



March 14, 2022

To:           Members of the Audit Committee  
                James Young, Chair  
                Dick Boulton  
                Eric Greenberg  
                Andrew Stack  
                Timothy Redmond

Cc:           Lakey Boyd, President/CEO  
                Susan Krabbe, Senior Vice President, Administrative Services

From:        Jackie Tuma, Chief Staff Liaison

The American Institute of Certified Public Accountants (AICPA) Auditing Standards Board issued a suite of new auditing standards, effective for fiscal years ending on or after December 15, 2021. The new standards require modifications to audit reports and governance communications for both financial statement audits and employer benefit plan audits. They may also require additional audit procedures for related party relationships and significant unusual transactions.

I will provide a brief overview of the changes at the March 21, 2022 meeting. A summary is attached for your review.

# New Audit Report — SAS No. 134 to SAS No. 141

Eight new standards will affect audits of financial statements for periods ending on or after December 15, 2021. These standards are frequently referred to as the auditor reporting standards, but they affect a variety of auditing matters unrelated to the new auditors' report. Our CLA audit methodology has been updated to incorporate the new requirements. This resource is intended to provide a high-level overview of reporting changes and provide an example of the new unmodified opinion.

- Present opinion section first, followed by the basis for the auditors' opinion.
- Enhance reporting related to going concern.
- Expand description of the auditors' responsibilities.

**What?**  
In the future, all audit reports will look different.

**Why?**  
To address inconsistencies and improve transparency.

- Improve transparency and visibility of the roles and responsibilities of the auditor and the entity's management.
- Align more closely with international reporting.
- Increase consistency of reporting with listed entities.

- The auditor reporting standards are effective for audits of financial statements for periods ending on or after December 15, 2021.

**When?**  
2021 calendar year-ends and thereafter.

**How?**  
Format and wording changes.

- Change required format and wording.
- Introduce optional Key Audit Matters (KAM) reporting.

## How will this change affect my audit?

- Reporting and communication with governance will change significantly.
- Additional procedures may be performed for related-party transactions.
- The phrase "significant unusual transactions" was introduced to audit literature which may require further consideration.

