



Appendix – Amendments to Various Statements on Auditing Standards, as Amended, and Statement on Standards for Attestation Engagements No. 18, Attestation Standards: Clarification and Recodification, as Amended, section 105, Concepts Common to All Attestation Engagements, in AICPA Professional Standards

Amendment to Statement on Auditing Standards (SAS) No. 117, Compliance Audits, as Amended

(*Boldface italics* denotes new language. Deleted text is in ~~strikethrough~~.)

AU-C section 935, Compliance Audits

[No amendment to paragraphs .01–.A34.]

.A35 ~~Section 220, *Proposed Statement on Auditing Standards (SAS) No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~, requires that, on or before the date of the auditor’s report, the engagement partner **determine**, through a review of the audit documentation and discussion with the engagement team, ~~be satisfied~~ that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor’s report to be issued. ^{fn 20} When an engagement quality ~~control~~ review is performed, ~~section 220 *proposed Statement on Auditing Standards SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~ requires that the ~~engagement partner not date the~~ auditor’s report ~~not be~~ released ~~prior to~~ **until** the completion of the engagement quality ~~control~~ review. ^{fn 21}

Formatted: Not Strikethrough

^{fn 20} See paragraph ~~Paragraph 1932~~ of section 220, ~~proposed SAS No. 146, *Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~, for further discussion.

^{fn 21} Paragraph ~~2136d~~ of section 220 ~~proposed SAS No. 146 *Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~.

[No further amendment to AU-C section 935.]

1. This amendment is effective for compliance audits for fiscal periods ending on or after December 15, 2025.

Amendments to Various Sections in SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, as Amended

(***Boldface italics*** denotes new language. Deleted text is in ~~strike through~~.)

AU-C Section 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards*

[No amendment to paragraphs .01–.A19.]

~~.A20 QC section 10~~ ***Proposed Statement on Quality Management Standards (SQMS) No. 1, A Firm's System of Quality Control Management***, sets out the firm's responsibilities to ~~establish and maintain its design, implement, and operate a system of quality control for audit engagements, and to establish policies and procedures designed to provide it~~ ***management that provides the firm*** with reasonable assurance that the firm and its personnel ***fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements and conduct engagements in accordance with such standards and requirements. As part of its system of quality management, proposed SQMS No. 1 A Firm's System of Quality Management requires the firm to establish quality objectives that address the fulfillment of responsibilities in accordance*** ~~comply~~ with relevant ethical requirements, including those ~~pertaining~~ ***related*** to independence.^{fn 7} ~~Section 220~~ ***Proposed Statement on Auditing Standards (SAS) No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards***,¹ addresses the engagement partner's responsibilities regarding relevant ethical requirements, ***including those related to independence. These include remaining alert for evidence of noncompliance with relevant ethical requirements by members of the engagement team, determining, in consultation with others in the firm as appropriate, the appropriate action if matters come to the engagement partner's attention, through the firm's system of quality control or otherwise, that indicate that members of the engagement team have not complied with relevant ethical requirements, and forming a conclusion on compliance with independence requirements that apply to the audit engagement.***^{fn 8} ~~Section 220~~ ***Proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*** recognizes that ***also describes when*** the engagement team is entitled to rely on a firm's system of quality control in meeting its responsibilities with respect to quality control procedures applicable to the individual audit engagement, unless the engagement partner determines that it is inappropriate to do so based on information provided by the firm or other parties ***may depend on the firm's policies or procedures in managing and achieving quality at the engagement level.***^{fn 9}

Formatted: Not Strikethrough

^{fn 7} Paragraphs 21–2530 of QC section 10 ~~proposed~~ ***Statement on Quality Management Standards (SQMS) No. 1, A Firm's System of Quality Control Management***.

^{fn 8} Paragraphs 1116–1321 of section 220 ~~proposed~~ ***Statement on Auditing Standards (SAS) No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards***.

Formatted: Not Strikethrough

^{fn 9} ~~Paragraph A10 of proposed SAS No. 146~~ ***Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards***.

[No amendment to paragraphs .A21–.A31. Subsequent footnotes are renumbered.]

.A32 Audit evidence is necessary to support the auditor’s opinion and report. It is cumulative in nature and is primarily obtained from audit procedures performed during the course of the audit. It may, however, also include information obtained from other sources such as previous audits (provided the auditor has determined whether changes have occurred since the previous audit that may affect its relevance to the current audit¹³) or ***through the information obtained by the firm in the acceptance or continuance of the client relationship or engagement firm’s quality control procedures for client acceptance or continuance.*** In addition to other sources inside and outside the entity, the entity’s accounting records are an important source of audit evidence. Also, information that may be used as audit evidence may have been prepared by a specialist employed or engaged by the entity. Audit evidence comprises both information that supports and corroborates management’s assertions, and any information that contradicts such assertions. In addition, in some cases, the absence of information (for example, management’s refusal to provide a requested representation) is used by the auditor, and therefore, also constitutes audit evidence. Most of the auditor’s work in forming the auditor’s opinion consists of obtaining and evaluating audit evidence.

¹³ [Footnote omitted for purposes of this exposure draft.]

[No further amendment to AU-C section 200.]

2. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

AU-C Section 210, Terms of Engagement

[No amendment to paragraphs .01–.18.]

.A1 ~~Proposed Statement on Quality Management Standards No. 1, A Firm’s System of Quality Management~~, addresses the firm’s responsibilities regarding the acceptance and continuance of client relationships and specific engagements. The auditor’s responsibilities regarding relevant ethical requirements, ***including those related to independence***, in the context of the acceptance of an audit engagement, insofar as they are within the control of the auditor, are dealt with in ~~section 220~~ ***proposed Statement on Auditing Standards No. 146, Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.*** This section addresses those matters (or preconditions) that are within the control of the entity and upon which it is necessary for the auditor and the entity’s management to agree.

[No further amendment to AU-C section 210.]

3. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

AU-C Section 230, Audit Documentation

[No amendment to paragraphs .01–.02.]

.03 Audit documentation serves a number of additional purposes, including the following:

- Assisting the engagement team to plan and perform the audit
- Assisting members of the engagement team responsible for supervision to direct and supervise the audit work, and to discharge their review responsibilities in accordance with ~~section 220~~ **proposed Statement on Auditing Standards (SAS) No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards**³
- Enabling the engagement team to demonstrate that it is accountable for its work by documenting the procedures performed, the audit evidence examined, and the conclusions reached
- Retaining a record of matters of continuing significance to future audits of the same entity
- Enabling the conduct of **engagement** quality ~~control~~ reviews, **other types of engagement reviews, and monitoring activities under the firm's system of quality management inspections in accordance with QC section 10, A Firm's System of Quality Control**
- Enabling the conduct of external inspections in accordance with applicable legal, regulatory, or other requirements
- Assisting an auditor who reviews a predecessor auditor's audit documentation
- Assisting auditors to understand the work performed in the prior year as an aid in planning and performing the current engagement

Formatted: Not Strikethrough

³ Paragraphs ~~17–19~~ 29–33 of ~~section 220~~ **proposed Statement on Auditing Standards (SAS) No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards**.

[No amendment to paragraphs .04–.A8.]

.A9 Audit documentation provides evidence that the audit complies with GAAS. However, it is neither necessary nor practicable for the auditor to document every matter considered, or professional judgment made, in an audit. Further, it is unnecessary for the auditor to document separately (as in a checklist, for example) compliance with matters for which compliance is demonstrated by documents included within the audit file. For example:

- The existence of an adequately documented audit plan demonstrates that the auditor has planned the audit.

- The existence of a signed engagement letter in the audit file demonstrates that the auditor has agreed to the terms of the audit engagement with management or, when appropriate, those charged with governance.
- An auditor’s report containing an appropriately qualified opinion on the financial statements demonstrates that the auditor has complied with the requirement to express a qualified opinion under the circumstances in accordance with GAAS.
- Regarding requirements that apply generally throughout the audit, there may be a number of ways in which compliance with them may be demonstrated within the audit file:
 - For example, there may be no single way in which the auditor’s professional skepticism is documented. But the audit documentation may nevertheless provide evidence of the auditor’s exercise of professional skepticism in accordance with GAAS. Such evidence may include specific procedures performed to corroborate management’s responses to the auditor’s inquiries.
 - Similarly, that the engagement partner has taken responsibility for the direction, ~~and supervision, and performance of the~~ **engagement team and review of their work** ^{fn 6} ~~audit in compliance with GAAS~~ may be evidenced in a number of ways within the audit documentation. This may include documentation ~~of that evidences~~ the engagement partner’s ~~timely~~ **sufficient and appropriate** involvement in ~~aspects of the audit, such as participation in the~~ **engagement team discussions**, ~~required by section 3.15, Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement.~~ ^{fn 6}

^{fn 6} Paragraph 29 of ~~proposed SAS No. 146~~ **Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.**

[No amendment to paragraphs .A10–.A14.]

~~.A15 Section 220 Proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards contains requirements and guidance on the~~ ~~requires the auditor to review the audit work performed through review of the audit documentation.~~ ⁹ The requirement to document who reviewed the audit work performed and the extent of the review, in accordance with the firm’s policies and procedures addressing review responsibilities does not imply a need for each specific working paper to include evidence of review. The requirement, however, means documenting what audit work was reviewed, who reviewed such work, and when it was reviewed.

^{fn 9} Paragraph 0931 of section 220 ~~proposed SAS No. 146~~ **Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.**

[No amendment to paragraphs .A16–.A22.]

Matters Arising After the Date of the Auditor’s Report (Ref: par. .14)

- .A23** Examples of rare circumstances in which the auditor performs new or additional audit procedures or draws new conclusions after the date of the auditor’s report include
- when, after the date of the auditor’s report, the auditor becomes aware of facts that existed at that date and which, if known at that date, might have caused the financial statements to be revised or the auditor to modify the opinion in the auditor’s report.^{fn 11}
 - when the auditor concludes that procedures necessary at the time of the audit, in the circumstances then existing, were omitted from the audit of the financial information.^{fn 12}

The resulting changes to the audit documentation are reviewed in accordance with the firm’s ~~quality control~~ procedures ~~as required by QC section 10~~ ***under its system of quality management.***

^{fn 11-12} [Footnotes omitted for purposes of this exposure draft.]

Assembly and Retention of the Final Audit File (Ref: par. .16–.18)

- .A24** Statutes, regulations, or the audit firm’s ~~quality control~~ policies ***or procedures under its system of quality management*** may specify a period of time shorter than 60 days following the report release date in which this assembly process is to be completed.

[No amendment to paragraphs .A25–.A26.]

- .A27** ~~Firms are required to establish policies and procedures for the retention of engagement documentation.~~^{fn 13} Statutes, regulations, or the audit firm’s ~~quality control~~ policies ***or procedures under its system of quality management*** may specify a retention period longer than five years.

^{fn 13} ~~Paragraph .50 of QC section 10.~~

- .A28** An example of a circumstance in which the auditor may find it necessary to modify existing audit documentation or add new audit documentation after file assembly has been completed is the need to clarify existing audit documentation arising from comments received during monitoring ~~inspections performed by internal~~ ***activities*** or external ~~parties~~ ***inspections.***

[No further amendment to AU-C section 230.]

4. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

AU-C Section 260, *The Auditor’s Communication With Those Charged With Governance*

[No amendment to paragraphs .01–.A36.]

.A37 To the extent not already addressed by the requirements in paragraph .12*a–f* and related application material, the auditor may consider communicating about other matters discussed with, or considered by, the engagement quality control reviewer, if one has been appointed, ~~in accordance with section 220, *Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*.~~^{in 14}

^{in 14} Paragraphs .21–.22 of section 220, *Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*.

[No amendment to paragraphs .A38–.A50.]

.A51 Timely communication throughout the audit contributes to the achievement of robust two-way dialogue between those charged with governance and the auditor. However, the appropriate timing for communications will vary with the circumstances of the engagement. Considerations include the significance and nature of the matter, the importance of the matter to those charged with governance, and the action expected to be taken by those charged with governance. The following are examples of the timing of communications for certain matters:

- Communications regarding planning matters may often be made early in the audit engagement and, for an initial engagement, as part of the terms of the engagement.
- It may be appropriate to communicate significant difficulties encountered during the audit as soon as practicable if those charged with governance are able to assist the auditor in overcoming the difficulties or if the difficulties are likely to lead to a modified opinion.
- Communications regarding independence may be appropriate whenever significant judgments are made about threats to independence and related safeguards.
- When section 701 applies, the auditor may communicate preliminary views about key audit matters when discussing the planned scope and timing of the audit (see paragraph .A21); the auditor may also have more frequent communications to further discuss such matters when communicating about significant audit findings.

The following are examples of matters for which communication with those charged with governance may be important prior to issuance of the auditor’s report:

- Uncorrected misstatements accumulated by the auditor and the effect that they may have, individually or in the aggregate, on the opinion in the auditor’s report, including possible implications with respect to future financial statements

- Circumstances or relationships to which the auditor gave significant consideration relating to independence in reaching the conclusion that independence has not been impaired
- Significant findings or issues from the audit, including the auditor’s views about the qualitative aspects of the entity’s accounting practices
- An expectation by the auditor that the opinion in the auditor’s report will be modified in accordance with section 705, *Modifications to the Opinion in the Independent Auditor’s Report*¹⁶
- When section 701 applies, the matters planned to be included in the auditor’s report. ***Proposed SAS No. 146, Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards, requires the engagement partner, prior to dating the auditor’s report, to review the financial statements and the auditor’s report, including, if applicable, the description of the key audit matters and related audit documentation, to determine that the report to be issued will be appropriate in the circumstances.***

17

¹⁶ Paragraph .31 of section 705, *Modifications to the Opinion in the Independent Auditor’s Report*.

¹⁷ Paragraph 33 of ~~proposed SAS No. 146~~, *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*.

[Subsequent footnotes are renumbered.]

[No further amendment to AU-C section 260.]

5. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

AU-C Section 300, *Planning an Audit*

Introduction

Scope of This Section

[No amendment to paragraph .01.]

~~The Role and Timing of Planning~~

.02 Planning an audit involves establishing the overall audit strategy for the engagement and developing an audit plan. Adequate ***Quality management at the engagement level in accordance with ~~proposed~~ Statement on Auditing Standards (SAS) No. 146, Quality Management for an Engagement Conducted in Accordance With Generally Accepted***

Auditing Standards, in conjunction with adequate planning in accordance with this section, benefits the audit of financial statements in several ways, including the following:

- Helping the auditor identify and devote appropriate attention to important areas of the audit
- Helping the auditor identify and resolve potential problems on a timely basis
- Helping the auditor properly organize and manage the audit engagement so that it is performed in an effective and efficient manner
- Assisting in the selection of engagement team members with appropriate levels of capabilities and competence to respond to anticipated risks and allocating team member responsibilities
- Facilitating the direction and supervision of engagement team members and the review of their work
- Assisting, when applicable, in coordination of work done by auditors of components and specialists

[No amendment to paragraphs .03–.05.]

Preliminary Engagement Activities

.06 The auditor should undertake the following activities at the beginning of the current audit engagement:

- a. Performing procedures required by ~~section 220, proposed SAS No. 146 Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards~~ regarding the **acceptance and continuance of the client relationship and the specific audit engagement;**
- b. Evaluating compliance with relevant ethical requirements in accordance with ~~section 220, proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards~~
- c. Establishing an understanding of the terms of the engagement, as required by section 210, *Terms of Engagement*; (Ref: par. .A6–.A8)

[No amendment to paragraph .07.]

Planning Activities

.08 In establishing the overall audit strategy, the auditor should *consider the information obtained from complying with the requirements of* ~~proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards and~~

- a. identify the characteristics of the engagement that define its scope;

- b. ascertain the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required;
- c. consider the factors that, in the auditor’s professional judgment, are significant in directing the engagement team’s efforts;
- d. consider the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and
- e. ascertain the nature, timing, and extent of resources necessary to perform the engagement. (Ref: par. A9–A13)

.09 The auditor should develop an audit plan that includes a description of the following:

- a. ***The nature, timing, and extent of the planned direction and supervision of engagement team members and the review of their work.*** (Ref: par. ~~A18–A19~~.A14–.A15)
- b. ~~a~~ The nature and extent of planned risk assessment procedures, as determined under section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*
- c. ~~b~~ The nature, timing, and extent of planned further audit procedures at the relevant assertion level, as determined under section 330, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*
- d. ~~e~~ Other planned audit procedures that are required to be carried out so that the engagement complies with generally accepted auditing standards (Ref: par. ~~A14–A16~~.A16–.A18)

[No amendment to paragraph .10.]

.11 The auditor ***engagement partner*** should ~~plan the nature, timing, and extent of direction and supervision of engagement team members and the review of their work~~ ***review the overall audit strategy and audit plan.*** (Ref: par. ~~A18–A19~~)

[No amendment to paragraphs .12–.13.]

Documentation

.14 The auditor should include in the audit documentation the following:^{fn 3}

- a. The overall audit strategy
- b. The audit plan
- c. Any significant changes made during the audit engagement to the overall audit strategy or the audit plan, ***including any significant changes to the nature, timing, and extent of the planned direction and supervision of engagement team members***

and the review of their work,^{fn 4} and the reasons for such changes. (Ref: par. .A23–.A26)

^{fn 3} [Footnote omitted for purposes of this exposure draft.]

^{fn 4} *Paragraphs 30 and A923–A934 of proposed SAS No. 146, Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.*

Application and Other Explanatory Material

~~.A1~~ *Proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards addresses the specific responsibilities of the auditor regarding quality management at the engagement level for an audit of financial statements and the related responsibilities of the engagement partner. Information obtained from complying with the requirements of proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards is relevant to this section. For example, in accordance with proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards, the engagement partner is required to determine that sufficient and appropriate resources to perform the engagement have been assigned or made available to the engagement team, taking into account the nature and circumstances of the audit engagement. Such a determination is directly relevant when ascertaining the nature, timing, and extent of resources necessary to perform the engagement in the overall strategy, as required by paragraph .08 of this section.*

The Role and Timing of Planning (Ref: par. .01)

~~A1.A2~~ *The nature and extent of planning activities will vary according to the size and complexity of the entity, the key engagement team members' previous experience with the entity, and changes in circumstances that occur during the audit engagement. In planning the audit, the auditor may use project management techniques and tools. Proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards^{fn 5} describes how such techniques and tools may support the engagement team in managing the quality of the engagement.*

^{fn 5} *Paragraphs A73–A74 of proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.*

[Subsequent footnotes are renumbered.]

[No amendment to paragraph .A2, renumbered as paragraph .A3.]

~~A3.A4~~ *The auditor may decide to discuss elements of planning with the entity's management to facilitate the conduct and management of the audit help the auditor manage and achieve quality at the engagement level (for example, to coordinate some of the planned audit procedures with the work of the entity's personnel). Although these discussions often occur, the overall audit strategy and the audit plan remain the auditor's responsibility. When discussing matters included in the overall audit strategy or audit plan, care is required in order not to compromise the effectiveness of the audit. For example, discussing the nature and timing of detailed audit procedures with management may compromise the effectiveness of the audit by making the audit*

procedures too predictable.

[No amendment to paragraphs .A4–.A5, renumbered as paragraphs .A5–.A6.]

Preliminary Engagement Activities (Ref: par. .06)

~~.A67~~ Performing the preliminary engagement activities, which are specified in paragraph .06, at the beginning of the current audit engagement assists the auditor in identifying and evaluating events or circumstances that may adversely affect the auditor’s ability to ~~plan and perform the audit engagement~~ **manage and achieve quality at the engagement level in accordance with proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.**

~~.A7A8~~ Performing these preliminary engagement activities enables the auditor to plan an audit engagement ~~for which to~~, for example

- ~~the auditor maintains~~ **maintain** the necessary independence and ability to perform the engagement.
- **determine that** the auditor has no issues with management integrity that may affect the auditor’s willingness to continue the engagement.
- **determine that there is** ~~the auditor has~~ no misunderstanding **between the auditor and** with the entity about the terms of the engagement.

~~.A8A9~~ The auditor’s consideration of client continuance and relevant ethical requirements, including independence, occurs throughout the audit engagement as conditions and changes in circumstances occur. Performing initial procedures on both client continuance and evaluation of relevant ethical requirements (including independence) at the beginning of the current audit engagement means that they are completed prior to the performance of other significant activities for the current audit engagement. For continuing audit engagements, such initial procedures often begin shortly after (or in connection with) the completion of the previous audit.

Planning Activities

The Overall Audit Strategy (Ref: par. .07–.08)

~~.A9A10~~ The process of establishing the overall audit strategy ~~assists the auditor to determine~~, subject to the completion of the auditor’s risk assessment procedures, **may include** such matters as the following:

- The **nature of** resources (**human, technological, or intellectual**) to ~~deploy~~ **be deployed** for specific audit areas, ~~such as for example, the use~~ **deployment** of ~~appropriately~~ experienced team members for high risk areas or the ~~involvement~~ **assignment** of specialists ~~on~~ **to address** complex matters
- The amount of resources to ~~allocate~~ **be allocated** to specific audit areas, ~~such as for example, the number of team members assigned to observe~~ **attend** the **physical** inventory count at ~~material~~ **multiple** locations, the extent of review of component auditors’ work in the case of group audits, or the audit budget (in hours) to allocate to high risk areas

- When these resources are to be deployed, such as whether at an interim audit stage or at key cut-off dates
- How such resources are ~~managed~~, directed, and supervised, ~~such as~~ *or used, for example*, when team briefing and debriefing meetings are expected to be held, how the engagement partner and manager reviews are expected to take place (for example, on site or off site), ~~and whether to complete engagement quality control reviews~~

~~.A11~~ *Proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards* contains requirements and guidance on engagement resources and engagement performance (including direction and supervision of the members of the engagement team and the review of their work).

[No amendment to paragraphs .A10–.A17, renumbered as paragraphs .A12–.A19.]

Direction, Supervision, and Review (Ref: par. .11)

~~.A18A20~~ *Proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards* addresses the engagement partner's responsibility for the ~~The nature, timing, and extent of the direction and supervision of engagement team members and review of their work.~~ ^{fn 10} vary, depending on many factors, including the following:

- ~~The size and complexity of the entity~~
- ~~The area of the audit~~
- ~~The assessed risks of material misstatement (for example, an increase in the assessed risk of material misstatement for a given area of the audit ordinarily requires a corresponding increase in the extent and timeliness of direction and supervision of engagement team members and a more detailed review of their work)~~
- ~~The capabilities and competence of the individual team members performing the audit work~~

~~Section 220 contains further guidance on the direction, supervision, and review of audit work.~~

^{fn 10} ~~Paragraphs 29–31 of proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.~~

[Subsequent footnotes are renumbered.]

Considerations Specific to Smaller, Less Complex Entities Scalability

~~.A19A21~~ If an audit is carried out entirely by the engagement partner, questions of direction and supervision of engagement team members and review of their work do not arise. In such cases, the engagement partner, having personally conducted all aspects of the work, will be aware of all material issues. Forming an objective view on the appropriateness of the judgments made in the course of the audit can present practical problems when the same individual also performs the entire audit. If particularly complex or unusual issues are involved, and the audit is

performed by a sole practitioner, it may be desirable to consult with other suitably experienced auditors or the auditor’s professional body.

[No amendment to paragraphs .A20–.A21, renumbered as paragraphs .A22–.A23.]

Additional Considerations in Initial Audit Engagements (Ref: par. .13)

~~.A22~~**A24** The purpose and objective of planning the audit are the same whether the audit is an initial or recurring engagement. However, for an initial audit, the auditor may need to expand the planning activities because the auditor does not ordinarily have the previous experience with the entity that is considered when planning recurring engagements. For an initial audit engagement, additional matters the auditor may consider in establishing the overall audit strategy and audit plan include the following:

- Arrangements to be made with the predecessor auditor (for example, to review the predecessor auditor’s working papers [see section 510, *Opening Balances — Initial Audit Engagements, Including Reaudit Engagements*])^{fn 8}
- Any major issues (including the application of accounting principles or auditing and reporting standards) discussed with management in connection with the initial selection as auditor, the communication of these matters to those charged with governance, and how these matters affect the overall audit strategy and audit plan
- The audit procedures necessary to obtain sufficient appropriate audit evidence regarding opening balances (see section 510)^{fn 9}
- Other procedures required *responses designed and implemented* by the ~~firm’s system of quality control~~ *firm* for initial audit engagements (for example, the firm’s system of quality control *management* may *include responses that* require ~~the involvement of another partner or senior individual~~ *with appropriate authority* to review the overall audit strategy prior to commencing significant audit procedures or to review reports prior to their issuance)

^{fn 8–9} [Footnotes renumbered as 11 and 12, and omitted for purposes of this exposure draft.]

Documentation (Ref: par. .14)

~~.A23~~**A25** The documentation of the overall audit strategy is a record of the key decisions considered necessary to properly plan the audit *in managing quality at the engagement level* and *a means to* communicate significant issues to the engagement team. For example, the auditor may summarize the overall audit strategy in the form of a memorandum that contains key decisions regarding the overall scope, timing, and conduct of the audit.

~~.A26~~ *Documentation of the direction and supervision of engagement team members and the review of their work in accordance with proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards may also provide a record of significant changes to the planned nature, timing, and extent of the direction, supervision, and review.*

[No amendment to paragraphs .A24–.A26, renumbered as paragraphs .A27–.A29.]

Appendix — Considerations in Establishing the Overall Audit Strategy Managing Quality at the Engagement Level (Ref: par. .07–.08 and .A9–.A12)

~~A27A30~~

This appendix provides examples of matters the auditor may consider in ~~establishing the overall audit strategy~~ **managing quality at the engagement level**. Many of these matters also will influence the auditor's **overall audit strategy and** detailed audit plan. The examples provided cover a broad range of matters applicable to many engagements. Although some of the following matters may be required by other AU-C sections, not all matters are relevant to every audit engagement, and the list is not necessarily complete.

...

Nature, Timing, and Extent of Resources

The following examples illustrate the nature, timing, and extent of resources:

- The ~~selection~~ **human, technological, and intellectual resources assigned or made available to the engagement (for example, assignment of the engagement team (including, when necessary, the engagement quality control reviewer [see section 220, *Quality Control for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*]) and the assignment of audit work to the team members, including the assignment of appropriately experienced team members to areas in which there may be higher risks of material misstatement**
- Engagement budgeting, including considering the appropriate amount of time to set aside for areas in which there may be higher risks of material misstatement

[No further amendment to AU-C section 300.]

6. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

AU-C Section 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

Introduction

Scope of This Section

[No amendment to paragraphs .01–.04.]

.05 In accordance with ~~section 220,~~ **proposed Statement on Auditing Standards (SAS) No. 146, *Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards***, the group engagement partner is required to ~~be satisfied~~ **determine** that those performing the group audit engagement, including component auditors, collectively possess the appropriate competence and capabilities, **including sufficient time.**^{fn 1} The group

engagement partner also is responsible for the direction ~~and~~; supervision *of members of the group engagement team*, and ~~performance of the group audit engagement review of their work.~~^{fn2} In this section, requirements to be undertaken by the group engagement partner are addressed to the group engagement partner. When the group engagement team may assist the group engagement partner in fulfilling a requirement, the requirement is addressed to the group engagement team. When it may be appropriate in the circumstances for the firm to fulfill a requirement, the requirement is addressed to the auditor of the group financial statements.

^{fn 1} Paragraphs 1625–26 of section 220, *proposed Statement on Auditing Standards (SAS) No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*.

^{fn 2} ~~Paragraphs 29–31 of proposed SAS No. 146 statement on Auditing Standards Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.~~

[Subsequent footnotes are renumbered.]

[No further amendment to AU-C section 600.]

7. This amendment is effective for audits of group financial statements for periods beginning on or after December 15, 2025.

AU-C Section 620, *Using the Work of an Auditor’s Specialist*

[No amendment to paragraphs .01–.07.]

.08 The nature, timing, and extent of the auditor’s procedures with respect to the requirements in paragraphs .09–.13 will vary depending on the circumstances. In determining the nature, timing, and extent of those procedures, the auditor should consider matters including (Ref: par. .A11)

- a. the nature of the matter to which the work of the auditor’s specialist relates;
- b. the risks of material misstatement in the matter to which the work of the auditor’s specialist relates;
- c. the significance of the work of the auditor’s specialist in the context of the audit;
- d. the auditor’s knowledge of, and experience with, previous work performed by the auditor’s specialist; and
- e. whether the auditor’s specialist is subject to the auditor’s firm’s **system of quality management control policies and procedures**. (Ref: par. .A12–.A14)

[No amendment to paragraphs .09–.A6.]

.A7 If the preparation of the financial statements involves the use of expertise in a field

other than accounting, the auditor, who is skilled in accounting and auditing, may not possess the necessary expertise to audit those financial statements. The engagement partner is required by section 220 ~~proposed-Statement on Auditing Standards (SAS) No. 146, Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards,~~ to be satisfied ~~to~~ **determine** that the engagement team and any external auditor's specialists who are not part of the engagement team, collectively, have the appropriate competence and capabilities, **including sufficient time**, to perform the audit engagement.^{fn 6} Further, the auditor is required by section 300 to ascertain the nature, timing, and extent of resources necessary to perform the engagement.^{fn 7} The auditor's determination of whether to use the work of an auditor's specialist, and, if so, when and to what extent, assists the auditor in meeting these requirements. As the audit progresses or as circumstances change, the auditor may need to revise earlier decisions about using the work of an auditor's specialist.

^{fn 6} Paragraph 4626 of section 220 ~~proposed-Statement on Auditing Standards (SAS) No. 146, Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.~~

^{fn 7} [Footnote omitted for purposes of this exposure draft.]

[No amendment to paragraphs .A8–.A10.]

.A11 The following factors may suggest the need for different or more extensive procedures than would otherwise be the case:

- The work of the auditor's specialist relates to a significant finding or issue that involves subjective and complex judgments.
- The auditor has not previously used the work of the auditor's specialist and has no prior knowledge of that specialist's competence, capabilities, and objectivity.
- The auditor's specialist is performing procedures that are integral to the audit rather than being consulted to provide advice on an individual matter.
- The specialist is an auditor's external specialist and is not, therefore, subject to the firm's **system of quality management** ~~control policies and procedures~~.

The Auditor's Firm's System of Quality Control Policies and Procedures Management (Ref: par. .08e)

.A12 An auditor's internal specialist may be a partner or staff, including temporary staff (**that is, personnel**), of the auditor's firm and, therefore, subject to the **system of quality control policies and procedures management** of that firm in accordance with QC section 10, ~~proposed Statement on Quality Management Standards (SOMS) No. 1, A Firm's System of Quality Control Management.~~^{fn 10} An auditor's internal specialist also may be a partner or staff, including temporary staff, of a network firm, **and is subject to the firm's policies or procedures for network requirements and network services in accordance with proposed Statement on Quality Management Standards A Firm's System of Quality Management SOMS No. 1. In**

some instances, the auditor’s internal specialist of a network firm may be subject to which may share common quality control management policies and or procedures with as the auditor’s firm, given that they are part of the same network.

^{fn 10} Paragraph 1317 of *proposed Statement on Quality Management Standards (SQMS) No. 1, A Firm’s System of Quality Management.*

.A13 In accordance with As described in section 220 ~~proposed SAS No. 146~~ Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards, quality management at the engagement teams are entitled to rely on the firm’s system of quality control unless the engagement partner determines that it is inappropriate to do so based on information provided by the firm or other parties.^{fn 11} The extent of that reliance will vary with the circumstances and may affect the nature, timing, and extent of the auditor’s level is supported by the firm’s system of quality management and informed by the specific nature and circumstances of the audit engagement.^{fn 12} For example, the auditor may be able to depend on the firm’s related policies or procedures with respect to such matters as the following:

- Competence and capabilities through recruitment and training programs.
- Objectivity. The auditor’s internal specialists are subject to relevant ethical requirements, including those ~~pertaining~~ relating to independence.
- Agreement with the auditor’s specialist.
- The auditor’s evaluation of the adequacy of the work of the auditor’s specialist. For example, the firm’s training programs may provide the auditor’s internal specialists with an appropriate understanding of the interrelationship of their expertise with the audit process. Reliance on such training ~~and other firm processes, such as protocols for scoping the work of the auditor’s internal specialists,~~ may affect the nature, timing, and extent of the auditor’s procedures to evaluate the adequacy of the work of the auditor’s specialist.
- Adherence to regulatory and legal requirements through monitoring processes.

Such reliance Matters that the auditor may take into account when determining whether to depend on the firm’s policies or procedures are described in ~~proposed SAS No. 146~~ Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.^{fn 13} Depending on the firm’s policies or procedures does not reduce the auditor’s responsibility to meet the requirements of this section.

^{fn 11} Paragraph .05 of section 220:

^{fn 12} Paragraph A4 of *proposed SAS No. 146* Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.

~~*^{fn 13} Paragraphs 04b and A10 of proposed SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.*~~

~~**.A14** *Proposed SOMS No. 1 statement on Quality Management Standards A Firm's System of Quality Management requires the firm to address the use of resources from a service provider, which includes the use of an external specialist.* ^{fn14} An auditor's external specialist is not a member of the engagement team and is not subject to quality control policies and procedures in accordance with QC section 10 *the firm's policies or procedures under its system of quality management.* ^{fn 15} *Furthermore, the firm's policies or procedures for relevant ethical requirements may include policies or procedures that apply to the auditor's external specialist.* ^{fn 12 16}~~

~~*^{fn 14} Paragraph 33 of proposed SOMS No. 1 statement on Quality Management Standards A Firm's System of Quality Management.*~~

~~*^{fn 15} Paragraph 17 of proposed SOMS No. 1 statement on Quality Management Standards A Firm's System of Quality Management.*~~

~~*^{fn 12/16} Paragraph 13.30b of QC section 10 proposed SOMS No. 1 statement on Quality Management Standards A Firm's System of Quality Management.*~~

[Subsequent footnotes are renumbered.]

[No proposed amendment to paragraph .A15.]

.A16 Information regarding the competence, capabilities, and objectivity of an auditor's specialist may come from a variety of sources, such as the following:

- Personal experience with previous work of that specialist
- Discussions with that specialist
- Discussions with other auditors or others who are familiar with that specialist's work
- Knowledge of that specialist's qualifications, membership in a professional body or industry association, license to practice, or other forms of external recognition
- Published papers or books written by that specialist
- The **system of quality management** ~~control policies and procedures~~ of the auditor's firm and such other procedures the auditor considers necessary in the circumstances (see paragraphs .A12–.A13).

[No amendment to paragraphs .A17–.A28.]

.A29 When no written agreement exists between the auditor and the auditor's specialist, evidence of the agreement may be included in, for example

- planning memoranda or related working papers, such as the audit program.
- the policies ~~and or~~ procedures of the auditor’s firm’s ***system of quality management***. In the case of an auditor’s internal specialist, the ~~established policies and procedures to which the auditor’s specialist is subject~~ ***firm’s system of quality management*** may include ~~particular~~ policies ~~and or~~ procedures regarding the work of the auditor’s specialist. The extent of documentation in the auditor’s working papers depends on the nature of such policies ~~and or~~ procedures. For example, no documentation may be required in the auditor’s working papers if the auditor’s firm has detailed protocols covering the circumstances in which the work of such an auditor’s specialist is used.

[No further amendment to AU-C section 620.]

8. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

AU-C section 930, *Interim Financial Information*

[No amendment to paragraphs .01–.A59.]

.A60 When an engagement quality ~~control~~ review is performed, ~~section 220, ***proposed Statement on Auditing Standards (SAS) No. 146, Quality Control Management*** for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards, requires that the ***engagement partner not date the auditor’s report not be released prior to until*** the completion of the engagement quality ~~control~~ review.^{fn 27}~~

^{fn 27} Paragraph 21.36d of section 220 ~~***proposed Statement on Auditing Standards No. 146, Quality Control Management*** for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.~~

[No further amendment to AU-C section 930.]

9. This amendment is effective for reviews of interim financial information for interim periods of fiscal years beginning on or after December 15, 2025.

Amendment to SAS No. 130, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*, as Amended

(***Boldface italics*** denotes new language. Deleted text is in ~~strike through~~.)

AU-C Section 940, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*

[No amendment to paragraphs .01–.A116.]

.A117 ~~Section 220, *Proposed Statement on Auditing Standards (SAS) No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~, requires that, on or before the date of the auditor’s report, the engagement partner **determine**, through a review of the audit documentation and discussion with the engagement team, ~~be satisfied~~ that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor’s report to be issued.^{fn 25} When an engagement quality control review is performed, ~~section 220 *proposed SAS No. 146 statement on Auditing Standards Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~ requires that the **engagement partner not date the** auditor’s report ~~not be released prior to~~ **until** the completion of the engagement quality control review.^{fn 26}

^{fn 25} See paragraph ~~Paragraph 1932~~ of section 220, ~~*proposed SAS No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~, for further discussion.

^{fn 26} Paragraph ~~2136d~~ of section 220 ~~*proposed SAS No. 146 Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~.

[No further amendment to AU-C section 940.]

10. This amendment is effective for integrated audits for periods beginning on or after December 15, 2025.

Amendments to Various Sections in SAS No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, as Amended

(*Boldface italics* denotes new language. Deleted text is in ~~strike through~~.)

AU-C Section 700, *Forming an Opinion and Reporting on Financial Statements*

[No amendment to paragraphs .01–.A38.]

.A39 Relevant ethical requirements may exist in several different sources, such as ethical codes and additional rules and requirements within law and regulation. When independence and other relevant ethical requirements are contained in a limited number of sources, the auditor may

choose to name the relevant sources (for example, the AICPA Code of Professional Conduct, when applicable; the rule or applicable regulation; or *Government Auditing Standards* promulgated by the Comptroller General of the United States) or may refer to a term that appropriately describes those sources. Relevant ethical requirements, including those ~~pertaining~~ **relating** to independence, in a group audit situation may be complex. Section 600, *Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors)*,^{fn 21} provides guidance for auditors in performing work on the financial information of a component for a group audit, including those situations in which the component auditor does not meet the independence requirements that are relevant to the group audit.

^{fn 21} [Footnote omitted for purposes of this exposure draft.]

[No amendment to paragraphs .A40–.A53.]

.A54 ~~Section 220, Quality Control Management~~ ***Proposed Statement on Auditing Standards (SAS) No. 146, Section 220, Quality Control Management*** for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards, requires ***the following with regard to dating the auditor’s report:***

- ~~that~~ ***On or before the date of the auditor’s report, the engagement partner, through a review of the audit documentation and discussion with the engagement team, is required to be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor’s report to be issued.***^{fn 26}
- ***Prior to dating the auditor’s report, the engagement partner is required to review the financial statements and the auditor’s report, including, if applicable, the description of the key audit matters and related audit documentation, to determine that the report to be issued will be appropriate in the circumstances.***^{fn 27}
- When an engagement quality ~~control~~ review is performed, ~~section 220~~ ***the engagement partner is precluded from dating-releasing the auditor’s report not be released prior to until the completion of the engagement quality ~~control~~ review.***^{fn 278}

^{fn 26} See paragraph ~~Paragraph 1932~~ of section 220, ~~proposed-SAS No. 146, Quality Control Management~~ for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards, for further discussion.

^{fn 27} Paragraph 33 of ~~proposed-SAS No. 146~~ ***Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.***

^{fn 278} Paragraph 2436d of section 220 ~~proposed-SAS No. 146~~ ***Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.***

[No further amendment to AU-C section 700.]

11. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

AU-C Section 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*

[No amendment to paragraphs .01–.A12.]

.A13 Certain AU-C sections, such as the following, require specific communications with those charged with governance and others that may relate to areas of significant auditor attention:

- a. Section 260, *The Auditor’s Communication With Those Charged With Governance*, requires the auditor to communicate significant difficulties, if any, encountered during the audit with those charged with governance.^{fn 7} For example, there may be potential difficulties relating to the following:
 - i. *Related party transactions*. In particular, there may be limitations on the auditor’s ability to obtain audit evidence that all other aspects of a related party transaction (other than price) are equivalent to those of a similar arm’s-length transaction.^{fn 8}
 - ii. *Limitations on the group audit*. For example, the group engagement team’s access to information may be restricted.^{fn 9}

^{fns 7–9} [Footnotes omitted for purposes of this exposure draft.]

- b. ~~Section 220, *Proposed-Statement on Auditing Standards No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~, establishes requirements for the engagement partner in relation to undertaking appropriate consultation on difficult or contentious matters *and matters on which the firm’s policies or procedures require consultation and other matters that in the engagement partner’s professional judgment, require consultation*.^{fn 10} For example, the auditor may have consulted with others within the firm or outside the firm on a significant technical matter, which may be an indicator that it is a key audit matter. The engagement partner is also required to discuss, among other things, significant matters *and significant judgments* arising during the audit engagement with the engagement quality ~~control~~ reviewer.

^{fn 10} Paragraph 2035 of section 220, ~~proposed-SAS No. 146, *Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*~~.

[No amendment to paragraphs .A14–.A59.]

Communication With Those Charged With Governance (Ref: par. .16)

- .A60** ~~*Proposed-SAS No. 146 Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards, requires the engagement partner, prior to dating the auditor’s report, to review the financial statements and the auditor’s report, including, if applicable, the description of the key audit matters and related audit documentation, to determine that the report to be issued will be*~~

*appropriate in the circumstances.*¹⁹

¹⁹ Paragraph 33 of ~~proposed SAS No. 146~~ *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*.

[No amendment to paragraph .A60, renumbered as paragraph .A61.]

~~.A61~~ The requirement in paragraph .16b to communicate with those charged with governance when the auditor has determined that there are no key audit matters to communicate in the auditor’s report may provide an opportunity for the auditor to have further discussion with others who are familiar with the audit and the significant matters that may have arisen (including the engagement quality ~~control~~ reviewer, when one has been appointed). These discussions may cause the auditor to reevaluate the auditor’s determination that there are no key audit matters.

[No amendment to paragraph .A62, renumbered as .A63.]

12. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

Amendment to SAS No. 136, Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA, as Amended

(***Boldface italics*** denotes new language. Deleted text is in ~~strike through~~.)

AU-C Section 703, Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA

[No amendment to paragraphs .01–.A118.]

Date of the Auditor’s Report (Ref: par. .82 and .126)

~~A119. Proposed SAS No. 146, Section 220, Quality Control Management~~ *for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*, requires ***the following with regard to dating the auditor’s report:***

- ~~that,~~ ***On or before the date of the auditor’s report, the engagement partner, through a review of the audit documentation and discussion with the engagement team, is required to be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor’s report to be issued.***^{fn44}
- ***Prior to dating the auditor’s report, the engagement partner is required to review the financial statements and the auditor’s report, including, if applicable, the description of the key audit matters and related audit documentation, to determine that the report to be issued will be appropriate in the circumstances.***^{fn45}

- When an engagement quality control review is performed, ~~section 220~~ the **engagement partner is precluded from ~~dating-releasing the~~ auditor's report not be released prior to until** the completion of the engagement quality control review. ^{fn 4546}

^{fn 44} See ~~paragraph~~ **Paragraph 1932** of section 220, ~~proposed SAS No. 146, Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards, for further discussion.~~

^{fn 45} ~~Paragraph 33 of SAS No. 146 Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards, for further discussion.~~

^{fn 4546} Paragraph ~~2136d~~ of section 220 ~~proposed SAS no. 146 Quality Control Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards.~~

[No further amendment to AU-C section 703.]

13. This amendment is effective for audits of ERISA plan financial statements for periods beginning on or after December 15, 2025.

Amendment to SAS No. 137, The Auditor's Responsibilities Relating to Other Information Included in Annual Reports, as Amended

(***Boldface italics*** denotes new language. Deleted text is in ~~strike through~~.)

AU-C section 720, Other Information Included in Annual Reports

[No amendment to paragraphs .01–.A26.]

.A27 In accordance with ~~section 220, proposed Statement on Auditing Standards No. 146, Quality Control Management for an Engagement Performed in Accordance With Generally Accepted Auditing Standards,~~ ^{fn 8} the engagement partner is required to take responsibility for the direction, ~~and supervision, and performance of the audit engagement of the~~ **members of the engagement team and the review of their work, and determine that the nature, timing, and extent of direction, supervision, and review is planned and performed** in compliance with **the firm's policies or procedures**, professional standards, and applicable legal and regulatory requirements. ^{fn 8} In the context of this section, factors that may be considered when determining the appropriate engagement team members to address the requirements of paragraphs .16–.17 of this section include the following:

- The relative experience of engagement team members

- Whether the engagement team members have the relevant knowledge obtained in the audit to identify inconsistencies between the other information and that knowledge
- The degree of judgment involved in addressing the requirements of paragraphs .16–.17 of this section, for example, performing procedures to evaluate the consistency of amounts in the other information that are intended to be the same as amounts in the financial statements may be carried out by less experienced engagement team members
- Whether, in the case of a group audit, it is necessary to make inquiries of a component auditor in addressing the other information related to that component

^{fn 8} Paragraphs ~~17a-29-30~~ of section ~~220~~ **proposed SAS no. 146, Quality Control Management for an Engagement Performed in Accordance With Generally Accepted Auditing Standards.**

[No further amendment to AU-C section 720.]

14. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

Amendment to SAS No. 142, *Audit Evidence*

Appendix B — Amendments to Various Sections in Statement on Auditing Standards No. 122, *Statements on Auditing Standards: Clarification and Recodification*, as Amended

.A68

...

AU-C Section 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards

.A27 Unconscious or conscious auditor biases may affect the auditor’s professional skepticism and professional judgment, including, for example, in the design and performance of audit procedures or the evaluation of audit evidence. Examples of unconscious auditor biases are provided in paragraph A35 of ~~proposed~~ Statement on Auditing Standards **No. 146, Quality Management of an Audit Conducted in Accordance With Generally Accepted Auditing Standards.** ~~that may impede the maintenance of professional skepticism and, therefore, the reasonableness of the professional judgments made by the auditor in complying with the requirements of this section, may include the following:~~

- ~~Availability bias, which is a tendency to place more weight on events or experiences that immediately come to mind or are readily available than on those that are not~~
- ~~Confirmation bias, which is a tendency to place more weight on information that corroborates an existing belief than information that contradicts or casts doubt on that belief~~
- ~~Overconfidence bias, which is a tendency to overestimate one's own ability to make accurate assessments of risk or other judgments or decisions~~
- ~~Anchoring bias, which is a tendency to use an initial piece of information as an anchor against which subsequent information is inadequately assessed~~
- ~~Automation bias, which is a tendency to favor output generated from automated systems, even when human reasoning or contradictory information raises questions about whether such output is reliable or fit for purpose~~

[Paragraphs A27–A86 have been renumbered.]

15. This amendment is effective for audits of financial statements for periods beginning on or after December 15, 2025.

Amendment to Statement on Standards for Attestation Engagements No. 18, *Attestation Standards: Clarification and Recodification*, as Amended, Section 105, *Concepts Common to All Attestation Engagements*

(*Boldface italics* denotes new language. Deleted text is in ~~strike through~~.)

AT-C Section 105, *Concepts Common to All Attestation Engagements*

[No amendment to paragraphs .01–.05.]

Relationship of Attestation Standards to Quality Control Standards

.06 Quality ~~control~~ **management** systems, policies, and procedures are the responsibility of the firm in conducting its attestation practice. Under QC section 10 ~~proposed Statement on Quality Management Standards No. 1, A Firm's System of Quality Control Management~~, the firm has an obligation to ~~establish~~ **design, implement, and maintain** ~~operate~~ a system of quality ~~control~~ **management** to provide it ~~that provides the firm~~ with reasonable assurance that ^{fn5} (Ref: par. .A4–.A6)

- a. the firm and its personnel ~~comply~~ **fulfill their responsibilities in accordance** with professional standards and applicable legal and regulatory requirements **and conduct attestation engagements in accordance with such standards and requirements**, and

b. practitioners' reports issued by the firm are appropriate in the circumstances.

^{in 5} Paragraph 1220 of QC section 10, ~~proposed~~ *Statement on Quality Management Standards No. 1, A Firm's System of Quality Control Management* (AICPA, *Professional Standards*).

.07 Attestation standards relate to the conduct of individual attestation engagements; quality ~~control~~ *management* standards relate to the conduct of a firm's attestation practice as a whole. Thus, attestation standards and quality ~~control~~ *management* standards are related, and the quality ~~control~~ *management* policies ~~and~~ *or* procedures that ~~a~~ *the* firm ~~adopts~~ *establishes* may affect both the conduct of individual attestation engagements and the conduct of ~~a~~ *the* firm's attestation practice as a whole. However, deficiencies in or instances of noncompliance with ~~a~~ *the* firm's quality ~~control~~ *management* policies and procedures do not, in and of themselves, indicate that a particular engagement was not ~~performed~~ *conducted* in accordance with the attestation standards.

[No further amendment to AT-C section 105.]

16. This amendment is effective for practitioners' reports dated on or after December 15, 2025.