

Preparing for the new AICPA Quality Management Standards

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Today

- Overview of the Standards
- Anders Adoption Journey

Quality Management Standards

Affects every firm that performs engagements in accordance with SASs, SSAEs or SSARS. That includes Engagement Review firms!

Includes:

- Statement on Quality Management Standards (SQMS) No. 1, A Firm's System of Quality Management
- SQMS No. 2, Engagement Quality Reviews (New!)
- SAS No. 146, Quality Management for Engagements Performed in Accordance with Generally Accepted Auditing Standards
- Related conforming amendments, including SSARS No. 26

Quality Management Standards

- New risk-based approach focused on quality management tailored to the firm's circumstances
- Revised components of the system of quality management, including information and communication
- More robust leadership and governance requirements
- Enhanced monitoring and remediation process
- Documentation is key

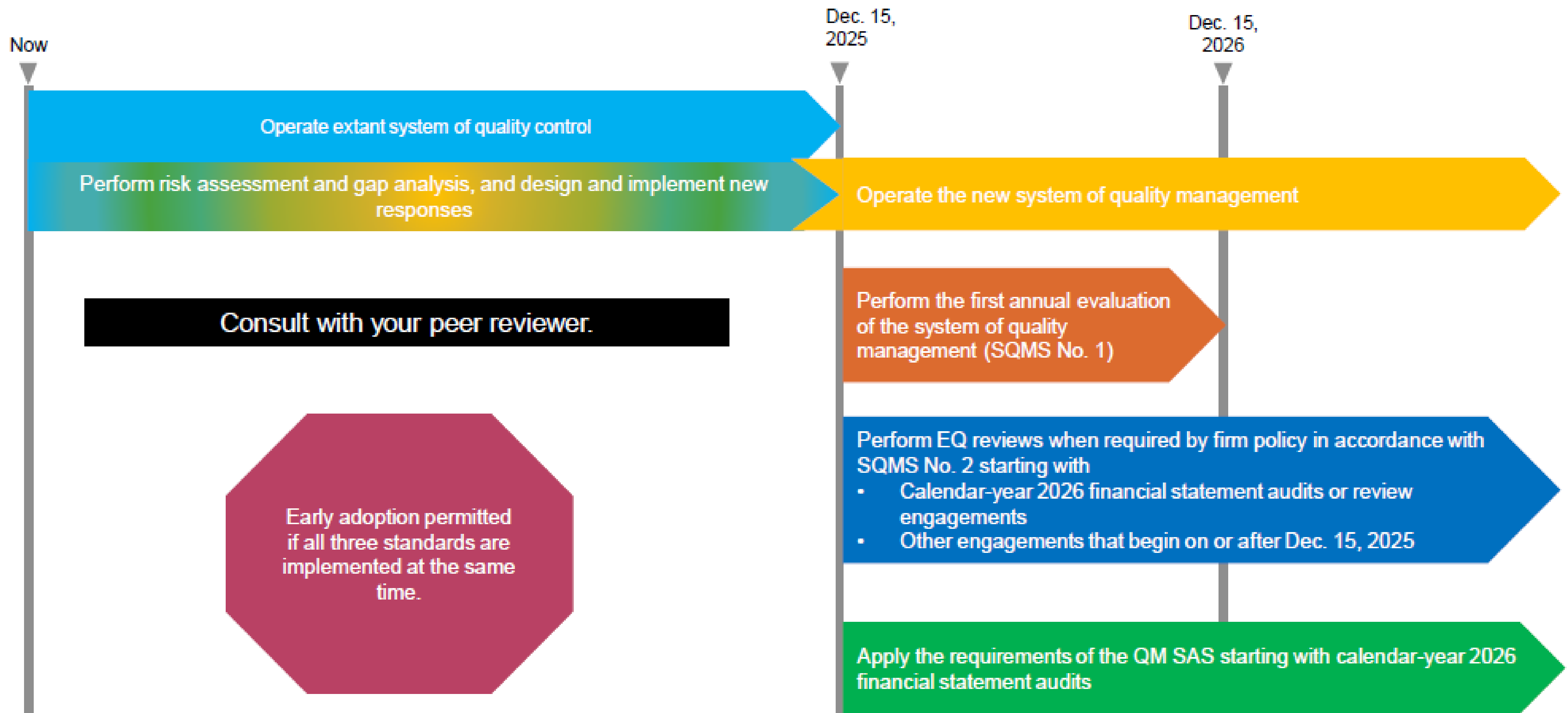


Quality Management Standards

Effective date

Firms must have completed the risk assessment and implemented the risk response, such that the system is operational, BY December 15, 2025.

Understanding effective dates



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Adoption Journey

- Committee / Team approach
 - Director of QC, Partner-in-Charge of Audit and Assurance, 2 Partners who are also peer reviewers, 1 additional Principal-level member of management team
- Define Timetable for Implementation
 - Peer Review cycle consideration
 - Consideration of annual assessment/evaluation (QM1)
 - We agreed to an early adoption of 10/1/2024. However, some practice elements are being updated/implemented sooner.

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Adoption Journey – what we've done so far

- Monthly/Quarterly meetings to read aspects of the standards
- Performed initial Risk Assessment of the existing practice
- Utilized PPC and AICPA tools in identifying and assessing risk, and drafting responses
- Compared to existing QCD and Policy and Procedures Manual (for staff usage)
- Already updating EQR Policy (to “go live” for audits fye 12/31/2023)
- Already updating procedures for A&A project acceptance and continuance

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Adoption Journey – next steps

- Further refinements to risk assessment
- Better understanding of the new Information and Communications component
- Full-scale re-write of QCD and/or Policy and Procedures manual? Or, does the risk assessment replace the QCD?
- Education and training session for all audit + assurance department staff

