AUDITING STANDARDS BOARD (ASB)
Meeting Highlights (DRAFT)
February 22, 2017
Conference Call

MEETING ATTENDANCE

ASB Members
Mike Santay, Chair
Gerry Boaz
Jay Brodish
Dora Burzenski
Joseph Cascio
Larry Gill
Steve Glover
Gaylen Hansen
Tracy Harding
Dan Hevia
Ilene Kassman
Alan Long
Rich Miller
Dan Montgomery
Steven Morrison
Rick Reisig
Catherine Schweigel
Jere Shawver
Chad Shawver

AIICPA Staff
Linda Delahanty, Audit & Attest Standards
Mike Glynn, Audit & Attest Standards
Ahava Goldman, Audit & Attest Standards
Hiram Hasty, Audit & Attest Standards
Kristy Illuzzi, PCPS TIC
Chuck Landes, Professional Standards
Teighlor March, Assistant General Counsel
Andy Mrakovic, Audit & Attest Standards
Judith Sherinsky, Audit & Attest Standards
Sue Hicks, EBP Audit Quality Center
Jim Brackens, Member Quality & International Affairs
Shelly Desbois, EBP Audit Quality Center
Ian MacKay, EBP Audit Quality Center

Registered Observers
EBP Expert Panel and Audit Quality Center Members:
Jennifer Allen, Crowe Horwath LLP
Darlene Bayardo, BDO
Eileen Brassil, Legacy Professionals LLP
Judy Goldberg, EY
Gary Greer, Dixon Hughes Goodman LLP EBP AQC
Josie Hammond, RSM LLP
Chip Harris, RubinBrown LLP
James Haubrock, Clark, Schaefer, Hackett & Co.
Robert Lavenberg, BDO
Stacy Meyer, CliftonLarsonAllen LLP
Bradley Nicklin, Baker Tilly Virchow Krause, LLP
Jodi Rinne, HSMC Orizon LLC
Beth Thompson, KPMG LLP
Michele Weldon, PwC LLP
Alice Wunderlich, Deloitte & Touche LLP

Others:
Michael Auerbach, U.S. Department of Labor
Sally Ann Bailey, Deloitte & Touche LLP
Adam Barrow, EY LLP
Gwen Bryant, HoganTaylor LLP
Jim Dalkin, GAO
Kriste DeAngelo
Ian Dingwall
Harrison Green, FDIC
Bridget Gyofri, KPMG LLP
Cathleen Finneran, PwC LLP
Vicki Hellenbrand, Baker Tilly Virchow Krause, LLP
Jan Herringer, BDO
Susan Jones, KPMG LLP
Sara Lord, RSM LLP
Nigyar Mamedova, NASBA
Lynne McMennamin, U.S. Department of Labor
Tammy Mooney, Thompson Reuters
Laura Schuetze, Grant Thornton
The call began at 9:00am.

1. Auditor Reports on ERISA Plan Financial Statements

The objective of the agenda item was to approve for exposure a draft of proposed AU-C section 703, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA* and related proposed amendments. Mr. Santay noted that this call was in lieu of the ASB seeing a revised draft and voting on it at the last day of an ASB meeting, and accordingly the discussion would focus on proposed revisions in response to comments received from ASB members on the revised draft. Ms. Delahanty led the discussion.

The ASB discussed the following matters which did not result in changes to the proposed standard:

- **Paragraph A16** – The ASB discussed including application material to clarify that the auditor is not expected to perform procedures to test every provision within the plan instrument. Certain members of the board believed the proposed application material furthers the confusion and preferred to solicit feedback as part of the wrap document to better determine the extent of additional guidance that is needed to help apply the requirements relating to the procedures in paragraphs .15 and .16 of the proposed SAS.

- **Report on Specific Plan Provisions Relating to the Financial Statements** – The suggestion was made to change the first sentence as follows (see bold italics):
  
  “As part of obtaining reasonable assurance about whether ABC 401(k) Plan’s financial statements are free from material misstatement, we are required to perform certain procedures to test whether the administration of the plan and plan transactions are in accordance with specific plan provisions.

  The ASB does not believe that all the procedures relate to administration of the plan and did not support this change. The ASB directed the task force not to change the proposed wording of the report and to see what comments are received upon exposure.

- **Illustration 7** – Questions raised about illustration 7 including whether the auditor can accept an engagement that would result in the disclaimer of opinion as illustrated; whether the auditor should report findings when issuing a disclaimer of opinion; whether the basis for disclaimer opinion paragraph is too long and could not include the ERISA-permitted scope limitation information. The ASB discussed the need for more application guidance for the limited scope audit and the interaction with AU-C section 705. The ASB decided to expose illustration 7 as is to get feedback as part of the exposure process, with specific questions for respondents on the situation described in illustration 7.

The ASB directed that the following changes be made to the proposed standard:
The ASB voted unanimously to ballot the proposed standard for exposure with a 120-day comment period.

The call adjourned at 11:30am.