



At a glance

From the Audit & Attest Standards Team

Revisions to Requirements Related to the Auditor's Inquiries of a Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations (NOCLAR)

What happened?

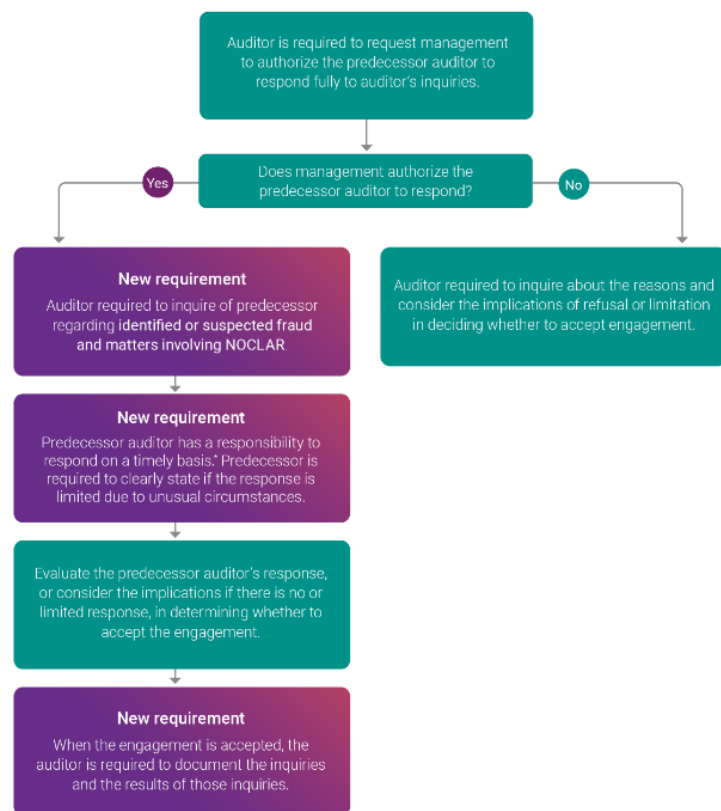
In June 2022, the AICPA Auditing Standards Board (ASB) issued Statement on Auditing Standards (SAS) No. 147, *Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance With Laws and Regulations*. SAS No. 147 amends SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, as amended, section 210, *Terms of Engagement*.

SAS No. 147 clarifies requirements and guidance related to the auditor's inquiries of a predecessor auditor about matters that will assist the auditor in determining whether to accept the engagement. In doing so, SAS No. 147 narrowly revises auditing standards generally accepted in the United States of America (GAAS) to require an auditor, once management authorizes the predecessor auditor to respond to inquiries from the auditor, to inquire of the predecessor auditor regarding identified or suspected fraud and matters involving NOCLAR. In addition, SAS No. 147 clarifies that once an engagement is accepted, the auditor should document the inquiries of the predecessor auditor and the results of those inquiries.

SAS No. 147 does not revise the audit requirement that the auditor request management to authorize the predecessor auditor to respond fully to the auditor's inquiries regarding matters that will assist the auditor in determining whether to accept the engagement.

The flowchart on the opposite side of the page illustrates the narrow revisions to GAAS. The additional procedures introduced by SAS No. 147 are in purple.

Before engagement acceptance



* Prior to the issuance of SAS No. 147, this was stated as application guidance based on the AICPA Code of Professional Conduct statement that members have a responsibility to cooperate with each other.

Next steps?

SAS No. 147 is effective for audits of financial statements for periods beginning on or after June 30, 2023.

SAS No. 147 is available for auditors to read and consider in order to adequately prepare for implementation, and can be viewed on the AICPA's website under [recently issued ASB standards – not yet effective](#).

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