Dear Ms. Hazel

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced proposed Statements on Auditing Standards. The FICPA has more than 19,500 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of 20 members, of whom 35% are from local or regional firms, 25% are from large multi-office firms, 20% are sole practitioners, 5% are in international firms, 5% are in education, and 10% in industry. The Committee has the following comments related to the questions numbered below:

1. The Committee feels that the revised scope section of the proposed SAS does explain the relationship between the proposed SAS and other AU-C sections (AU-C 315, 330, & 700 cited within the proposed standard) related to obtaining audit evidence. The Committee felt that the directional change to focus on persuasiveness of the audit evidence, rather than on sufficiency (i.e., quantity) of procedures alone, will also be an aid to auditors in the changing technological environment.

2. The Committee agrees that the new requirements and application material would assist the auditor in evaluating whether appropriate audit evidence has been obtained. The Committee feels that the diagram, inclusive of its attributes and factors, was clearly presented and would positively aid auditors.

3. The Committee feel that focus on the proposed attributes and factors would facilitate incorporating evidence from emerging audit technologies. With regards to expansion of types and sources of information auditors may use the proposal is written in a way as not to limit information available today that may soon become available using new “automated tools and techniques,” which appears at this time to be the correct way to address the changing technological environment.

4. The Committee believes that the attributes and factors as listed offer adequate guidance and there are no additional attributes or factors of audit evidence missing from the proposed SAS.

5. The diagram is sufficiently illustrative in depicting the attributes and factors that the auditor considers – the Committee does not believe anything of significance is missing from this diagram.

6. The Committee agreed that the examples in the proposed SAS are useful to auditors. However, the Committee also feels that creating an appendix or something similar with all the examples more clearly laid out would ease of use and ability to reference. The Committee also felt that a reference to
“competence” needs to be included with reference to the audit evidence, in paragraph 3, in order to be consistent with the other standards.

7. The Committee believes that the approach to professional skepticism in the proposal is adequate. The Committee also believe that the discussion on bias in paragraphs A18 through A22 is sufficiently descriptive.

8. The Committee believes the application of professional skepticism would be clearly understood and enhanced given the clarity and consistency of the application of professionally skepticism throughout the proposal.

9. The Committee believes that the changes to the definitions to AU-C section 500 are appropriate and agree with the convergence with the ISA standard.

10. The Committee believes that the definitions are sufficient and no additional definitions are needed at this time, though the Committee notes more definitions may be needed as auditors encounter situations in practice.

11. The Committee feels that (a) the guidance added to the application material is certainly beneficial; and (b) the proposed SAS is enhanced and certainly relevant by using illustrations of automated tools and techniques. The Committee would additionally like to see an expanded set of examples to include examples that would be applicable to less sophisticated entities as it appears the proposal examples are written for larger, potentially public entities.

12. The Committee agrees that the wording in AU-C 330 combined with the attributes and factors in the proposed SAS does assist the auditor in determining if the oral confirmation should be supplemented by a written confirmation.

13. The Committee is neutral on whether to relocate the content regarding management’s specialist from AU-C section 500 to AU-C section 501.

14. Moving to an entirely new standard appears to be unwarranted.

15. The Committee believes that there will be an expansion of audit documentation. This would be needed to identify and document each piece of audit evidence as corroborative or contradictory in addition the remaining attributes and factors.

The Committee appreciates the opportunity to respond to the proposed standard and the AICPA’s responsiveness to the growth of emerging audit technologies. The Committee is available to discuss any questions you may have regarding the responses in this letter.

Respectfully submitted,
Allan B. Franklin III (Chair)

Committee members coordinating this response:
Poornima Srinivasan, CPA
Mike Jerman, CPA