

May 26, 2023

PCAOB
Office of the Secretary
1666 K Street, NW
Washington, DC 20006-2803

Email: comments@pcaobus.org

RE: Request for Comments on PCAOB's Release No. 2023-001 (No. 49) – Proposed Auditing Standard – General Responsibilities of the Auditor in Conducting an Audit and Proposed Amendments to PCAOB Standards

PCAOB Board:

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The committee has been authorized by the Texas Society of CPAs' Leadership Council 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' Leadership Council or Board of Directors 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 requests for comment in the above-referenced Release No. 2023-001.

We support the PCAOB's project to update and streamline interim audit standards to ensure consistency with other standards. However, we do have concerns that this proposed standard significantly expands the auditors' responsibilities, which is inconsistent with the stated objectives of this proposal.

Response to Question 1: The PSC believes that the summary of general principles and responsibilities included in the proposal is appropriate, except for our response to questions 10 and 11.

Response to Question 2: As a general standard guiding principle, the PSC reiterates its view that it would be helpful if the PCAOB's auditing standards were not divergent from AICPA auditing standards to the extent appropriate and would assist in clarification of requirements.

Response to Question 9: The proposed AS 1000 paragraph .15 and FN 26 are overly broad and would be impractical to implement as worded. The PSC recommends that any specific "relevant guidance" be listed in the accompanying final standard. This will also allow PCAOB guidance to be included in a firm's quality control processes.

Response to Question 10: The PSC has several concerns regarding the amendments to clarify "present fairly." The proposed amendments to AS 2810 and proposed rescission of AS 2815 are not mere "clarification" and in fact, expand the meaning of "presents fairly" beyond current auditor



responsibility inconsistent with the Board's stated intentions. The PSC believes that the Board should include the current standard wording for the auditor's fundamental responsibility as found in AS 3101, par. .08e. The proposed amendments delete extant section 2815.03 relating to auditor's judgment concerning fairness grounded within the framework of generally accepted accounting principles. The PSC believes that portions of AS 2815, especially AS 2815.03, should be retained.

The PSC believes that clarification and expanded discussion are needed for the Board's language in amended AS 2810, par. 30A b relating to the proposed change requiring the auditor to determine that "The accounting principles selected and applied by the company's management are in conformity with the applicable financial reporting framework *and are appropriate under the circumstances.*"

Additionally, clarification is needed on the purpose of the Board's proposed change in wording in AS 2810 par..31 to the requirement that the auditor "consider" whether the substance of transactions or events differ from their form to an "evaluate" standard, and whether any new procedures and documentation relating to the evaluation are intended by the Board.

Response to Question 11: The PSC is concerned that the optics of the proposed amendments create an incorrect perception that the responsibility for all phases of the audit is almost exclusively limited to the engagement partner and does not adequately recognize that the performance of the audit is a firm and engagement team shared responsibility. The PSC believes that the Note added to proposed AS 1201.04, Note 2 to AS 1201.05 and the Note added to AS 2101.03 are unnecessary and recommends that they be deleted from the proposed standard.

Response to Question 13 and 15: The PSC is generally in agreement with the proposed amendment to accelerate the documentation completion date by reducing the maximum number of days to finalize audit documentation to 14 days. We do not believe this is a significant change or will result in expedited inspection schedules. However, the Board should consider if additional time should be provided for smaller firms to comply with the shortened documentation completion date.

Response to Question 25: The PSC believes that the implementation date of June 30 the year after SEC approval will present challenges depending on when the SEC approval is obtained. We think it would be simpler to use the language as presented in other PCOAB standards of "the fiscal year ending on or after December 15." Additional explanation of why the June 30 date was chosen would be helpful in understanding the Board's intent on the implementation date.

We appreciate the opportunity to provide feedback on the PCAOB's Release No. 2023-001.

Sincerely,



J. Ramsey Womack III, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants