

In Our Opinion...

The Newsletter of the AICPA Audit and Attest Standards Team

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ASB's Road to Harmonization

by Sharon Walker

The mission of the Auditing Standards Board (ASB) is to develop and communicate comprehensive performance, reporting, and quality control standards, as well as practice guidance to enable auditors of nonissuers to provide high quality, objective, audit and attestation services at a reasonable cost in the best interests of the profession and the beneficiaries of those services, with the ultimate purpose of serving the public interest by improving existing and enabling new audit and attestation services.



In 2004, the ASB considered how to best meet its mission in light of the creation of the Public Company Accounting Oversight Board (PCAOB) and the increasingly widespread acceptance of the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB). The first step the ASB took was to develop a plan to harmonize U.S. generally accepted auditing standards (GAAS) with the ISAs while also avoiding the creation of unnecessary differences between GAAS and PCAOB standards.

The ASB's plan to harmonize GAAS with the ISAs includes harmonizing its standard-setting agenda with that of the IAASB and using the ISAs as a base for developing new standards or revising existing standards. The ISA base is modified only when modifications are

necessary to better serve the needs of U.S. users of audited financial statements of nonissuers, or when modifications are appropriate for U.S. legal and regulatory reasons.

What has the ASB done so far?

Since formalizing its plans to harmonize GAAS with the ISAs, the ASB has issued several standards that are either based on the ISAs or were developed jointly with the IAASB. The most notable are the risk assessment suite of standards (Statements on Auditing Standards (SAS) Nos. 104 -111). The risk assessment standards are the culmination of a cooperative effort between the IAASB and the ASB that started long before the ASB's formal plans to harmonize GAAS with the ISAs. Since 2004, using the ISAs as a base, the ASB has also issued SAS No. 103, *Audit Documentation*, (AU sec. 339) and SAS No. 114, *The Auditor's Communication With Those Charged With Governance*, (AU sec. 380).

There also are several projects underway that use the ISAs as a base. These projects include revision of the auditor's report to more clearly explain the auditor's responsibilities and management's responsibilities, revision of the related parties standard to apply a risk based approach, and revision of the use of specialists and management representations standards.

What's Next?

The IAASB is currently involved in a significant effort to clarify the ISAs. The purpose of that effort is to address concerns about the clarity of the ISAs as well as their length and complexity. The ASB has been monitoring the progress of the IAASB and has concluded that, by following a similar path and issuing standards in a different format and style, the ASB could more effectively achieve its mission. The ASB believes that "clarifying" the standards, will make them more understandable, clearer, and capable of more consistent application. The ASB will soon decide how best to meet its objective of harmonizing GAAS with the ISAs in the context of the clarity project. In doing so, the ASB is seeking reactions to certain issues related to the structure, format, and style of the standards. A discussion paper seeking comment on the proposals will be available in early April 2007 at the AICPA Web site:

<http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/>. The ASB is asking readers to study the proposed new style and format of the standards and comment on their preferences. The comment period on the proposals ends on May 31, 2007.

PITF Issues Practice Alert on Dating of the Auditor's Report

by Michael P. Glynn

In January 2007, the Professional Issues Task Force (PITF) issued Practice Alert 2007-1, *Dating of the Auditor's Report and Related Practical Guidance*. The Practice Alert provides guidance to auditors of nonissuers and their firms regarding the application of certain provisions of AU Section 339, *Audit Documentation*, of Statements on Auditing Standards primarily relating to dating of the auditor's report. The Practice Alert provides guidance on:



- The date to use when dating the auditor's report.
- Minimizing possible delays in the completion of the audit.
- The auditor's responsibility with respect to subsequent events.
- What constitutes sufficient, appropriate audit evidence.

- The dating of management's representation letter.
- The review of audit documentation under AU Section 339.

The PITF encourages practitioners and AICPA member firms to incorporate the guidance contained in the alert as soon as practicable. The alert is currently available on the AICPA's Web site at http://www.aicpa.org/download/auditstd/pract_alert/pa_2007_1.pdf

Interpretations to Address Limited-Scope Audits

by *Linda Delahanty*

The Employee Benefit Plans Expert Panel is developing two interpretations of Statements on Auditing Standards related to limited-scope audits of employee benefit plans. Currently, Department of Labor (DOL) regulations permit the plan administrator of an employee benefit plan to instruct the auditor of the plan's financial statements to omit auditing procedures with respect to certain investment information prepared by a bank, similar institution, or regulated insurance company; provided the institution certifies the information as complete and accurate. Such limited-scope audits are very common for all types of employee benefit plans. Both DOL rules and regulations, and generally accepted accounting principles require that investments be recorded at fair value. In certain instances, a trustee or custodian may certify complex or hard to value investments, for example, limited partnerships, hedge funds, real estate, and derivatives; without having performed adequate year-end valuation procedures.

An interpretation of AU Section 508, *Reports on Audited Financial Statement*, will provide guidance to the auditor on the effect on the auditor's limited-scope report if it comes to the auditor's attention that investments covered by the certification have not been valued at fair value as of the end of the plan year. An interpretation of AU Section 328, *Auditing Fair Value Measurements and Disclosures*, will provide guidance on the procedures the auditor should perform, under the ERISA limited-scope exemption, to obtain sufficient, competent audit evidence that an employee benefit plan's fair value measurements and disclosures are in conformity with GAAP.

The Audit Issues Task Force expects to discuss these interpretations in late March 2007 and issue these interpretations shortly thereafter.

ARSC Issues Interpretations on Reporting on Special Purpose Financial Statements and on Uncertainties

by *Michael P. Glynn*

In December 2006, the Accounting and Review Services Committee (ARSC) issued Interpretation No. 28, "Special Purpose Financial Statements to Comply With Contractual Agreements or Regulatory Provisions," of AR Section 100, *Compilation and Review of Financial Statements*. That interpretation provides accountants with guidance on how to modify the standard compilation or review report when reporting on a special-purpose financial statement prepared to comply with a contractual agreement or regulatory provision that specifies the special basis of presentation.

Additionally, in February 2007, the ARSC issued Interpretation No. 29, "Reporting on an Uncertainty, Including an Uncertainty About an Entity's Ability to Continue as a Going Concern," of AR Section 100. That interpretation provides guidance as to:

- How the accountant would modify the standard compilation or review report if, during the performance of compilation or review procedures, he or she became aware of a material uncertainty about the entity's ability to continue as a going concern for a reasonable period of time, not to exceed one year beyond the date of the financial statements being compiled or reviewed.
- Matters to consider in deciding whether it is necessary to modify the accountant's compilation or review report if, while performing a compilation or review, the accountant becomes aware of a material uncertainty, other than a going concern uncertainty, for example, an uncertainty regarding pending or threatened litigation.

As a result of the issuance of Interpretation No. 29, the ARSC has rescinded Interpretation No. 11, "Reporting on Uncertainties," of AR Section 100.

The new interpretations currently are available on the AICPA's Web site at:

<http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Authoritative+Standards+and+Related+Guidance+for+Non-Issuers/Recently+Issued+Compilation+and+Review+Interpretations+of+the+SSARs.htm>

Highlights of Technical Activities

The Auditing Standards Board (ASB) performs its work through task forces composed of members of the ASB and others with technical expertise in the subject matter of the projects. The findings of these task forces periodically are presented to the members of the ASB at public meetings for their review and discussion. Highlights of matters addressed by the ASB are available at the following Web site: <http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Auditing+Standards+Board/asbmtghlts.htm>

Task Forces of the ASB

Following are the current task forces of the ASB and brief summaries of their objectives and recent activities.

Auditing Accounting Estimates Task Force (Staff Liaison: Hiram Hasty; Task Force Chair: Harold Monk Jr.). The task force is revising AU Section 342, *Auditing Accounting Estimates*, to reflect aspects of the International Auditing and Assurance Standards Board's (IAASB) December 2004 exposure draft entitled *Auditing Accounting Estimates and Related Disclosures (Other Than Those Involving Fair Value Measurements and Disclosures)* which would revise ISA 540, *Audit of Accounting Estimates*. In September 2006, the IAASB approved a close-off draft of ISA 540 that reflected comments received in connection with the December 2004 exposure draft. The close-off draft was then revised and redrafted (1) to reflect the IAASB's clarity drafting conventions, and (2) to combine ISA 540 with ISA 545, *Auditing Fair Value Measurements and Disclosures*. The revised draft was approved for exposure in December 2006. This project is part of the ASB's efforts to harmonize its standards with those of the

IAASB. Accordingly, in developing an exposure draft, the task force is monitoring the IAASB's deliberations and drafts.

Auditing Related Party Transactions Task Force (Staff Liaison: Michael P. Glynn; Task Force Chair: George P. Fritz). The task force plans to revise AU Section 334, *Related Parties*, to achieve convergence with the related ISA which the IAASB is developing. In December 2005, the IAASB issued an exposure draft entitled *Related Parties* that would revise ISA 550, of the same title. The exposure period ended on April 30, 2006. At its meeting in February 2007, the IAASB concluded that re-exposure of the proposed ISA was necessary because the changes made to the December 2005 exposure draft, in response to comments, were significant and substantive. The exposure period with respect to the February 2007 document ends on June 30, 2007. The February 2007 exposure draft is available at the following Web site: <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0077>. The task force is monitoring the IAASB's progress on this issue and plans to comment on the February 2007 exposure draft.

Audit Issues Task Force (Staff Liaison: Sharon Walker; Task Force Chair: Harold L. Monk). This task force (1) oversees the ASB's planning process, (2) evaluates technical issues raised by various constituencies and determines their appropriate disposition, including referral to an ASB task force or development of an interpretation or other guidance, (3) addresses emerging audit and attestation practice issues, (4) provides advice on ASB task force objectives and composition, (5) monitors the progress of task forces, and (6) assists the chair of the ASB and the Audit and Attest Standards staff in carrying out their functions, including liaising with other groups. The next meeting of the AITF will be on March 21, 2007.

Auditors' Reports Task Force (Staff Liaison: Sharon Walker; Task Force Chair: Harold L. Monk). This task force is revising AU Section 508, *Reports on Audited Financial Statements*. The ASB believes that it is appropriate and timely to revisit the required reporting elements and the language in the auditor's report for audits of nonissuers. At the August 2006 ASB meeting, the task force presented a revised draft of AU Section 508 and discussed issues related to that draft. The task force expects to present a revised draft of the document at the August 2007 ASB meeting.

Auditor's Report Research Task Force (Staff Liaison: Sharon Walker; Task Force Chair: Douglas Prawitt). This task force is charged with identifying topics and individuals to perform research on the nature of the expectation gap and how the audit report might be revised to better address this expectation gap. The task force received several high quality research proposals and expects to present its recommendations, for approval by the ASB, at the next ASB meeting.

Chief Compliance Officers Task Force (Staff Liaison: Judith M. Sherinsky; Task Force Chair: Brian Gallagher). The task force has developed a Statement of Position (SOP) entitled *Attestation Engagements That Address Specified Compliance Control Objectives and Related Controls at Entities That Provide Services to Investment Companies, Investment Advisers, or Other Service Providers*. The project arose in connection with the SEC's December 2003 adoption of Rule 38a-1 of the Investment Company Act of 1940 and Rule 206(4)-7 of the Investment Advisers Act of 1940 (Rules). A provision of these Rules is that funds and investment advisers designate a chief compliance officer to be responsible for administering the entity's compliance policies and procedures. The SOP provides practitioners with performance and reporting guidance when examining management's assertion about the suitability of the design and operating effectiveness of its controls over compliance at entities that provide services (*service providers*) to funds and investment advisers (*user organizations*). Compliance controls at these service providers may affect or be part of the user organization's internal control over compliance. Examples of such service providers are transfer agents, recordkeepers, administrators, and custodians. The ASB expects to issue the SOP in May 2007.

Clarity Task Force (Staff Liaison: Sharon Walker; Task Force Chair: John Fogarty). The objective of this task force is to address concerns over the clarity, length, and complexity of the ASB's standards. The task force will present a discussion paper to the ASB for review and approval at a meeting to be held by conference call on March 14, 2007. The discussion paper seeks feedback on the proposed changes to the standards.

Group Audits Task Force (Staff Liaison: Ahava Goldman; Task Force Chair: Diane M. Rubin). The task force is considering revisions to AU Section 543, *Part of Audit Performed by Other Independent Auditors*, to achieve convergence with a proposed revision of ISA 600, *The Audit of Group Financial Statements*. The exposure draft, which was issued by the IAASB on March 22, 2005, is entitled *The Work of Related Auditors and Other Auditors in the Audit of Group Financial Statements*, and is available at <http://www.ifac.org/Guidance/EXD-Details.php?EDID=0041>. The task force will closely monitor the IAASB's discussions of this topic.

Internal Control Task Force (Staff Liaison: Judith M. Sherinsky; Task Force Chair: Michael T. Umscheid). In May 2006, the ASB issued SAS No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, which superseded SAS No. 60, *Communication of Internal Control Related Matters Noted in an Audit*. SAS No. 112 incorporates certain terms, related definitions, and guidance on evaluating control deficiencies found in PCAOB Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With An Audit of Financial Statements* (AS2).

In January 2006, the ASB issued an exposure draft of a proposed Statement on Standards for Attestation Engagements (SSAE) that would supersede AT Section 501, *Reporting on an Entity's Internal Control Over Financial Reporting*. The ASB decided to defer the issuance of a final revision of AT Section 501 in light of the PCAOB's announced plans to issue an exposure draft of a standard that would supersede AS2. Changes introduced by a new PCAOB internal control standard would most likely affect the revision of AT Section 501. (The PCAOB's proposed standard, *An Audit of Internal Control Over Financial Reporting That is Integrated With an Audit of Financial Statements*, was issued in December 2006.) As an interim measure, in August 2006, conforming changes were made to AT Section 501 to reflect the new internal control terminology and guidance included in SAS No. 112. An executive summary identifying and explaining those changes can be viewed at: http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Authoritative+Standards+and+Related+Guidance+for+Non-Issuers/exec_summary_conform_amend.htm

International Auditing Standards Subcommittee (Staff Liaison: Sharon Walker; Subcommittee Chair: Susan S. Jones). The objective of this subcommittee is to support the development of international auditing standards. Subcommittee activities include providing technical advice and support to the AICPA representative and technical advisors to the IAASB, commenting on exposure drafts of international assurance standards, participating in and identifying U.S. volunteer participants for international standard-setting projects, identifying opportunities for establishing joint standards with other standard setters, identifying international issues that affect auditing and attestation standards and practices, and assisting the ASB and other AICPA committees in developing and implementing AICPA international strategies. The next meeting of the Subcommittee will be on April 9, 2007.

Management Representations Task Force (Staff Liaison: Ahava Goldman; Task Force Chair: Keith O. Newton). The task force is considering revisions to AU Section 333, *Management Representations*, to achieve harmonization with a proposed revision to ISA 580, *Management Representations*. The task force presented a draft of the SAS at the January 2007 ASB meeting and discussed issues related to

that draft. The task force expects to present a revised draft of the document at the May 2007 ASB meeting.

Quality Control Standards Task Force (Staff Liaison: Ahava Goldman; Task Force Chair: David Brumeloe). At its January 2007 meeting, the ASB reviewed a revised draft of the exposure draft (ED), *A Firm's System of Quality Control*, that would supersede all existing Statements on Quality Control Standards (SQCSs). The revised SQCS would harmonize the ASB's standard with that of the IAASB, International Standard on Quality Control No. 1, *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements*, including proposed changes to clarify the standard. During its discussion, the ASB recommended that the task force:

- Delete the requirement for each partner to be inspected within a three-year cycle.
- Retain the provision that would permit a small firm's monitoring procedures to be performed by some of the same individuals responsible for compliance with the firm's quality control policies and procedures.
- Revise the definitions of the terms *engagement quality control review* and *engagement team* to eliminate circular reference.

The task force will present a revised draft of the SQCS to the ASB in May 2007 and plans to issue an updated draft of the related Practice Aid during the fall of 2007.

The task force also has been charged with revising AU Section 161, *The Relationship of Generally Accepted Auditing Standards to Quality Control Standards*, to harmonize with ISA 220, *Quality Control for Audits of Historical Financial Information*. The ASB will consider a draft of a proposed SAS at its May 2007 meeting.

Required Supplementary Information/Supplementary Information Task Force (Staff Liaison: Michael P Glynn; Task Force Chair: Jeffery N. Markert). The task force is charged with considering current reporting standards that address supplementary information and required supplementary information, and whether revisions to these standards should be made. Included in this consideration would be amendment of:

- The procedures included in AU Section 558, *Required Supplementary Information*, as well as the related interpretation.
- The reporting requirements related to supplementary information in AU Section 550, *Other Information in Documents Containing Audited Financial Statements*, and in AU Section 551, *Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents*.

The task force plans to submit a first-read draft to the ASB in May 2007.

Amendments to SAS No. 69 (AU sec. 411) Task Force (Staff Liaison: Sharon Walker). At its July 2005 meeting, the ASB voted to issue a final Statement on Auditing Standards (SAS), subject to the Financial Accounting Standards Board's (FASB) deliberations on its related project, which removes the GAAP hierarchy for nongovernmental entities from AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*. The change was made in response to the issuance, in April 2005, of the FASB's exposure draft of a proposed Statement of Financial Accounting Standards (SFAS) entitled "The Hierarchy of Generally Accepted Accounting Principles," which (1) incorporates the GAAP hierarchy for nongovernmental entities into the FASB's accounting literature,

and (2) clarifies that the FASB is responsible for identifying the sources of accounting principles and the framework for selecting the principles to be used in the preparation of nongovernmental-entity financial statements presented in conformity with GAAP. The ASB will issue its final SAS coincidentally with the FASB's and PCAOB's issuance of their final standards.

SAS No. 74 (AU Section 801) Task Force (Staff Liaison: Ahava Goldman; Task Force Chair: George Rippey). The task force is revising AU Section 801, *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*, to reflect changes in the government auditing environment. The task force is awaiting the results of a government auditing quality study.

Using the Work of a Specialist Task Force (Staff Liaison: Hiram Hasty; Task Force Chair: Darrel Schubert). The objective of the task force is to revise AU Section 336, *Using the Work of a Specialist*, and replace it with two new standards. One of the proposed standards, *Using an Outside Specialist to Assist in the Audit*, addresses situations in which an auditor engages an outside (non-firm) specialist to obtain the specialized skills or knowledge needed in the audit, but not available on the engagement team. The other proposed standard, *Using the Work of Management's Nonemployee Specialist*, focuses on situations in which an auditor uses as audit evidence the work product of a nonemployee specialist hired by management. At its December 2004 meeting, the IAASB added to its agenda a project to revise ISA 620, *Using the Work of an Expert*. At its February 1-3, 2005 meeting, the ASB approved the submission of a recommendation to the IAASB consisting of the two proposed SASs developed by the task force. The task force is monitoring the progress of the IAASB's standard and will consider the IAASB's deliberations and drafts in developing its exposure draft.

Other Activities

Accounting and Review Services Committee (ARSC) (Staff Liaison: Michael P. Glynn; Committee Chair: Thomas A. Ratcliffe). The ARSC is the senior technical committee of the AICPA designated to issue pronouncements in connection with the unaudited financial statements or other unaudited financial information of nonpublic entities. The charge of the ARSC is to develop and communicate, on a continuing basis, comprehensive performance and reporting standards as well as practice guidance that enable practitioners to provide high quality, objective, compilation and review services that serve the profession, clients, and the general public. The ARSC accomplishes this objective by developing compilation and review standards, timely responding to the need for guidance, and clearly communicating such guidance to the profession and users of financial statements. See the article on page 3, "ARSC issues Interpretations on Reporting on Special Purpose Financial Statements and on Uncertainties," for additional information about the activities of the ARSC. The ARSC met at the New Jersey office of the AICPA on November 20-21, 2006 and will next meet on June 14-15, 2007 at the New York office of the AICPA. To view highlights of past and current ARSC meetings, go to the following AICPA Web site:

<http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Accounting+and+Review+Services+Committee/arscmtghlts.htm>

Auditing Standards Committee of the American Accounting Association (AAA) (Chair: Audrey A. Gramling, Kennesaw State University; ASB/AICPA Liaisons to the Committee: Douglas Prawitt and Michael P. Glynn). The Auditing Standards Committee of the AAA is charged with fostering interaction between the AAA's Auditing Section and auditing standard-setting bodies such as the AICPA's ASB. The ASB supports strengthening its relationship with the academic community as well as increasing that community's participation in the standard-setting process.

International Auditing and Assurance Standards Board (IAASB) (U.S. Member: John A. Fogarty; U.S. Technical Advisor: Sharon Walker). The IAASB met in February 2007 in New York. Copies of the International Federation of Accountants' exposure drafts outstanding; final auditing, assurance, related services, and quality control standards; and information about attending IAASB meetings, which are open to the public, can be found at: <http://www.ifac.org/>. The IAASB approved for exposure Proposed Redrafted ISA 570, *Going Concern* and for re-exposure Proposed ISA 550 (Revised), *Related Parties*. The comment period for these exposure drafts ends on May 31, 2007 and June 30, 2007 respectively. Exposure drafts of proposed ISAs can be found at: <http://www.ifac.org/IAASB/ExposureDrafts.php>. The next meeting of the IAASB is April 16-20, 2007 in Sydney, Australia.

Professional Issues Task Force (PITF) (Staff Liaison: Michael P. Glynn; Task Force Chair: Charles J. McElroy). The PITF is responsible for accumulating and considering practice issues that appear to present concerns for practitioners performing audits and reviews of financial statements or agreed-upon procedures. The PITF also is responsible for disseminating information or guidance, as appropriate, in the form of practice alerts. Practice alerts are intended to provide practitioners with information that may help them improve the effectiveness and efficiency of their engagements and practices, and are based on existing professional literature, the experience of the members of the PITF, and information provided by AICPA member firms to their own professional staffs. The task force also refers matters that may require reconsideration of existing standards to the appropriate standard-setting body. All alerts that have not been superseded are published annually in the AICPA Technical Practice Aids and are also available at the following Web site:

http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Professional+Issues+Task+Force/pract_alerts.htm. In January 2007, the PITF issued Practice Alert 2007-1, *Dating the Auditor's Report and Related Practical Guidance*. See the article on page 2, "PITF Issues Practice Alert on Dating of the Auditor's Report," for additional information with respect to the guidance. Additionally, the PITF is currently working on a practice alert addressing auditing and other considerations related to electronic information. The PITF plans to issue the practice alert during the second quarter of 2007.

XBRL Assurance Task Force (Staff Liaison: Erin Mackler, Judith M. Sherinsky; Task Force Chair: Michael Krzus). Extensible Business Reporting Language (XBRL) is a format for electronically tagging data, such as data in financial statements, that enables users to extract specific data from a pool of data. For example, if automobile companies submitted their financial statements in XBRL format, and a user wished to compare revenue for each of these automobile companies, the user could extract that data. The task force is developing:

- Performance and reporting guidance for attestation engagements in which a practitioner reports on whether an entity's XBRL instance document (the electronic file consisting of financial data along with corresponding XBRL tags) accurately reflects the source document (for example, the entity's financial statements, the auditor's report, and other information).
- Guidance for preparers of XBRL formatted information.

The SEC has launched a program in which registrants may voluntarily submit, in addition to their regular EDGAR filing, supplemental XBRL tagged financial information.

Auditing Standards Board Agenda

Codes: DI—Discussion of issues, DD—Discussion of draft document, DP—Vote to approve a discussion paper for public distribution, ED—Vote to ballot a document for exposure, EP—Exposure Period, CL—Discussion of comment letters, FI—Vote to ballot a document for final issuance, SU—Status Update.

Project	<u>ASB Meeting Date</u> May 15-17, 2007 New York, NY
Auditing Estimates	DI
Communicating Internal Control Related Matters	DD
Group Audits/Principal Auditor	DI
Management Representations	DD
Quality Control in Audit Engagements	DD
SAS No. 25 Revisions	ED
Related Parties	DI
Reporting on RSI and SI	DD/ED
Revisions to Quality Control Standards	CL
Use of a Specialist	DI

To view a projected timetable of ASB projects through 2007, see the following AICPA Web site:
http://www.aicpa.org/Professional+Resources/Accounting+and+Auditing/Audit+and+Attest+Standards/Professional+Issues+Task+Force/pract_alerts.htm

Recently Issued and Approved Documents

Statements on Auditing Standards (SAs)		
Title (Product Number)	Issue Date	Effective Date
SAS No. 114, <i>The Auditor's Communication With Those Charged With Governance</i> (060709)	December 2006	Effective for audits of financial statements for periods beginning on or after December 15, 2006.
SAS No. 113, <i>Omnibus 2006</i> (060708)	November 2006	Paragraphs 1 through 5 are effective for audits of financial statements for periods ending on or after December 15, 2006. Paragraphs 7 through 14 are effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier implementation is permitted.
SAS No. 112, <i>Communicating Internal Control Related Matters Identified in an Audit</i> (060707)	May 2006	Effective for audits of financial statements for periods ending on or after December 15, 2006. Earlier implementation is permitted.
SAS Nos. 104 through 111 comprise the "risk assessment standards" and are available in a single bound book (060704).		
SAS No. 111, Amendment to Statement on Auditing Standards No. 39, <i>Audit Sampling</i>	March 2006	Effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier application is permitted.
SAS No. 110, <i>Performing Audit Procedures in Response to Assessed Risk and Evaluating the Audit Evidence Obtained</i>	March 2006	Effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier application is permitted.
SAS No. 109, <i>Understanding the Entity and Its Environment and Assessing the Risk of Material Misstatement</i>	March 2006	Effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier application is permitted.
SAS No. 108, <i>Planning and Supervision</i>	March 2006	Effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier application is permitted.
SAS No. 107, <i>Audit Risk and Materiality in Conducting an Audit</i>	March 2006	Effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier application is permitted.
SAS No. 106, <i>Audit Evidence</i>	March 2006	Effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier application is permitted.

SAS No. 105, Amendment to Statement on Auditing Standards No. 95, <i>Generally Accepted Auditing Standards</i>	March 2006	Effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier application is permitted.
SAS No. 104, Amendment to Statement on Auditing Standards No. 1, <i>Codification of Auditing Standards and Procedures</i> "Due Professional Care in the Performance of Work"	March 2006	Effective for audits of financial statements for periods beginning on or after December 15, 2006. Earlier application is permitted.
Statements on Standards for Attestation Engagements (SSAEs)		
Statement on Standards for Attestation Engagements (SSAE) No. 14, <i>SSAE Hierarchy</i> (023033).	November 2006	Effective when the subject matter or assertion is as of or for a period ending on or after December 15, 2006

Interpretations of Statements on Standards for Accounting and Review Services (SSARs)	
Title	Issue Date
Interpretations of AR section 100, <i>Compilation and Review of Financial Statements</i> :	
Interpretation No. 28, "Special-Purpose Financial Statements to Comply With Contractual Agreements or Regulatory Provisions" (AR sec. 9100.109 - .119)	December 2006
Interpretation No. 29, "Reporting on an Uncertainty, Including an Uncertainty About an Entity's Ability to Continue as a Going Concern" (AR sec. 9100.120 - .129)	February 2007

Members of the Auditing Standards Board

Name	Affiliation
Harold L. Monk, Chair	Davis Monk & Company
Sheila M. Birch	Ciuni & Panichi, Inc.
Gerald W. Burns	Gerald W. Burns, CPA
Walton Conn	KPMG LLP
Anthony Costantini	Duane Morris LLP
Robert Dohrer	McGladrey & Pullen LLP
George P. Fritz	
Nicholas Mastracchio	University of South Florida
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Keith O. Newton	Grant Thornton LLP
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Douglas Prawitt	Brigham Young University
George Rippey	US Department of Education, Office of Inspector General
Lisa Ritter	Boles, Metzger, Brosius & Ritter
Diane M. Rubin	Novogradac & Company LLP
Darrel R. Schubert	Ernst & Young LLP
Stephanie Westington	Community Bank & Trust Co.
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