

ACCOUNTING AND REVIEW SERVICES COMMITTEE (ARSC)
Meeting Highlights
June 11, 2020
Videoconference

MEETING ATTENDANCE

ARSC Members

Denny Ard, *Chair*
Ignatius Jackson
Karen Kerber
Bruce Nunnally
Victoria Pitkin
Thomas Prothro
Michael Westervelt

AICPA Staff

Bob Dohrer, *Chief Auditor—Professional Standards & Services*
Mike Glynn, *Senior Technical Manager—A&A Standards*
Kristy Illuzzi, *Staff Liason to the PCPS Technical Issues Committee*
Michael A. Jones, *Asst. General Counsel—General Counsel & Trial Board*

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

Members of 2019-2020

ARSC who rolled off

David Johnson
Dustin Verity

Chair and Chief Auditor Report

Mr. Ard provided an update on recent activities, including the activities of the Attestation Standards Task Force of which he and Mr. Johnson are members. Mr. Ard also provided an update of the Enhancing Audit Quality initiative including the Spring 2020 meeting which he attended.

Mr. Ard also acknowledged the attendance of Mr. Johnson and Mr. Verity both of whom have rolled off of the Committee after three years of service. Mr. Ard thanked Mr. Johnson and Mr. Verity for their service and each was presented with a certificate of appreciation.

Mr. Dohrer informed the ARSC of the recent activities of the Auditing Standards Board including the ASB's plans with respect to the project to revise the attestation standards to provide for direct examination and review engagements.

The highlights of the January 2020 ARSC meeting were unanimously approved as presented.

1. Discuss Issues With Respect to Communications With Predecessor Accountants

Mr. Glynn lead a discussion of issues with respect to communications with a predecessor accountant in connection with the acceptance of a review engagement and a consideration of elevating the interpretative guidance contained in the Guide, *Preparation, Compilation, and Review Engagements* to the requirements/guidance in AR-C section 90, *Review of Financial Statements*.

The ARSC considered whether it is in the public interest to require the accountant to request the client to permit the predecessor accountant to respond to the accountant's inquiries as part of considering whether to accept a review engagement. As part of the discussion, the following points were made:

- The benefits of a communication between a predecessor and a successor auditor that are experienced as part of the audit acceptance process may not be experienced when the predecessor accountant performed a review engagement as the predecessor accountant may not have performed procedures that would provide significant benefit to a successor accountant.
- Any requirement with respect to communication between a predecessor and a successor accountant as part of a review engagement could be considered as part of a broader project on initial review engagements – including performing analytical procedures in instances in which the accountant did not perform procedures on the prior year amounts.
- The ARSC directed Mr. Glynn to communicate with the AICPA Peer Review Team and ask that group to identify any potential threats to review quality and to provide issues that have resulted in nonconforming review engagements.

Open Discussion of Issues Related to SSARs Engagements

The ARSC discussed issues with respect to SSARs engagements and appropriate vehicles for communicating best practices and guidance to practitioners. The ARSC will consider podcasts when issues are identified that would indicate that timely guidance is needed to ensure high quality SSARs engagements are performed.

With respect to specific issues, the ARSC discussed whether aligning the requirements of AR-C section 90 with the requirements of AU-C section 930, *Interim Financial Information* is appropriate. The ARSC concluded that further alignment of requirements is not necessary as the differences between AR-C section 90 and AU-C section 930 are appropriate given that, in the latter, the practitioner has an audit base of knowledge. Unless considered appropriate to enhance review quality, the ARSC does not believe that it is necessary to increase the work effort in a review performed in accordance with AR-C section 90.

Subsequent ARSC Meetings

The ARSC directed that the next Committee meeting be held via videoconference on November 2, 2020. During that meeting, the ARSC will further consider issues with respect to communications with predecessor accountants as well as review quality issues identified through the peer review process.

The ARSC will consider meeting in person in January 2021.