

April 15, 2014

Ms. Sherry Hazel
Audit and Attest Standards Team
AICPA
1211 Avenue of the Americas, 19th Floor
New York, NY 10036-8775

Re: February 13, 2014 ASB Exposure Draft of a Proposed Statement on Auditing Standards, *Amendment to Statement on Auditing Standards No. 122, Statements on Auditing Standards: Clarification and Recodification, Section 920, Letters for Underwriters and Certain Other Requesting Parties, As Amended*

Dear Ms. Hazel:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective.

Approximately half of the current TIC member firms are involved in engagements involving letters for underwriters. Some of those firms perform very few of these engagements; others have many such engagements. They have reviewed the ED and are providing the following comments for your consideration.

GENERAL COMMENTS

TIC supports the issuance of this ED as a final standard and is not aware of any other issues resulting from the implementation of AU-C 920 that are not addressed by the proposed amendments. TIC's specific comments below include one suggested modification to AU-C 920.47 relating to unaudited interim financial information.

SPECIFIC COMMENTS

Effective Date

TIC is satisfied with the proposed effective date since the usual implementation time is not needed for these amendments.

Component Auditor's Comfort Letters (paragraphs .21 and .A18)

These amendments would require the group auditor to read any comfort letters issued by component auditors for the offering. TIC believes the amendments are consistent with current practice and are appropriate.

Review Report (paragraphs .47 and .A33)

The original changes during clarity drafting were intended to accommodate the new requirement that the auditor issue a review report when performing a review of interim financial information under clarity standards. However, in practice this language resulted in requiring the auditor to attach a review report in all instances (when relevant). The updated language reverts back to the previous practice in which a review report is required only if the auditor states in the comfort letter that a review report was issued. If the auditor states that a review was performed, the performance of the review does not, by itself, create the requirement to add the report. TIC agrees that the language in AU-C 920 caused an unintended change in practice and generally supports amendments to restore previous practice.

However, TIC recommends a minor modification to the proposed language, as follows:

.47 If the auditor states in the comfort letter that the auditor has ~~performed a review of~~ ***issued a review report on*** the unaudited interim financial information, the auditor should attach the review report to the letter unless the review report is already included or incorporated by reference in the securities offering. [Suggested new language is underlined]

Exhibit B, Examples of Comfort Letters

Example D, "Comments on Pro Forma Financial Information"

The existing example only provides for pro forma adjustments made in accordance with Rule 11-02 (*Pro forma Financial Information – Preparation Requirements*) of SEC Regulation S-X (*Form and Content of and Requirements for Financial Statements*). In certain circumstances, the offering is being made outside of Regulation S-X, and the comfort should be provided based on the pro forma basis applied (which would not be within Regulation S-X). The update clarifies the first example is providing comfort when the pro forma basis is Rule 11-02 of Regulation S-X and provides an additional example to be used for other pro forma bases of accounting. Certain TIC members have encountered this issue in practice and have needed to use an example similar to the new one added. TIC therefore believes this is a needed change.

Example O, "Alternate Wording When the Procedures That the Requesting Party Has Requested the Auditor to Perform on Interim Financial Information Are Less Than a Review in Accordance With Generally Accepted Auditing Standards Applicable to Reviews of Interim Financial Information"

TIC agrees with the additional procedures added in the ED.

Other Proposed Amendments

TIC agrees with the various editorial changes made to conform with Clarity style conventions and to provide consistency throughout the document.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Scot Phillips". The signature is written in a cursive, slightly slanted style.

Scot Phillips, Chair
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committees