Company Accounting Oversight Board conducts a review at least once every three years of each of the audit client engagements that would result in a lack of auditor independence under this paragraph. Since peer review is required every three years, we recommend the Board consider a similar accommodation. Otherwise, we recommend application guidance indicating that a cooling-off period of at least one year is generally appropriate. The application guidance could also discuss how firms may establish protocols that are reasonable for the nature of their practices.
142	Yes\Other	We support the requirement for a two-year cooling-off period before a former engagement partner can serve as an engagement quality reviewer on that engagement. However, similar to the self-inspection provision discussed in Question #7 above, there

		could be operational challenges for firms with a small number of partners/principals. Therefore, we suggest the ASB consider an exception to the cooling-off provision for firms with less than 10 audit partners/principals, similar to the partner rotation exemption provided by the Securities and Exchange Commission (SEC) 3, provided the firm is subject to a peer review at least once every three years. 3 See Regulation S-X, Section 210.2-01 (c) (6) (ii).
146	Yes\Other	Yes, but perhaps only for firms which are PCAOB registered firms or firms that do not also provide services under the IAASB standards.
158	Yes\Other	Yes, a cooling-off period should be required before a former engagement partner can serve as an engagement quality reviewer on that engagement and the minimum cooling-off period should be two years for all firms. However, we recognize that smaller firms may not have the resources to accommodate a two-year cooling-off period and, in those limited situations, we recommend that the firm may use a one-year cooling-off period if additional safeguards are implemented to lower the objectivity threat to an acceptable level.
003	No	Additionally, the "cooling off period" only adds to this dilemma.
005	No	Similarly, while a cooling-off period might be a good practice for Engagement Quality Review (EQR) in a larger practice with more complex engagements with a public interest, there seems to be little reason to burden a smaller practice with such a requirement, particularly in view of the added unintended risk that such a cooling-off period might actually prevent the input of the person who best knows the intricacies of a particular client. Here, again, is where scalability should come into play in determining whether there is a need for any EQR cooling-off period at all and, if so, whether it should be for two years as proposed or more realistically for one year.
006	No	Our current firm policy requires all attest reports and engagements be subject to a full and comprehensive engagement quality review (EQR). Not all of the partners have been designated to complete EQRs. PART 6 – OTHER ISSUES We strongly disagree with the proposed "cooling off period" as it relates to EQR. This will be difficult to perform for firms our size and nearly impossible to perform for smaller firms. Safeguards related to objectivity include our professional standards already in place, including ethics and integrity that resonates across our practice. In our firm, where quality is of the utmost importance, from our chief executive down to our interns, no partner completing our EQRs will risk the reputation of our firm or risk having a negative peer review result, let alone risk the threat of legal action. Other mitigating factors include the oversight by our peer review firm and ultimately Boards of Accountancy. The amendments include a risk assessment process to quality management, which we strongly support; however, reducing the number of people qualified to do an EQR (if they have to stand down in a "cooling off period) is counter intuitive to producing better-quality audits.

		Our firm currently requires an EQR on all attest engagements; an unintended consequence could be other firms change their definition of what requires an EQR, perhaps even eliminating the requirement for virtually all attest engagements. This defeats the purpose of the intended amendments.
010	No	We agree with the guidance in the Proposed Standards that a cooling-off period of two-years be required before a former engagement partner can serve as an engagement quality reviewer on that engagement. This is consistent with the relevant requirement in the corresponding international quality management standard and is necessary to lower the objectivity threat.
014	No	See responses to questions 3 and 7 – same issues – this places an undue burden on smaller firms – the same safeguards as number 7 should be sufficient.
020	No	The other major objection is the 2 year cooling off period for EQ reviewers. We have 3 partners. How would we be able to logistically handle that? Every partner at our firm at least glances at the financial before it is issued. Would we have to reduce our quality so one partner is able to do the engagement in 2 years?
025	No	The introduction to the proposed changes talks about tailoring the system to the complexity of the firm and its clients, but apparently still removes the firm's judgement and requires an additional level of review on all engagements before they can be released and requires a 2-year "cooling off" period in all situations. This puts a large and unwarranted burden on small firms and their clients. The proposed changes do not recognize that an audit can be performed effectively and efficiently by a small firm for a small client. Most of our firm's audit clients are nonprofits that are required to have audits due to state regulations. The concern about the "familiarity threat" implies that there is fraudulent activity that the auditor is either blind to or complicit in. I believe being familiar with small clients is an advantage in identifying irregularities and being able to effectively assist the client in meeting its reporting requirements. These proposed changes appear to be another push to force small firms out of the practice of performing audits.
033	No	I am writing regarding the proposed Quality Management Standards. I am the managing partner of a small CPA firm. We have 2 CPAs and 2 non-CPA accountants on staff. Our firm does not perform audits, however we do perform review engagements and, of course, have the ability to engage in other assurance services. The proposed new measures that would eliminate the self-inspection and the implementation of a two year cooling-off period would cause a burden on small firms like mine. The profession is one of integrity. We've even created a self-regulation system to ensure the quality of work performed by our profession. Adding these new rules will only add cost to already low margin engagements and will result in lost revenue to smaller firms who will now need to engage others to do the inspection of the engagements and will need to turn away existing clients due to new proposed cooling-off period. Please consider these points as this initiative moves forward. I believe the profession has adequate measures already in place to address the concerns these 2 things are meant to address.
039	No	Cooling Off Period for EQR - Firms already submit to a peer review every 3 years and the quality of work is reviewed by a 3rd party. Most engagements are not complex enough to warrant an independent reviewer. Standards are in place to currently address independence with clients. If a firm feels that their engagement review quality is not sufficient they can use their judgement to find an additional reviewer. If their Peer Reviewer finds their EQR is not sufficient then they can prescribe a

		remedy for the individual situation. However a blanket review of all engagements is not necessary and has no additional benefit for the majority of engagements.
045	No	However, Change 2 would be difficult on smaller firms, especially during a retirement type situation whereby the most qualified EQCR replacement would be from the Audit Division and therefore, require the smaller firm to "farm out" most all of th eir audits. Would impact the tax division too in like manner. Therefore, we oppose the two year cooling off period for EQCR Reviewers.
046	No	The EQR and inspection requirements in the new QM standard will set many small firms up for failure. I believe it is onerous on many to need to go to an outside firm for EQR (and in many cases for annual inspections), and unwarranted in some cases. I know firms that the main A&A partner is a peer reviewer (or qualified to do so if he wanted to perform such reviews), and would better qualified to objectively "look back" at his/her engagements when performing inspection than going to an outside firm.
048	No	There should be no cooling-off period for private company engagements or set reasonable thresholds for such action.
049	No	Specifically, the prohibition of self-monitoring and the partner cooling off requirement, will prevent most rural, main street accounting firms and all sole practitioners from being able to achieve compliance with the proposed standard without the aid of an outside firm for even the most straight forward and simple of attest engagements, and for its overall risk assessments for the management of their practices.
055	No	However, some of the Committee members expressed concerns about a potential adverse effect from the EQR requirements about the appointment and eligibility of reviewers. The limitations in the eligibility of the reviewers seem to be very restrictive, and, especially in combination with the 2-year cooling-off period, smaller firms may look to circumvent the use of EQR to avoid the issue of engagement partner rotation or having to hire a reviewer outside of the firm. It would be preferable to utilize a risk-based approach and emphasize that firms meet the ethical requirements as contained in the proposed standard, rather than rely on a pre-determined cooling-off period.
055	No	The Committee does not believe that a cooling-off period should be required before a former engagement partner can serve as an engagement quality reviewer on that engagement. In a similar argument to the response for #3, the Committee members reiterate that a prescriptive approach of specifying a defined cooling-off period may be counterproductive. A risk-based approach would accomplish the same objectives, by specifically identifying the requirements of the industry, complexity of the work, and audit expertise needed for the inspection.
061	No	View 1 – Remove Provision for Cooling-Off Period from SQMS No. 2 In this view, CRI suggests that paragraphs 19, A16, and A17 be removed from SQMS No. 2. The primary factors supporting this view are as follows: The threat to objectivity created by an individual serving as the engagement quality reviewer after previously serving as the engagement partner is viewed as not being a significant threat, because:

		The significant judgments made in periods when the engagement quality reviewer was the engagement partner would have been subjected to an appropriate level of scrutiny through an engagement quality review at that time. A firm's system of quality control should place the responsibility for engagement quality with the engagement partner who should not be unduly influenced by an engagement quality reviewer that is promoting an unsupportable position. Significant benefits to audit quality through enhanced competency of the engagement quality reviewer may result from having a recent engagement partner serve as engagement quality reviewer as that individual should be expected to have extensive knowledge of the client's business and the related audit risks and therefore could provide valuable insight as an engagement quality reviewer. The cooling-off period requirement might disproportionately affect smaller firms as they may not be able to identify qualified people resulting in fewer engagement quality reviews being performed – an unintended negative consequence.
064	No	Secondly, it is near impossible for an engagement partner to practice the suggested "cooling off" period as an EQ reviewer due to labor constraints and the general makeup of a boutique firm.
067	No	Cooling off period for EQCR: I would argue that the best person to do the EQCR is the engagement partner coming off the job, as they know the job the best. I can also see if this is implemented that firms will actually configure their QM to do less EQCRs, as it is their risk the way they lay it out, and that is not good for the overall quality of the engagement. I do not see the benefit of having a cooling off period and again hurting smaller firms. Strongly against prohibiting self-inspection
069	No	We do not believe the cooling-off requirement is necessary for an EQR. Our experience has been that this situation rarely comes up in practice, even at large firms. A partner who relinquishes a client usually does so because he/she is retiring and is therefore, unlikely to take on a technical role. In cases where a retiring-partner is passing the practice on to his/her children or younger partners at the firm, it may be beneficial to have that partner's experience during the transition period. The act of transferring a client to a new engagement partner alone should suffice in reaching an objective mind state. The former engagement partner's familiarity with a client would provide for a more robust review to enhance engagement quality. There may also be a benefit to having a Partner with prior experience with a client, not involved in the current engagement, perform an engagement quality review. As long as the partner does not contribute to the current year engagement, there should not be a threat to their objectivity as EQR. For sole proprietors and small firms, a cooling-off period of a week or two between the completion of the engagement and the issuance of the report would allow a sole proprietor or engagement partner a period of time to step away from the engagement prior to a required final review of the engagement and prior to issuance could serve as a safeguard. A cooling-off time period would allow the sole practitioners and engagement partner to have time to gather a fresh perspective prior to a review of the report and final statements prior to issuance.

070	No	A quality reviewer needs to be knowledgeable not independent. This makes a cooling off period unnecessary. The independence issue is between the client and the firm. If any quality reviewer's review is sub-par upon Peer Review, then there is an existing process to follow.
071	No	The Group does not believe a 2- year cooling off period is required and does not believe a 2-year cooling off period will improve audit quality. The Group identified the following safeguards that it believes would reduce the risk to an acceptable level: The passage of time. The time between engagements for a particular client, especially for SFSPs, is close to a full year, giving the engagement professionals time to provide objectivity in their new engagement role; The engagement quality reviewer could make use of checklists or other practice aids in the first year in that role in order to provide some objectivity in the engagement quality review process The roles of the engagement partner and the engagement quality reviewer are sufficiently distinct to enable a fresh perspective for the audit professional moving to a new role on the engagement.
075	No	As previously stated, we support the requirements around EQR except for a mandatory cooling off period. We do not believe that a familiarity risk or long-association risk automatically exists. The AICPA Code of Conduct sufficiently addresses these risks. A cooling off period is a safeguard responsive only to a familiarity risk. There are many reasons why an engagement partner would transition to another partner that do not involve familiarity or long-association. We believe that a mandatory cooling off period is inappropriate and addresses a risk that may not exist, at the expense of disqualifying someone who could perform an very effective EQR. We also believe that anyone performing an EQR, regardless of previous involvement with the engagement, should be objective as well as qualified. A better alternative would be to add language to paragraphs 18, A11 and/or A12 of SQMS 2 to make it clearer that anyone who lacks appropriate objectivity would not be qualified to perform an EQR.
076	No	NO
076	No	We are professionals and we have ethics and can look at former audit clients objectively w/o a "cooling off" period
079	No	The cooling off period in order to be qualified to perform EQCR. (1) Implementation of a rule requiring a mandator cooling off period is totally inconsistent with a risk based approach to quality firm management as it bars the firm from applying its own professional judgment. (2) On its face this mandatory cooling off period is a requirement that might affect 1% of the firms in the US, and lacks the scalability premise of SQMS 1. (3) in the smaller firm environment, where an engagement partner may serve as engagement partner on dozens of engagements each year the familiarity threat is totally different than in large firms where an engagement partner may only serve in that role for one or two clients. In small firms the requirement for a cooling off period is both unreasonable and unnecessary. (4) Through my own experience as a Big 4 audit partner in an earlier phase of my career, I know partners who only had one client. In such instances, a cooling off period probably makes sense. Somehow the profession got comfortable that such a partner was independent when said partner never was. His or her livelihood was totally dependent on keeping that client, but if the firm had some safeguards the firm was deemed to be independent, and the AICPA

		was satisfied. Then along came Enron and that myth was busted. Still, we keep on with the view that firms with single clients bringing in millions in fees a year are independent because to think otherwise would undercut the premise that such firms can be audited and the auditors can be independent. The point is that as a profession we make rules that suit the economics of the situation as well as address principles we hold dear. (4) Cooling off can make sense in a risk assessment model of quality firm management, but as a presumptive requirement doesn't make sense economically and is based on another false premise.
080	No	In our case it would mean pulling a great field auditor from our 10 SOC audits so that they can perform QC work. Taking that auditor off the audit in fact could diminish the quality of the audit, which defeats the idea of quality control. The idea of hiring a third party is going to be extremely expensive and time consuming.
086	No	The committees believe that the proposed cooling-off period in SQMS No. 1 that prohibits partners rotating off an engagement from serving as the engagement quality reviewer for a period of time would unduly penalize firms that require such engagement quality reviews (EQRs). Given the lack of qualified resources, a required cooling off period could present a significant compliance hurdle for firms with rigorous EQR policies. As the proposed standard continues to allow firms considerable latitude for determining which engagements will undergo an EQR, firms could respond to this new cooling-off period by revising their EQR policies to be less restrictive, which would work contrary to the objective of enhancing audit quality. In theory, involving another engagement quality control (EQC) reviewer may provide another perspective to the engagement, and therefore minimize the self-review threat, typically those firms engaging an EQC reviewer are performing high-quality engagements. The committees believe that any standard that discourages the use of an EQC reviewer would be contrary to high audit quality objectives. The committees do not support this change without definitive research that a cooling-off period for the EQC reviewer improves audit quality.
089	No	We are in favor of no required cooling-off period, and instead recommend that firms be required to identify the fact that they have a threat to objectivity, evaluate the risk, and identify safeguards to not have a cooling-off period, considering the specific nature of the firm's engagements and practice. It is sometimes advantageous to audit quality to involve aprior party who is familiar with judgments that were made in the past, for example, when transitioning partners. For the standard to be scalable, some judgment is required, rather than definitive requirements where there is not sufficient cost-benefit. Examples of engagement review safeguards identified by the committee include a technical review "cold read" of the financial statements. This is sometimes done by the EQ reviewer, but as a safeguard, in situations where the EQ reviewer was formerly involved in judgments made, a different partner could be assigned to do that "cold review".
093	No	We do not believe the cooling-off requirement is necessary for an EQR. Our experience has been that this situation rarely comes up in practice, even at large firms. A partner who relinquishes a client usually does so because he/she is retiring and is therefore, unlikely to take on a technical role. In cases where a retiring- partner is passing the practice on to his/her children or younger partners at the firm, it may be beneficial to have that partner's experience during the transition period. The act of transferring a client to a new engagement partner alone should suffice in reaching an objective mind state. The former engagement partner's familiarity with a client would provide for a more robust review to enhance engagement quality.

		There may also be a benefit to having a Partner with prior experience with a client, not involved in the current engagement, perform an engagement quality review. As long as the partner does not contribute to the current year engagement, there should not be a threat to their objectivity as EQR. For sole proprietors and small firms, a cooling-off period of a week or two between the completion of the engagement and the issuance of the report would allow a sole proprietor or engagement partner a period of time to step away from the engagement prior to a required final review of the engagement and prior to issuance could serve as a safeguard. A cooling-off time period would allow the sole practitioners and engagement partner to have time to gather a fresh perspective prior to a review of the report and final statements prior to issuance.
094	No	Likewise, prohibiting partners from serving as the engagement quality reviewer and requiring a two- year cooling off period could eliminate or negatively effect many of our mid-size and regional firm members. This scenario seems untenable. Members point out, serving as an external reviewer is of little interest to many firms. Additionally, it's certainly not timely and responsive to the client's needs. This will undoubtedly negatively affect small firms' ability to remain in the AA space; as the licensed profession providing these services, this change will greatly affect smal firm's revenue stream and force them into providing already commoditized practice areas such as tax-only services.
097	No	We don't agree with the cooling off period concept. Related to most of the concerns above, the cooling-off period fails to acknowledge small firms who do not have that luxury. A safeguard of lowering the objectivity threat is placing a higher reliance on peer reviewers as their purpose is to review our quality of work.
098	No	We do not believe the cooling-off requirement is necessary for an engagement quality review (EQR). Our experience has been that this situation rarely comes up in practice, even at large firms. A partner who relinquishes a client usually does so because he/she is retiring and is therefore, unlikely to take on a technical role. In cases where a retiring-partner is passing the practice on to others at the firm, it may be beneficial to have that partner's experience during the transition period through the performance of an engagement quality review. The act of transferring a client to a new engagement partner alone should suffice in reaching an objective mind state. It is our opinion, that in any scenario, the former engagement partner's familiarity with a client would provide for a more robust and effective review to enhance engagement quality.
099	No	No. Small firms may have no one else available. Small firms and sole practitioners should be exempt8b
100 TIC	No	TIC believes that a cooling-off period should only be required as a response to an identified risk for a specific engagement. This view is based on TIC's collective experience where there were changes in which individual was serving as the engagement partner for reasons other than risk. TIC identified several situations in which a cooling-off period for a previous partner should not be required: Some firms identify engagements which are lower-risk and have the engagement partner transition the engagement to a senior-manager level to provide them with experience serving in an engagement executive role, which better prepares them to

		become a partner. Firms may choose to transition engagements to a newly promoted partner in order to provide that partner with a base client book of business, allowing the previous partner more time to pursue new clients. Partners who are nearing retirement may begin to transition clients to other partners to ease the succession of client responsibilities. Similar to the previous bullet point, when new partners are admitted to the firm, they may have clients transferred to them. In this situation, firms also may have policies that require an EQR for the first year after the partner joins the firm. In the scenarios presented above, there is not a risk (i.e., familiarity) for which a cooling-off period would seem necessary. By requiring a cooling-off period in those scenarios, the previous partner would not be eligible to serve as an EQR on the engagement; however, that individual presumably has the most knowledge regarding the engagement. While TIC recognizes that there is no guidance which prevents the previous partner from remaining involved in the engagement, many smaller firms do not have the resources available to effectively have three different partners participate on engagements. By removing the previous partner from the pool of potential EQRs, smaller firms may either choose an individual who is a less appropriate choice due to having less relevant SKE, or as we addressed above in our response to question 3a, making firm policy changes to modify which engagements require EQRs. Neither scenario likely would improve quality. The logistical challenges resulting from requiring a cooling-off period in these scenarios also may have the unintended consequence of firms choosing not to transition engagements to new partners. TIC views this outcome as potentially more harmful to quality over the long-term as it would deny new partners/senior managers opportunities to serve as engagement executives while being reviewed by the previous partners. While the situations above would not warrant a cooling-off period, TIC does believe that when there is an identified quality risk for an engagement, firms should have a policy in place to require a cooling-off period as a response to that risk. The time of the cooling-off period would be determined based on firm policies in consideration of the objectivity/familiarity risks identified in the engagement. TIC believes that this risk-based approach is most consistent with guidance throughout auditing standards. This approach could be implemented in two manners: Modify the proposed standard to remove the requirement of a cooling-off period, replacing it with a risk-based evaluation, or Maintain that a cooling-off period should be the default assumption for all engagements but allow firms the ability to deviate if they can demonstrate the change is for reasons other than an identified risk. While TIC believes that both approaches would be an improvement over the guidance in the proposed standard, our preference is for option a) above, as we believe that approach would be implemented most effectively.
100 TIC	No	TIC does not support inclusion of a mandatory cooling-off period for former engagement partners to serve as an EQR on that engagement. TIC believes a risk-based approach is more appropriate.

101	No	The proposal also includes a cooling-off period for EQCR. I believe that efforts to enhance EQCR, while well intentioned, are counterproductive. The more difficult standards make it for a firm to perform EQCR on its engagements internally, the more likely that the firm will simply modify it EQCR criteria. Standards should be encouraging more EQCR or other second person reviews rather than discouraging them by make the rules for their implementation overly complex or costly
102	No	The majority of the members of the Committee do not visualize a cooling off period as an issue for the small and medium sized firm. The members' engagement clients are usually ongoing and thus it is not visualized that a cooling off period will ever come to pass. A minority of the members disagree with this stance. Some firms as policy require engagement partner rotation and thus see this cooling off period as a detriment to maintain quality. These members recommend a carve-out provision for small firms. The Committee does recommend that a carve-out be allowed for a period not to exceed two engagement years for a retiring partner to act as the engagement quality reviewer. This will facilitate a better transition resulting in greater ongoing quality.
109	No	The Committee believes a cooling-off period would provide an undue burden on smaller and some medium-sized firms. As such, we do not think a cooling-off period should be required before a former engagement partner can serve as an engagement quality reviewer on that engagement. A firm's system of quality control should be sufficiently implemented to ensure all practitioners practice objectivity at all times on all engagements. We believe a better standard would be harsher punishment for those firms which continuously fail peer review and for those peer reviewers who do not perform their duties with professional due care.
110	No	We do not believe a cooling-off period should be required before a former engagement partner can serve as an engagement quality reviewer. We believe that the proposed standards should maintain flexibility for firms to customize and tailor responses to quality risks. We do not believe additional constraints should be in place to restrict the use of an engagement quality review to address a specific risk since the criteria of who can perform an engagement quality review already has a self-review constraint built into it. We recommend that the Board consider making the cooling off period a recommendation rather than a requirement as it may discourage firms from performing an engagement quality review, which is a very useful and effective quality measure. Such a result would be in contradiction to the underlying goal of the proposed standards.
111	No	I also disagree with any changes in the cooling off period for the same reasons as above
113	No	Proposed SQMS 2 requires a cooling-off period that prohibits partners rotating off an engagement from serving as the engagement quality reviewer for a minimum of two years. We question the effectiveness of this prohibition in enhancing audit quality.

		In many cases, an engagement team member from the previous one or two years may be the very best person to enhance audit quality due to their depth of knowledge of the client. Having the EQR performed by someone without experience may enhance audit quality or may detract from it. It seems best to leave that up to the judgment of the firm. If a cooling-off period remains in the standard, our concern is that firms may feel the need to make EQR policies less restrictive. In other words, design their policies to make fewer engagements subject to EQR. This could result in a decline in quality, not an improvement. We recommend that a mandatory cooling-off period be removed from the standard, allowing firms to retain flexibility for determining which individual within the firm is most likely to enhance audit quality as the engagement quality reviewer.
116	No	We agree with the observation of the ASB that no research exists to support the supposition that a cooling-off period of a former engagement partner improves audit quality. Accordingly, adoption of 100% of the provisions of International Standards may not be the best design for all industries of the accounting profession. Also, a complete lack of knowledge about a client and its historical financial activities could in fact result in lower audit quality. The conclusion that a former engagement partner automatically presents an objectivity threat appears presumptive at best. A former engagement partner, in most cases, will have historical knowledge of a client's financial activities that impact the entity's financial statements. Examples of historical knowledge that a former engagement partner may have that could enhance audit quality include prior debt offerings and refinances, major capital asset additions and dispositions, known occurrences of fraud or abuse, related parties and related party transactions, information obtained from past analytical procedures, and other information that is deemed relevant to the financial statements and report opinion(s). Furthermore, when implementing new standards, the prior experience of a client is more critical than ever. For example, knowledge of a former partner would be very helpful when implementing FASB ASC 660 or the lease standards. This knowledge would result in higher audit quality rather than having a partner with no or little prior experience of the client.
118	No	The proposed standards also propose a "cooling-off period" where the engagement partner could not perform the EQCR for a two-year period after rotating off the engagement. Small firms typically do not have enough partners to facilitate this "cooling-off period". These firms would be forced to either engage outside individuals to perform the EQCR which dramatically increases the expense of the EQCR. Imposing this "cooling-off period" will only encourage firms to delay rotating partners off engagements, which is not beneficial to either the firm or the audit client.
119	No	We believe that the proposed cooling-off period in SQMS No. 1 that prohibits partners rotating off an engagement from serving as the engagement quality reviewer for a period of time would unduly penalize firms that require such engagement quality reviews (EQRs). Given the lack of qualified resources, a required cooling off period could present a significant compliance hurdle for firms with rigorous EQR policies. As the proposed standard continues to allow firms considerable latitude for determining which engagements will undergo an EQR, firms could respond to this new cooling-off period by revising their EQR policies to be less restrictive, which would work contrary to the objective of enhancing audit quality. In theory, involving another engagement

		quality control (EQC) reviewer may provide another perspective to the engagement, and therefore minimize the self-review threat, typically those firms engaging an EQC reviewer are performing high-quality engagements. We believe that any standard that discourages the use of an EQC reviewer would be contrary to high audit quality objectives. We do not support this change without definitive research that a cooling-off period for the EQC reviewer improves audit quality.
120	No	I believe this should not be a requirement, but should be part of the risk assessment. Ask the question, document the response and the rationale for not needing it, as applicable. Most often, I would think you might have a partner moving to more complex engagements, passing work on to a younger up and coming. Certainly in these instances having the former partner do the EQR for the subsequent year might make perfect sense. If he/she still has the requisite knowledge and experience, that may be an ideal situation since who would be in a better position to ensure the new partner has addressed key issues. On the other hand, if the client had on-going or contentious issues that former partner might be better in just a consulting position with a totally different EQ Reviewer. Certainly if the former partner was not effective in his engagement partner role or had multiple issues arise on prior years, he would probably not be a good choice. As standards setters looking for scalable and principle based, it is impossible to identify all scenarios. Firms need to be able to identify the risk and determine what is best in a given circumstance – but they need to document.
122	No	I strongly oppose any cooling off period for engagement quality control reviewers in situations where the firm would need to go outside the firm to hire an engagement quality reviewer. I want to start my discussion of this with an overview/indictment of the process the ASB is using to develop the proposed standards in their entirety. In the background section, the Board seems to treat the International Auditing and Assurance Standards Board (IAASB) as if their policies are universally "Godlike" and appropriate for audit firms of all sizes. I think that is an enormous mistake on the Board's part. From reading the IAASB statements, it's as if we are just cutting and pasting what the IAASB has already passed across the pond and subjecting all auditors to it. The Chair of the IAASB is an individual named Mr. Tom Seidenstein. His resume', taken directly from the IAASB website, reads as follows (look for ANY evidence of an audit background): Mr. Tom Seidenstein is the chair of the International Auditing and Assurance Standards Board. He commenced his three-year appointment on July 1, 2019. His career has spanned both the private sector and international standard-se tting. Prior to joining the IAASB, Mr. Seidenstein has held senior strategic leadership positions at the Federal National Mortgage Association, commonly known as Fannie Mae (Senior Vice President, Strategy, Innovation & Capital Management: 2012-19); and the IFRS Foundation (Chief Operating Officer: 2000-2011). Additionally, Mr. Seidenstein has served at a consulting organization for not-for-profits, CCS Fundraising (Executive Director: 1999-2000), and the Center for Strategic and International Studies (Special Assistant to the Managing Director: 1995-1997). Mr. Seidenstein has also served as a Trustee of the International Valuation Standards Council (IVSC) and on XBRL International's Board of Advisors.

A strong believer in volunteer service, Mr. Seidenstein has held or holds volunteer leadership positions serving school education the USA and the Make-A-Wish Foundation (both UK and international boards). He holds a Masters in Public Policy from the Kennedy School of Government at Harvard University and an undergraduate degree (cum laude) from the Woodrow Wilson School of Public and International Affairs at Princeton University.

Why are we relying on an international committee led by a non-auditor with no real world experience to seismically change our audit landscape for local firms in the United States?

If you don't believe that he has no audit background, read the first paragraph of the following article posted on the IAASB website and see if it sounds like the IAASB plans to stop their audit regulatory changes at these same standards the Board is trying to push on all local firms. Also, note the very close wording the Board has given in its background section to propose radically transforming local firm audits for no evidenced reason.

With New Standards in Place, Proactive Quality Management Will Underpin the Next Era of Audit Transformation

Tom Seidenstein
Chair, International Auditing and Assurance Standards Board Published Sep 23, 2020
Last year, as a non-auditor, I joined the International Auditing and Assurance Standards Board (IAASB) with a firm conviction in the value of the audit profession. At its best, the audit profession should drive greater confidence and trust in our economy and the functioning of our markets. At the same time and despite the good work of many auditors, recent corporate failures have raised fundamental questions regarding the relevance and quality of audits. "Era of Audit Transformation".
Seriously? What else is the Board willing to tag along with the IAASB on that you aren't yet disclosing? As a local practitioner in the UNITED STATES, I don't care that the Parmalat audit blew up across the pond. That's the big firm's problem. It's not something that should be leveraged to alter how firms of 20 people or less do their work in this country, where we live, and where our clients live. Tom makes no mention in his article of the impact on local firms. Our Chairman of the ASB called it a "heavy lift" for small firms in a meeting where CPE speaker, Jim Martin, attended virtually some months ago. At least his assessment is more transparent.

Once again, the Board may state they are in touch with local firm needs. See the indictment on the claim the TIC is made up of folks from small firms above. The Board itself is just as bad. Of the 12 committee members that worked on this proposal's task forces, 7 work for firms with 2,000 or more employees, 3 work for firms with 50 or more employees, 1 appears to be a sole practitioner specializing in the "blown up area" of ESP that I suggested you regulate further in my prior comment above and the other firm represented on the task force doesn't list a number of employees (but has 7 partners). Where is the true local firm representation of the other 45,500 firms with 20 or fewer employees? Once again, it is non-existent. Where is the proof that the IAASB models will even work? They are just a deliberately created group of thinkers with lots of ideas, but with no real world

results . By the time the dumpster fire gets going, the committee is long gone. By the time the fire is out, our local firms are greatly diminished. We have just as much of a right to provide these services to our clients as the big firms and should not be pushed out of providing these services when we provide quality work .

Why is a mandatory cooling off period a bad thing for local firms?

It invites a reduction in engagement quality reviews. As indicated in my earlier comment, if the firm will have to go outside its doors and hire a quality reviewer, the incentive is there to opt out of some quality reviews, which, of course, crushes the Board's intent to make the audit a better product.

It hinders training of up and coming partners. Who is going to review the engagement file of a new partner when the immediately past partner is barred from doing so, especially when the firm only has two partners qualified in the area? Once again, refer to the issues with external monitoring in my comment above.

Where is the empirical evidence, which major policy decisions should be based on, that having a former engagement partner review files within two years after being replaced on the engagement will damage the engagement on a local firm level? Where is the empirical proof it will improve it on a local firm level?

What is "cooling off" to a local firm anyway? Is the former partner allowed to still communicate with the client, advise them, go to church with them, attend their child's wedding, or do estate planning for them? In the world of the local firm, we do all that. In fact, the client stands to incur substantial harm if we suddenly have to shut up and move on from them for two years just because we aren't the engagement partner any longer.

It could encourage firms to "mislabel" the engagement partner on the job.

It probably constitutes a restraint of trade. It seems to me this is a trade organization (the AICPA), subject to antitrust laws such as the Sherman Act. How can the AICPA constrict my ability to do business while allowing firms of larger size to not be subject to the same requirement of having to go outside the firm to find a reviewer? Doing so would require my firm to pay extra fees and be subject to the market forces mentioned in the comment above while larger firms, such as the ones represented as the voting members on this proposal, are not subjected to that issue. This clearly stifles competition among firms and potentially costs me clients. That is the definition of an unreasonable restraint on trade.

My suggestion to solve this non-existent problem in local firms is to drop the proposition from the proposal, at least for local firms where it would require the use of an outside quality reviewer. Once again, local firms are being asked for ways to solve a problem it hasn't been proven even exists! The concept of being asked to prove a negative is simply unfair.

124	No	The committee understands the proposed cooling-off period is a good way to get fresh eyes on an engagement and minimize the self-review threat. However, the committee is concerned that it could be contrary to high-quality objectives because it takes away an established knowledge base from the engagement. This is especially concerning as it relates to specialized industries. Requiring another engagement quality control reviewer who doesn't understand the industry just for the sake of a cooling-off period would be contrary to high audit quality objectives. The fact that smaller firms will lack the additional qualified resources to satisfy the requirement makes this even more challenging. The committee believes that the fresh look by a new engagement partner addresses quality concerns and that quality review by the prior engagement partner brings with it the knowledge that actually enhances engagement quality. Finally, why is it necessary to have a cooling-off period if there is no partner rotation requirement? If there is a cooling-off period, we believe such cooling-off period should not exceed one-year.
125	No	SQMS 2 requires a determination as to when an engagement quality review (EQR) is required. We recognize that this is not a new requirement, as it is already included in the SQCS. Our major concern with the proposal is the potential limitation on a previous engagement partner to perform the EQR. This can be a costly change for a small firm. Consider a single partner firm that admits a new partner. In every situation we can identify, when this happens the existing partner transfers a portion of their clients to the new partner. Under the proposal, this would mean that engagements would have to go to an external individual for the EQR. Of course, this would depend on the firm's risk assessment as to when an EQR would be required. In this situation, it would not be unusual for the firm to conclude that some of the engagements under the responsibility of the new partner would become subject to an EQR solely due to the fact that the individual has new responsibilities; the engagement may not have met the criteria for an EQR if it was still being performed by the previous partner. Further, in a smaller firm, firms may not have the breadth of expertise among a number of partners when an engagement rotated. Therefore, firms may make a decision not to rotate work to avoid having to out-source the EQR, which inherently could elevate other threats to engagement quality, or worse, create a situation in which firms do not promote/admit new partners because the system of quality management would create additional costs. We understand that economic considerations should not play a factor into engagement quality, but it is quite real that the proposed changes could cause that to slip into decisions, even if subconsciously. Further, the United States is a much more litigious country than many others around the world. Based on our own firm's experience finding external EQR is extremely difficult. By bringing in an external resource to perform the reviews subject those participants to litigation risks. Risk a firm, or their insurance companies, may not be willing to assume. There is already a shrinking pool of peer reviewers, which is the likely resource firms will look to in order to fill this role. Compound the problem of the limited pool of potential reviewers with the fact that the engagement deadlines for both the reviewer and the firm are more than likely the same, and with the existing staffing shortage, it becomes even more unlikely that potential EQR reviewers would be able to assume more work. Another way to look at this, even if it was agreed that an external EQR would be the solution for a small firm, or when a partner is subject to a cooling off period, the requirement becomes unfeasible if firms can't engage a reviewer. We suggest that the limitation on the previous partner's ability to perform an EQR be removed from the final standard.

126	No	I vigorously oppose any cooling off period for engagement quality control reviewers in situations where the firm would need to go outside the firm to hire an engagement quality reviewer. I want to start my discussion of this with an overview/indictment of the process the ASB is using to develop the proposed standards in their entirety. In the background section , the Board seems to treat the International Auditing and Assurance Standards Board (IAASB) as if their policies are universally "Godlike" and appropriate for audit firms of all sizes. I think that is an enormous mistake on the Boar d' s part. From reading the IAASB statements, it's as if the Board is just cutting and pasting what the IAASB has already passed across the pond and subjecting all auditors to it. The Chair of the IAASB is an individual named Mr. Tom Seidenstein. His resume', taken directly from the IAASB website, reads as follows (look for ANY evidence of an audit background): Mr. Tom Seidenstein is the chair of the Int ernationa l Auditing and Assurance Standards Board. He commenced his three-year appointment on July 1, 2019. His career has spanned both the private sector and international standard-setting. Prior to joining the IAASB, Mr. Seidenstein has held senior strategic leadership positions at the Federal National Mortgage Association, commonly known as Fannie Mae (Senior Vice President, Strategy, Innovation & Capital Management: 2012-19); and the IFRS Foundation (Chief Operating Officer: 2000-2011). Additionally, Mr. Seidenstein has served at a consulting organization for not -for-profi ts, CCS Fundraising (Executive Director: 1999-2000), and the Center for Strategic and Int ernational Studies (Special Assistant to the Managing Director: 1995-1997). Mr. Seidenstein has also served as a Trustee of the International Valuation Standards Council (IVSC) and on XBRL lnt ernational' s Board of Advisors. A strong believer in volunteer service, Mr. Seidenstein has held or holds volunteer leadership positions serving school education the USA and the Make-A-Wish Foundation {both UK and international boards). He holds a Masters in Publ ic Policy from the Kennedy School of Government at Harvard University and an undergraduate degree (cum laude) from the Woodrow Wilson School of Public and International Affairs at Princeton University. Umm, why are we relying on an international committee led by a non-auditor to seismically change our audit landscape for local firms in the United States?If you don't believe that he has no audit background, read the first paragraph of the following article posted on the IAASB website and see if it sounds like the IAASB plans to stop their audit regulatory changes at these same standards the Board is trying to push on all local firms. Also, note the very close wording the Board (ASB) has given in its background section to propose radically transforming local firm audits for no evidenced reason. With New Standards in Place, Proactive Quality Management Will Underpin the Next Era of Audit Transformation

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Where is the true local firm representation (of the "other 45,500 firm s)? Once again, it is non-existent. Where is the proof that the IAASB models will even work? They are just contrived group think with no real world results . By the time the dumpster fire gets going, th e committee is lo ng gone. By the time the fire is out, our local firms are greatly diminished.

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129	No	I've recently moved from audit partner to managing partner. It's critical for the health of my firm and my clients that I maintain a watchful eye over the audit department and I intend to that by performing EQCR and peer reviewing the department annually during the inspection period. This year in particular it is critical for me to perform that task. I have stepped out of the engagement team but I still know all those clients well. While I'm curious to see what new approaches the engagement team will take and new risks they will identify, I know where the risks have always been and I want to know the team is covering them. I'll do that through EQCR for our highest risk clients, I'll spot check CPE records and independence forms, I'll review agendas for the audit department meetings and at the end of our next period I'll conduct the annual inspection (catching some engagements that were not selected for EQCR). It's most effective for me to perform the EQCR function the year after exiting as the audit partner. With a 2 year cooling off period I won't know what I know now and my knowledge is relevant to the audit. Also, I don't understand the point of the two year cooling off period. If I'm off the job for 2 years, but then perform the EQCR every year afterwards, doesn't this make me somewhat familiar with the client again? If it's that important to have no understanding or familiarity with the client, except what's written in the file, why wouldn't the rule be that you could only perform the EQCR every two years? Not that I'm recommending that!! Also I have issues with the recommendation that the inspection be performed by someone independent of the engagement team. I understand that this means the inspector can't be someone on any of the audit jobs. Exactly who would that be? The only people in our firm who aren't on any audit jobs (including me as EQCR) are tax accountants and bookkeepers. So they

		definitely are not qualified. Even huge firms don't have auditors (or audit partners) who aren't on any audit jobs. Why would they?...and wouldn't they cease to be auditors if they aren't on any engagements?…and wouldn't they cease to have the expertise to perform inspection if they aren't on any audit engagements for the entire year? Please let me know if you think I have misunderstood this requirement. It seems as though the AICPA is removing the most important parts of monitoring from the firms' responsibility and placing it on an outside party. When these firms then choose the cheapest inspector possible (and you know they will) or ask their tax partner to do it and still fail peer review it will be the peer reviewers who get the blow back. So would it include a requirement that the firm doing inspection pass scheduling with the AE's? Otherwise you know as well as I do that people are going to start by asking their tax partner (or lowest bid) to do inspection then they're going to hire an unqualified inspector.
130	No	This is not necessary for smaller firms that serve smaller clients. There is a benefit to having the knowledge of the systems, background and other matters that are learned by an individual serving as engagement quality reviewer; and that same benefit may serve a client best if that engagement partner is the best choice to serve as engagement quality reviewer the subsequent year. While there is an appropriate trade-off with the 'fresh set of eyes' that comes with cooling off periods for publicly traded entity audits, firms that serve such clients are generally larger and have a larger pool of audit partners to rotate in an out of the required periods. Smaller firms do not have the same sized pool of audit partners nor does the risk associated with the objectivity threat outweigh the cost (number of partners, disruption to client etc.) for the smaller, less complex non publicly traded clients.
130	No	We believe there should be no cooling off period
132	No	I do not. As discussed previously these provisions would seriously penalize firms, primarily small firms, which may not have the extent of qualified professional human resources. This immediate and extraordinary change to implement not only a colling-off period, but set at two years is a significant burden with far-reaching complications and unintended consequences. Just as a significant number of firms withdrew from providing services to public companies when the PCAOB was launched, leaving hundreds-to-thousands of smaller public companies having to obtain new auditors at a significantly higher costs, the implications to smaller private companies could be even more impactful when the cost of compliance exceeds the benefits.
135	No	We agree with the observation of the ASB that no research exists to support the supposition that a cooling-off period of a former engagement partner improves audit quality. Accordingly, adoption of 100% of the provisions of International Standards may not be the best design for all industries of the accounting profession. Also, a complete lack of knowledge about a client and its historical financial activities could in fact result in lower audit quality. The conclusion that a former engagement partner automatically presents an objectivity threat appears presumptive at best. A former engagement partner, in most cases, will have historical knowledge of a client's financial activities that impact the entity's financial statements. Examples of historical knowledge that a former engagement partner may have that could enhance audit

		quality include prior debt offerings and refinances, major capital asset additions and dispositions, known occurrences of fraud or abuse, related parties and related party transactions, information obtained from past analytical procedures, and other information that is deemed relevant to the financial statements and report opinion(s). Furthermore, when implementing new standards, the prior experience of a client is more critical than ever. For example, knowledge of a former partner would be very helpful when implementing FASB ASC 606 or the lease standards. This knowledge would result in higher audit quality rather than having a partner with no or little prior experience of the client.
137	No	Cooling Off Period: We are concerned that requiring a two -year cooling off period will be challenging for small and some medium size firms. Available qualified individuals, especially in specialized industries may create a significant challenge with limited or questionable benefit to quality. We are concerned that availability of willing outside assistance may be a significant hurdle. We suggest that the cooling off period be limited to one year and allowance of alternat e safeguards that individually or collectively result in mitigating the risk to quality.
139	No	Cooling-Off Period The arguments against the proposed cooling-off period in SQMS No. 1 as presented in the explanatory memorandum seem to be more compelling than achieving convergence with IAASB. The ASB noted that the AICPA Code of Professional Ethics does not require a cooling-off period but the International Ethics Standards Board for Accountants does. In addition, the ASB noted that there is no research to support the supposition that a cooling-off period improves audit quality. A prescriptive requirement should not be promulgated that has not shown to improve audit quality. The ASB also noted that small firms might have difficulty identifying qualified personnel to perform this review which would lead to the unintended consequence of fewer engagement quality reviews being performed. We believe this argument should not be overlooked and is highly likely.
141	No	would think any qualified partner that is not involved the current engagement could be an engagement quality reviewer on that engagement. I think that person's involvement would be a positive by his/her understanding of the entity and its environment. I think the new engagement partner is part of the safeguards in place. Also, if the firm considers that a risk, they can assess as such and make determinations and processes as needed.
144	No	No
147	No	We do not believe a cooling-off period should be an absolute requirement for eligibility of an engagement quality reviewer. One of the major strengths of the proposed standard is the supposed flexibility it offers in tailoring responses to quality risk. The concept of engagement quality review in the past has been to provide additional oversight on a firm's riskiest engagements. Although engagement quality reviews (EQRs) are not a mandated risk response under the proposed standard, EQRs do represent one of the few specifically discussed risk responses. The more constraints placed on this response the less likely some firms may be to incorporate a strong risk response such as EQR into its policies and procedures.

		The Explanatory Memorandum discusses the International Auditing and Assurance Standards Board's (IAASB) thought process in developing its quality management standards with regards to this issue – much of which covered concern regarding perception of different levels of EQR. However, an extant requirement already exists that an engagement quality reviewer must be independent of the engagement team, providing a built-in safeguard to the self-review threat. Outside the public company arena, where mandatory engagement partner rotation is required, it would seem overly prescriptive to institute a mandatory cooling off period within a standard that already addresses the self-review threat in some manner. We acknowledge that a firm may design a similar risk response that does not constitute an EQR thus avoiding the cooling-off period. However, we believe a better option would be to retain the flexibility of EQR as risk response by including the cooling off period as a recommendation rather than a requirement as considered by ASB in Option #1 of the Explanatory Memorandum.
148	No	No current substantial research exists that provides evidence that the implementation of a cool-off period of a former engagement partner improves audit quality. The addition of this new standard would only increase compliance and financial burdens on sole-practitioners and smaller firms engaged in EQR.
149	No	I don't have any specific comments on this particular issue as I am a sole practitioner and my comments would be similar to those posed for the self inspection issue. It seems odd that with the IAASB exposure draft that only 17% of the respondents commented that there should be a requirement for a specific cooling-off period and that was a high enough percentage to include the requirement in the final standard. Unfortunately that shows me that respondent comments will be made but that the ultimate direction of the standard will be what the specific policy board wants it to be in the end. It is surprising that within the no cooling off period option the document states that the ASB members noted that no research exists to support the supposition that a cooling-off period improves audit quality. However the final proposed standard includes the same 2 year cooling off period that the IAASB standards include in order to result in full convergence with the IAASB standards which the document states is consistent with the ASB's strategy. It seems a bit odd that the ASB strategy is to create a document that is for all extensive purposes the same as another standard setting board. I would ask the question again as to why the standards are the correct way to go simply because another board has? In addition, I am sure there is a large majority of individuals and firms that never perform audits that as subject to international auditing standards so why then are the standards so geared toward them?
150	No	We are not in favor of a required cooling off period. In the small firm context, it is not practical or feasible. Additionally, if the engagement partner is responsible for the engagement and is independent of the client, why wouldn't they be the one to assess the quality of the engagement? The safeguard is that the engagement partner knows his client and is independent of the client as it applies to attestation engagements. Additionally, they are responsible for every aspect of the engagement including quality of the engagement. The engagement partner is objective, otherwise they shouldn't be accepting the engagement in the first place.
155	No	We understand the reasoning for a cooling-off period before a former engagement partner can serve as an engagement quality reviewer on that engagement. However, we also believe that the quality of an engagement quality review is impacted principally by the qualifications and objectivity of the engagement quality reviewer, which depending upon the facts and

		circumstances of a particular situation, may or may not be a former engagement partner. To establish such a requirement may actually have a negative impact on audit quality depending upon the resources available in certain situations.
160	No	Appointment and Eligibility of Reviewers - The objective stated "this limitation is necessary to make sure that the engagement quality reviewer is in a position to objectively evaluate and, where appropriate, challenge the significant judgments made and the exercise of professional skepticism by the engagement team" is appropriate in so far as increasing objectivity. However, I believe consideration should be given to negative aspects of such a limitation. Those negative aspects may outweigh the benefits of any perceived increase in objectivity. The notion that allowing the previous engagement partner to serve as the engagement quality reviewer creates a lack of objectivity can be disputed. It is true that judgements are likely carried forward from year to year. However, it is the new partner's responsibility to consider those judgements and whether they continue to be appropriate. If those judgements had been subjected to an EQR previously, they should have already been vetted. The conduct of an audit has significantly changed since the extant standards were developed. At the beginning of every audit the engagement team meets and goes through the current issues facing the client and the audit. Every significant step is questioned as to whether it is appropriate for the current year, whether it is accomplishing what is needed, and whether anything should change based on the current environment. The new partner takes responsibility for this assessment and "owns" the audit. The former partner would have little if any influence on those current decisions. The firm's system of quality management should insure this takes place. If it does not, the other elements of the system have not been properly designed or implemented. The former partner on a client likely knows more about that client, the risks, and the complexities, than anyone else. If the current partner changes a significant judgment made in response to their assessment of those elements, there is a considerable benefit to having someone who knows the history to be there to question the new assessments. It is the current partner that is responsible for the engagement, they would be able to use that valuable knowledge and come to their own conclusions. To assume the EQR partner would have undue influence indicates there are more issues in the firm, such as tone at the top. We should assume the system is designed to prevent that for the reasons noted above. For smaller firms, there may not be a choice but to go outside the firm. This would likely result in small firms designating very few engagements as being subject to EQR, since it is up to them which engagements would be subject to EQR. This would be contrary to the intent of the profession, which is to get an objective and timely review when needed or wanted. There is a significant difference between engagements with a public interest and those without. The PCAOB addresses most of those engagements in the United States. The matter of objectivity of an EQR partner is largely perception, as noted above, versus the very real benefits of having the former partner involved at this level.

		While the ASB has the public interest in mind as its primary consideration, the concept of scalability should be applied consistently and not require a cooling-off period for engagements not having a public interest.
162	No	No. The primary bases for our response are as follows: We believe such a cooling-off requirement may erode audit quality in many firms, particularly those outside the top 10 firms. Such a cooling-off requirement will unintentionally focus on incremental objectivity at a disproportionate expense of technical competence and thus, on a net basis, erode audit quality. Many firms have limited subject matter specialists in each industry capable of appropriately performing the EQR in particular industries. Thus, for many firms, the cooling-off period would create unnecessary cost in excess of the potential benefit As noted in the Explanatory Memorandum, the cooling-off requirement combined with the requirement prohibiting self-inspection, would mean that some firms would need one person performing the inspection and another person performing the EQR. Many firms do not have a sufficient number of personnel that are subject matter experts in the same industry. To avoid the potential erosion audit quality in the bullets above and the recordkeeping and monitoring costs, a number of firms may just choose to have no EQR at all or to have an "EQR-light," that is where a firm picks and chooses the components of the EQR requirements that are appropriate for the firm, but does not have a formal EQR. While such may be appropriate in certain circumstances, we believe the cooling-off requirement, as proposed, may unintentionally erode audit quality. Overall, we recommend no such mandatory cooling-off period.
163	No	We are strongly opposed to this requirement from SQMS 2:19. It will do the opposite of its intent. We do not believe the cooling-off requirement is necessary for an EQR. This is usually a consideration when a partner is retiring or when a new partner is promoted, and engagements are being handed off to the new partner. In cases where a retiring-partner is passing the practice on to other partners at the firm, it would almost always actually be beneficial to have that partner's experience during the transition period. If the partner is passing the engagement to a former manager/senior manager who is now a partner, the same holds true. The act of transferring a client to a new engagement partner alone should suffice in reaching an objective mind state. The former engagement partner's familiarity with a client would provide for a more robust review that actually enhances engagement quality due to cumulative knowledge of client. Being brand new to an engagement, there is so much to know that a reviewer cannot possibly pick up on everything. Someone that already knows where the skeletons are so to speak would do a far more thorough job of EQR. This step also puts an undue burden on smaller firms that do not have the volume of high-level attest senior managers or partners to spread around engagements to. Then all the same issues are raised as noted in the general commentary section.

		However, this is less critical than the fact that this requirement out of all of them is simply unnecessary and will cause less effective reviews.
165	No	The former engagement partner has a level of knowledge about the engagement that make them the most qualified party to perform the EQCR. Their role as reviewer is much different than engagement partner and we must trust the integrity of both the new engagement partner and former engagement partner to strive to perform a quality engagement. By instituting the cooling-off period, the potential to diminish audit quality exists due to the loss of knowledge and expertise that the former engagement partner possesses. Due to their size, many firms will need to hire someone for the EQCR and as mentioned above, qualified reviewers (with availability) are increasingly hard to find. Even if they can find an outside party, some firms have multi-year agreements on fees and will not be able to recover these costs from the client. One potential unintended consequence of this change is that some firms will merely change the criteria for an EQCR, eliminating the need for many of these. They will not do so to circumvent the system but will do so to allow the most-knowledgeable person (the former engagement partner) to be the second reviewer. If firms make this change, there will be no benefit in the imposition of the cooling-off period.
166	No	For many firms, I don't believe the prescribed cooling off period is feasible. I don't understand why there would be a requirement for a cooling off period when there is no proof that it improves audit quality. I don't understand the cooling off period exemption offered by PCAOB, it seems like firms with fewer than 10 partners and fewer than 5 issuer clients would be at greater risk of poor audit quality, much in the way that firms performing a small number of single audits or employee benefit plan audits are at greater risk of poor quality audits. This exemption casts doubt that the cooling off period requirement provides any real benefit. One of the reasons for the cooling off period listed was that partners who are penalized for errors in audits that are issued may not be objective when reviewing an engagement. In my view, the incentive pay or penalty for audit quality is a bigger problem than not being far enough removed from the engagement. Monetary incentives may be set up for good purposes but they also incentivize manipulation and lack of transparency.
167	No	We believe this standard would be burdensome to small firms, with a limited pool of EQ reviewers. Further, it could have a negative impact on audit quality. See our response in question #2 above.
171	No	Under the current QC standards, a firm is required to establish policies and procedure for EQCR and establish criteria for when the significant assumptions and conclusions on certain engagements (e.g., a new industry or engagement type for the firm) should receive an objective evaluation by a qualified individual outside of the engagement team. The proposed QM standards have a similar requirement for engagement quality review (EQR). However, the current standards have no "cooling-off period" for when an engagement partner who rotates off an engagement can become eligible to perform the EQCR for that same engagement. He or she only needs to be independent of the

		engagement (that is, not part of the current engagement team) and meet certain other qualifications (i.e., knowledge and experience, continuing education, etc.). The proposed QM standards call for a two-year cooling-off period for such instances. Like the IAASB, the ASB believes that the ability of an engagement quality reviewer to perform an objective evaluation of significant judgements is affected when the individual was previously involved with such judgments as the engagement partner. Thus, to create an appropriate safeguard, the ASB believes a cooling-off period of two years is necessary to help protect the public interest. As a result, smaller firms with fewer individuals capable of performing EQRs may be required to engage individuals outside their firms to perform these evaluations.
Roundtable 4-27-21	No	Grace Singer (Berdon): focused industries (EBPs, HUDs) only have one or two partners, struggle with cooling off periods and prohibition of self-review.
Roundtable 4-27-21	No	How do we address the challenge of objectivity? Jeremy Dillard (SingerLewak): Focus on competency. Is it a 'should' or a 'must' Sara response - it is 'should', no 'musts' in the QM standards Jeremy Dillard: If small firms or sole practitioner, when trying to get an EQR from outside, technology and licenses makes it very hard. Is there a sample document agreement that the ASB can provide for firms to use with these logistical issues? For example, should they pdf specific workpapers to review and send securely? Jon: May reduce the usage of EQRs if there are other ways to address quality risks, to avoid cooling off periods and engaging external EQRs.
Roundtable 4-29-21	No	Bill Berry - If I needed an EQR, I probably shouldn't have taken the engagement. Thinks there may need to be a third set of standards for these small firms. Alan Holmberg - Basically impossible for small firms, and no real benefit. Rick Haley - Thinks the firms should be able to determine the cooling period and monitoring guidelines. Sean Weaver (Allen Gibbs Houlik) - If people don't follow existing guidance, there is peer review oversight and boards of accountancy oversight to take care of that.
Roundtable 5-20-21	No	What was the thought process for cooling off and why that time period? ASB Taskforce comment letter to IAASB focused on standards being principles based. IAASB issued hard rule. Did not have a great basis for diverging. We do not want to be ISA-.

(RSM Alliance)		ASB should look into/consider State/district requirements (i.e. California district with a 1 year cooling off)
Roundtable 5-25-21	No	Cooling-off period o EQR is meant not to be involved in the engagement, which makes sense with this requirement. § Riskier engagements need cooling off periods. o Logistical constraints with smaller firms. o Discourages rotation and promotion in smaller firms.
Roundtable 6-10-2021	No	Cooling-off period It depends on clients. If clients are same year to year, cooling-off periods make sense. New standards or changes causing review, someone familiar with client will have better insights. Objectivity falls on reviewer and their mindset. Who is selected to review is critical. You're not objective if they continue to follow your plan. Consistency between standards can be beneficial. Difficulty with specialized industry.
Roundtable 6-17-2021	No	Trade-off between competency and objectivity
Roundtable 6-24-2021	No	o There are advantages of using someone familiar with the review. § Difficulty when handing off engagements to junior partners in smaller firms or areas with less expertise. § Smoother transition for client service reasons. o There are advantages when someone steps away from the engagement they gain fresh sets of eyes. § Retain same set of biases as engagement teams. § Become an independent reviewer. o May cause people to not perform EQR that are not mandatory and cause overall quality to go down. § Many firms are not currently performing EQR regardless of their policies – as few as 5% they see perform EQR. o May not be as large of an issue for smaller firms as they do not roll off engagements as frequently.
Roundtable 7-12-2021	No	o Retiring partner would not be allowed to pass on EQR. § If there is low risk, use technical review. § Exclusion could be issue when selling the business.
Roundtable 7-13-2021	No	· Cooling-off Period o Difficult even for large firms, will be more difficult for smaller firms o As rotation is voluntary, prescription is contradictory o Already required to fix mistakes, so adding the requirement seems unnecessary o Impractical for partners without knowledge to review

		o Competency in area should be more important than objectivity § Not all partners know area, industry, type of entity § Already required to o Could be a cascade effect § No current requirement of rotation, whereas a cooling-off would coincide with a rotation requirement
Roundtable 7-14-2021	No	· Cooling-off Period o There is significant value in transitioning to a new engagement partner to be able to do QC review for a few years after transitioning o Concerns for those beginning a retirement track § The best person to complete the review in the firm could be the previous engagement partner o Forces additional cost in small firms or in specialized areas when these firms may be otherwise able to handle this
Roundtable 7-27-2021	No	· Cooling-off period o This makes sense because the former partner may influence or have conflict when being open or objective to the engagement teams' work o Agree with the philosophy § Usually when the engagement partner comes off they retire § Difficult for small firms and specialized industries o Don't want to see EQCR's stop because of cooling-off o Small firms may be boutique or do local high-risk engagements and clients
Roundtable 7-29-2021	No	· Cooling-off period o Even for a mid-size firm, this would be difficult o If the standards are principles based, this is too prescriptive § You should be able to evaluate your risks and safeguards o Difficult in niche areas where few partners are involved o Person who is technician can be of value o Finding the right EQR is helpful for quality
Roundtable 8-16-2021	No	Cooling-off period o Should be a tiered situation o If you have the ability and resources, it is a good idea o Difficult for smaller firms o Transitioned firm from generalists to focus areas, but needed to utilize former partners for EQCR during the transition o Reviewer should have requirements to have CPE in the respective area to prevent unqualified partner reviewing o A small firm may never experience this issue when the client is long-term with no change in the engagement partner o Rotation and cooling off periods have not been shown effective in the European studies o If you have a cooling off period, then you risk losing the institutional knowledge that could HELP in determining the risks, whether they were properly audited (or reviewed), etc.

		o The principle behind these concepts is really our objectivity to review the files or perform the objective EQCR review. § As a profession that we are being faced with challenges on our objectivity and our ability to self-regulate o Risk based - need to be able to justify why using the former engagement partner is acceptable or actually preferable. § There should be a benefit other than cost o Ignores the independence safeguards Firm's employ when performing attest engagements over an extended period of time
Roundtable 8-19-2021	No	Cooling-off period o One year would be better o There is an easy workaround – don't undergo EQR § There are other quality initiatives that a firm may take instead of EQR o This may make small firms stop completing A&A services