

AUDITING STANDARDS BOARD (ASB)
Teleconference Meeting Highlights
November 23, 2015

MEETING ATTENDANCE

ASB Members

Bruce Webb, *Chair*
Hunter Cook
Gerry Boaz
Jack Fuchs
Liz Gantnier
Steve Glover
Jennifer Haskell
Sandra Johnigan
Ilene Kassman
Ryan Kaye
Don M. Pallais
Marc Panucci
Josh Partlow
Rick Reisig
Mike Santay
Catherine Schweigel
Chris Smith
Absent
Dan Hevia
David Miller

Incoming ASB Members

Marcia Marien
Richard Miller
Steven Morrison
Jere Shawver
Chad Singletary

AICPA Staff

Dave Arman, *Content Development*
Linda Delahanty, *Audit & Attest Standards*
Mike Glynn, *Audit & Attest Standards*
Ahava Goldman, *Audit & Attest Standards*
Hiram Hasty, *Audit & Attest Standards*
Teighlor March, *Assistant General Counsel*
Andy Mrakovic, *Audit & Attest Standards*
Judith Sherinsky, *Audit & Attest Standards*
Linda Volkert, *PCPS Technical Issues Committee*
Absent
Chuck Landes, *Professional Standards*

Observers and Guests

Cathy Allen, *Audit Conduct LLC*
Sally Ann Bailey, *Deloitte & Touche LLP*
Courtney Drake, *EY LLP*
Harrison Greene, Jr., *Federal Deposit Insurance Corporation*
Bridget Gyofri, *KPMG LLP*
Jan Herringer, *BDO*
Susan Jones, *KPMG LLP*
Sara Lord, *RSM*
Tammy Mooney, *Thompson Reuters*
Paul Penler, *Ernst & Young LLP*
Beth Schneider, *Deloitte*
Laura Schuetze, *Grant Thornton*
Kevin Stout, *SEC*

The ASB approved the highlights of the October meeting. (See agenda item 1.)

1. Attestation Standards

The ASB voted to ballot for issuance as a final standard the eight proposed chapters of the clarified attestation standards, which were exposed for comment in the exposure draft *Attestation Standards: Clarification and Recodification* (ED) which clarifies AT sections 20, 50, 101 and 201 of Statements on Standards for Attestation Engagements (attestation standards); in the exposure draft *Subject-Matter Specific Attestation Standards: Clarification and Recodification* which clarifies AT sections 301, 401, and 601 of the attestation standards; and in the exposure draft *Proposed Statement on Standards for Attestation Engagements*, which clarifies AT section 801 of the attestation standards. The chapters, once finalized, will be issued as a single Statement on Standards for Attestation Engagements.

The ASB discussed whether re-exposure was necessary and concluded it was not.

The ASB directed that the following changes be made to the draft for balloting:

- Pars. 2.A8 and 3.A8, delete “As part of a non-attest service,”
- Insert the following heading above par. 2.82 (3.59) “Responsible Party Refuses to Provide Assertion.”
- Revise the headings above paragraphs 2.82 and 2.84 (3.59 and 3.60) so that they are subheadings that state “Responsible Party That Is the Engaging Party Refuses to Provide an Assertion” and “Responsible Party That Is Not the Engaging Party Refuses to Provide an Assertion,” respectively
- Delete paragraphs 2.A110 and 3.A86.
- Add application guidance indicating that the option of obtaining an oral assertion rather than a written assertion when the engaging party is not the responsible party is available only when the practitioner is reporting on the subject matter, not when the practitioner is reporting on the assertion.
- Add application guidance to explain that the requirement to restrict the use of the report when the engaging party is not the responsible party and the responsible party provides an oral assertion or representations
 - applies only when the practitioner is satisfied with the oral assertion or representations. If not, there is no need to restrict the use of the report because a scope limitation exists and the practitioner’s report will describe the scope limitation and say that the subject matter has not been examined.
 - is addressed in paragraph **Error! Reference source not found.**c with regard to oral representations and paragraph **Error! Reference source not found.** with regard to oral assertions

2. Amendment to AU-C Section 700

The ASB discussed the comments received on exposure of proposed SAS *Amendment to Statement on Auditing Standards No. 122 Section 700, Forming an Opinion and Reporting on Financial Statements*.

The ASB directed the Task Force to make the changes described below. The ASB also directed that the material accompanying the issuance of the standard explain that the SEC staff considers that using the PCAOB report wording and layout is necessary to comply with PCAOB auditing standards.

Changes to the proposed draft requested by the ASB:

- Par. 43, revise to “require” instead of “permit” the use of the PCAOB report wording and layout in dual reporting situations.
- Par. A43-A44, retain the phrase “of the financial statements” when referring to the audit.
- Revert to using “entities whose audits are [not] within the jurisdiction of the PCAOB” and not “an entity is [not] an issuer or broker or dealer registered with the SEC”.
- Add application material advising auditors to be familiar with the requirements of applicable law or regulation.
- Add application guidance with respect to non-standard reporting considerations (e.g., supplemental information and integrated audits).

The ASB discussed deferring the effective date from the date in the exposure draft (reports issued after December 15, 2015) but did not conclude on a revised date. The ASB will meet on December 16 through a conference call to vote to ballot the revised draft for issuance as a final standard.