

November 15, 2019

Attn: Sherry Hazel at sherry.hazel@aicpa-cima.com

Re: Proposed Statement on Auditing Accounting Estimates and Related Disclosures

Dear AICPA Auditing Standards Board:

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The PSC has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our responses below to the amendments proposed in the above-referenced exposure draft.

In general, we did not note any substantive changes to the current requirements regarding auditing accounting estimates and the related disclosures. The proposed standard appears to focus on alterations to the wording of the current standard to align with the IAASB.

Requests for comment:

1. Given the approach by the ASB to draft the proposed SAS using a framework-neutral approach, are there any instances in which the use of certain examples or terminology in the proposed SAS would result in a lack of clarity when applying the financial reporting frameworks commonly used in the United States (for example, U.S. GAAP)?

Response: We approve of the framework-neutral approach exhibited in the proposed standard. It continues to be the responsibility of the auditor to determine audit procedures required according to the framework used by the client. We did not note any instances of lack of clarity in the examples or the terminology used in the proposed standard.

2. Are paragraphs 2–9 of the proposed SAS helpful in describing the key concepts of the proposed SAS, and do they adequately explain the interplay between the proposed SAS and other AUC sections?

Response: With few exceptions, the committee did not have an issue with any of the concepts in paragraphs 2-9 of the proposed SAS. In paragraph 4, the use of the word "spectrum" in relation to inherent risk seems strange. The committee prefers the more common phrase of "range of inherent risk." The standard does not appear to contain any new auditing requirements. The committee agrees with the framework neutral approach taken in the proposed SAS.

3. Do you agree with the approach to the proposed changes to AU-C section 501? If not, please provide suggestions on a way forward.

Response: The committee agrees with the approach used in the changes to AU-C section 501 and has no suggestions for changes.

4. Does the proposed effective date provide sufficient time for preparers, auditors, and others to adopt the new standard and related conforming amendments?

Response: The committee thinks that the use of "ending on or after December 15, 2022" may result in practitioners not adequately considering the proposed standard when conducting audit planning for the year ending December 31, 2022. The committee thinks that the effective date should be "ending on or after December 15, 2021."

We appreciate the opportunity to provide input into the standards-setting process.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Sibley". The signature is written in a cursive style with a large, looping "S" and "y".

Ken Sibley, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants